NEW ISSUE: Book-Entry-Only

Ratings: S&P "AA-"Enhanced/Unenhanced
(See "RATINGS", "BOND INSURANCE" AND "BOND INSURANCE GENERAL RISKS" herein)

PRELIMINARY OFFICIAL STATEMENT
Dated: April 14, 2020

In the opinion of Bond Counsel (defined below), interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date of delivery thereof, subject to the matters described under "TAX MATTERS" herein.

$25,000,000*
SAN ANTONIO RIVER AUTHORITY
SALITRILLO WASTEWATER SYSTEM REVENUE IMPROVEMENT BONDS, SERIES 2020

Dated Date: April 15, 2020 **Due: March 1, as shown on inside cover**

Interest on the San Antonio River Authority Salitrillo Wastewater System Revenue Improvement Bonds, Series 2020 (the "Bonds") accrues from April 15, 2020 (the "Dated Date"), and is payable initially on September 1, 2020, and on each March 1 and September 1 thereafter until stated maturity or prior redemption. Principal of the Bonds will be paid at stated maturity or prior redemption only upon presentation and surrender of the Bonds at the corporate trust office of the Paying Agent/Registrar, initially The Bank of New York Mellon Trust Company, N.A., Houston, Texas. Proceeds from the sale of the Bonds will be used for the purpose of providing funds to (i) acquire, design, construct and equip the expansion of the Salitrillo Wastewater Treatment Plant, and (ii) pay costs of issuance relating to the Bonds. (See "THE BONDS - Purpose" herein.) The Bonds are issued in fully registered form in the denomination of $5,000 principal amount or any integral multiple thereof and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. The Bonds will be available to purchasers only in book-entry form. For as long as Cede & Co. is the exclusive registered owner of the Bonds, the principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to DTC, which will be responsible for making such payments to DTC Participants for subsequent remittance to owners of beneficial interest in the Bonds. Purchasers of the Bonds will not receive certificates evidencing their beneficial ownership therein. (See "BOOK-ENTRY-ONLY SYSTEM.")

The Bonds are being issued by the San Antonio River Authority (the "Authority" or the "Issuer") pursuant to the Constitution and laws of the State of Texas, including Chapter 276, Acts of the 45th Legislature of the State of Texas, Regular Session, 1937, as amended (originally compiled as Vernon's Ann. Tex. Civ. St. Article 8280-119), Chapter 1201, Texas Government Code, as amended, and a resolution to be approved by the Board of Directors of the Authority on April 15, 2020 (the "Bond Resolution"). In the Bond Resolution, the Board of Directors of the Authority delegated authority to certain official to execute an approval certificate (the "Approval Certificate") approving and establishing the final sale terms for the Bonds. The Bond Resolution and the Approval Certificate are referred to collectively here in as the "Resolution".

The Bonds, and any "Additional Bonds" (defined and described herein) issued on parity with the Bonds (collectively defined in the Resolution and referred to herein as the "Parity Obligations"), are special obligations of the Authority and are payable from and secured by a first lien on and pledge of the "Net Revenues" derived from the operation of the Authority's Salitrillo Wastewater System (which is also referred to herein as the "Salitrillo System" and is further described herein under "THE SALITRILLO SYSTEM"). In the Resolution, the Authority has covenanted not to issue any additional revenue indebtedness that is payable from or secured by, in whole or in part, a lien on and pledge of any revenues of the Salitrillo System that is prior to and superior to the lien on and pledge of the Net Revenues securing the payment of the Parity Obligations. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority (i.e., no mortgage on the Salitrillo System is granted), and the registered owner of a Bond shall never have the right to demand payment of the Bonds from any funds raised or to be raised by taxation or from any other sources or properties of the Authority or the State of Texas. The Bonds are not payable from or secured by any other revenues of the Authority or any other entity, and the Authority is not authorized to levy any tax in payment thereof. The Authority reserves the right to issue Additional Bonds without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law, the Resolution or otherwise. (See "THE BONDS – Additional Bonds" herein.)

The Bonds are subject to redemption prior to stated maturity at the prices and times and in the amounts described herein. (See "THE BONDS - Redemption Provisions.")

The Authority has made application to municipal bond insurance companies to have the payment of the principal of and interest on the Bonds insured by a municipal bond insurance policy. See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.

SEE INSIDE FRONT COVER HEREOF FOR MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE BONDS

The Bonds are offered for delivery, when, as and if issued and received by the initial purchasers identified below (the "Underwriters") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel. (See Appendix D – Form of Legal Opinion of Bond Counsel.) (See "OTHER INFORMATION - Legal Matters" herein). Certain matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, San Antonio, Texas. It is expected that the Bonds will be available for delivery through DTC on or about May 20, 2020.

RAYMOND JAMES

HILLTOPSECURITIES **FROST BANK**

*Preliminary, subject to change.

STATED MATURITY SCHEDULE

$25,000,000*
SAN ANTONIO RIVER AUTHORITY
SALITRILLO WASTEWATER SYSTEM REVENUE IMPROVEMENT BONDS, SERIES 2020

CUSIP No. Prefix [(1)]

Stated Maturity 3/1	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix [(1)]	Stated Maturity 3/1	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix [(1)]
2021	$ 250,000				2034	$ 1,045,000			
2022	200,000				2035	1,075,000			
2023	735,000				2036	1,110,000			
2024	760,000				2037	1,150,000			
2025	780,000				2038	1,185,000			
2026	810,000				2039	1,225,000			
2027	835,000				2040	1,265,000			
2028	860,000				2041	1,305,000			
2029	890,000				2042	1,350,000			
2030	920,000				2043	1,390,000			
2031	950,000				2044	1,435,000			
2032	980,000				2045	1,485,000			
2033	1,010,000								

(Accrued interest from April 15, 2020 to be added)

Redemption: The Bonds maturing on or after March 1, 2030, are subject to redemption, in whole or in part, at the option of the Authority, at the par value thereof plus accrued interest on March 1, 2029, or any date thereafter. Additionally, in the event the Underwriters designate consecutive maturities of the Bonds to be combined into one or more term bonds (the "Term Bonds"), each such Term Bond will also be subject to mandatory sinking fund redemption commencing on March 1 of the first year which has been combined to form such Term Bond and continuing on March 1 in each year thereafter until the stated maturity date of that Term Bond. See “THE BONDS – Redemption Provisions.”

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*Preliminary, subject to change.
[(1)] CUSIP numbers are included solely for the convenience of the owner of the Bonds. CUSIP is a registered trademark of The American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Financial Advisor, or the Underwriters is responsible for the selection or correctness of the CUSIP numbers set forth herein.

SAN ANTONIO RIVER AUTHORITY

Board of Directors

Darrell T. Brownlow, PhD .... Chairman, Wilson County
Jim Campbell .... Vice Chairman, Bexar County
Lourdes Galvan .... Secretary, Bexar County
Michael W. Lackey, PE .... Treasurer, Bexar County
Hector R. Morales .... Executive Member at Large, Bexar County
Deb B. Prost .... .Executive Member at Large, Bexar County
Gaylon J. Oehlke .... Karnes, County
James Fuller, M.D. .... Goliad County
Alicia Lott Cowley .... Goliad County
John J. Flieller .... Wilson County
Jerry G. Gonzales .... Bexar County
H.B. Ruckman III .... Karnes County

Administration

Suzanne B. Scott	General Manager
Stephen T. Graham	Assistant General Manager
Rick Trefzer	Director of Support Services
Jennifer Crocker	Accounting and Budget Services Manager
Bruce Knott	Director of Human Resources
Melissa Bryant	Director of Technical Services
Alison Elder, JD	Director of Legal Services
Steven Schauer	Director of Government and Public Affairs

CONSULTANTS AND ADVISORS

Bond Counsel .... McCall, Parkhurst & Horton L.L.P., San Antonio, Texas

Auditor .... Baker Tilly Virchow Krause, LLP, Austin, Texas

Financial Advisor .... SAMCO Capital Markets Inc., San Antonio, Texas

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this Preliminary Official Statement constitutes an "official statement" of the Authority with respect to the Bonds that has been "deemed final" by the Authority as of its date except for the omission of no more than the information permitted by the Rule.

No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or other matters described herein. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Authority's undertaking to provide certain information on a continuing basis.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to the Issuer, and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee guarantee the accuracy or completeness of such information.

The Underwriters have provided the following sentence for inclusion of this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

None of the Authority, the Underwriters or the Financial Advisor makes any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company or its Book-Entry-Only System or any municipal bond insurance provider, if any, or its policy described under "BOND INSURANCE" herein, as such information was provided by DTC and the insurer (if any), respectively.

The agreements of the Authority and others related to the Bonds are contained solely in the Resolution described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION CONCERNING THE BONDS.

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to the more complete information contained in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement, including the Appendices hereto. No person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without this entire Official Statement, including the Appendices hereto. Capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in the Resolution authorizing the issuance of the Bonds. See "APPENDIX C - SELECTED PROVISIONS OF THE RESOLUTION – Definitions."

The Issuer

The San Antonio River Authority (the "Authority" or the "Issuer"), a conservation and reclamation district and a political subdivision of the State of Texas having boundaries coterminous with Bexar, Karnes, Wilson, and Goliad Counties, was created in 1937 by a special Act of the Texas Legislature (i.e., Chapter 276, Acts of the 45th Legislature of the State of Texas, Regular Session, 1937, as amended, originally compiled as Vernon's Ann. Tex. Civ. St. Article 8280-119 - the "Act"), and its jurisdiction covers 3,658 square miles. The Authority is governed by a twelve member elected Board of Directors (the "Board"). Policies established by the Board are executed by a management organization under the direction of a General Manager appointed by the Board. (See "THE AUTHORITY.")

The Bonds

$25,000,000* San Antonio River Authority Salitrillo Wastewater System Revenue Improvement Bonds, Series 2020, dated April 15, 2020, maturing serially on March 1 in the years 2021 through 2045 inclusive. Interest on the Bonds will be paid semiannually on each March 1 and September 1, commencing September 1, 2020, until stated maturity or prior redemption. (See "THE BONDS – General Description.")

The Bonds are being issued by the Authority pursuant to the Constitution and laws of the State of Texas including Chapter 276, Acts of the 45^{th} Legislature of the State of Texas, Regular Session 1937, as amended, Chapter 1201, Texas Government Code, as amended, and a resolution approved by the Board of Directors of the Authority delegated authority to certain officials to execute an approval certificate (the "Approval Certificate")approving and establishing the final sale terms for the Bonds. The Bond Resolution and the Approval Certificate are referred to collectively herein as the "Resolution". (See "THE BONDS – Authority for Issuance.")

Purpose of Bonds

Proceeds from the sale of the Bonds will be used for the purpose of providing funds to (i) acquire, design, construct and equip the expansion of the Salitrillo Wastewater Treatment Plant, and (ii) pay costs of issuance relating to the Bonds. (See "PLAN OF FINANCING - Use of Bond Proceeds.")

Security

The Bonds, and any "Additional Bonds" issued on parity with the Bonds (collectively referred to in the Resolution and herein as the "Parity Obligations"), are special obligations of the Authority and are payable from and secured by a first lien on and pledge of the "Net Revenues" derived from the operation of the Authority's Salitrillo Wastewater System (which is also referred to herein as the "Salitrillo System" and is further described herein under "THE SALITRILLO SYSTEM"). In the Resolution, the Authority has covenanted not to issue any additional revenue indebtedness that is payable from or secured by, in whole or in part, a lien on and pledge of any revenues of the Salitrillo System that is prior to and superior to the lien on and pledge of the Net Revenues securing the payment of the Parity Obligations. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority (i.e., no mortgage on the Salitrillo System is granted), and the registered owner of a Bond shall never have the right to demand payment of the Bonds from any funds raised or to be raised by taxation or from any other sources or properties of the Authority or the State of Texas. The Bonds are not payable from or secured by any other revenues of the Authority or any other entity, and the Authority is not authorized to levy any tax in payment thereof.

Redemption

The Bonds maturing on or after March 1, 2030, are redeemable, in whole or in part, at the option of the Authority on March 1, 2029, or any date thereafter as described herein. Additionally, in the event the Underwriters designate consecutive maturities of the Bonds to be combined into one or more term bonds (the "Term Bonds"), each such Term Bond will also be subject to mandatory sinking fund redemption commencing on March 1 of the first year which has been combined to form such Term Bond and continuing on March 1 in each year thereafter until the stated maturity date of that Term Bond. (See "THE BONDS – Redemption Provisions.")

Outstanding Obligations

Currently there are no outstanding obligations of the Authority payable from or secured with any revenues of the Salitrillo System. Upon issuance, the Bonds will be the only outstanding Parity Obligations until such time as the Authority issues Additional Bonds as authorized under the Resolution.

Additional Bonds

In the Resolution the Authority reserves the right to issue Additional Bonds on a parity with the Bonds and all other outstanding Parity Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. (See "THE BONDS – Additional Bonds.")

Ratings

S&P Global Ratings ("S&P") has assigned an underlying, unenhanced rating of "AA-" to the Bonds. (See "RATINGS" herein.)

Bond Insurance

The Authority is considering qualifying the Bonds for municipal bond insurance and has made application to municipal bond insurance companies in connection with such consideration. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)

*Preliminary, subject to change.

Book-Entry-Only System	The Bonds are initially issuable only to Cede & Co., the nominee of DTC, pursuant to the book-entry only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the purchasers thereof. Principal of, premium if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the DTC Participants (as defined herein) for subsequent remittance to the owners of the beneficial interests in the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM.")
Tax Exemption	In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date of delivery thereof, subject to the matters described under "TAX MATTERS" herein.
Payment Record	The Issuer has never defaulted on the payment of its bonded indebtedness.
Delivery	When issued, anticipated on or about May 20, 2020.
Legality	Delivery of the Bonds is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Bond Counsel, San Antonio, Texas. (See "OTHER INFORMATION – Legal Matters")

PRELIMINARY OFFICIAL STATEMENT
relating to

$25,000,000*
SAN ANTONIO RIVER AUTHORITY
SALITRILLO WASTEWATER SYSTEM REVENUE IMPROVEMENT BONDS, SERIES 2020

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page and the appendices hereto, provides certain information regarding the issuance by the San Antonio River Authority (the "Authority" or the "Issuer") of its $25,000,000* Salitrillo Wastewater System Revenue Improvement Bonds, Series 2020 (the "Bonds"). Capitalized terms used in this Official Statement have the same meaning assigned to such terms in the resolution authorizing the issuance of the Bonds (the "Bond Resolution"), except as otherwise indicated herein. (See "APPENDIX C - SELECTED PROVISIONS OF THE RESOLUTION – Definitions" herein.)

The Authority is a conservation and reclamation district and political subdivision of the State of Texas (the "State of Texas" or the "State") having boundaries coterminous with Bexar, Karnes, Wilson, and Goliad Counties and covering 3,658 square miles. The Authority was created in 1937 by a special Act of the Texas Legislature (i.e., Chapter 276, Acts of the 45th Legislature of the State of Texas, Regular Session, 1937, as amended, originally compiled as Vernon's Ann. Tex. Civ. St. Article 8280-119 - the "Act"). The Authority is governed by a twelve-member elected Board of Directors (the "Board"). Policies established by the Board are executed by a management organization under the direction of a General Manager appointed by the Board. (See "THE AUTHORITY.")

All financial and other information presented in this Official Statement has been provided by the Authority, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from wastewater system revenues and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Authority and the Salitrillo System. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue to be repeated in the future.

There follows in this Official Statement brief descriptions of the Bonds, the Authority, and the Salitrillo System. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the Authority's Financial Advisor, SAMCO Capital Markets, Inc., 1020 Northeast Loop 410, Suite 640, San Antonio, Texas 78209, upon request by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the final Official Statement pertaining to the Bonds will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. (See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the Authority's undertaking to provide certain information on a continuing basis.)

INFECTIOUS DISEASE OUTLOOK (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the "President") declared the Pandemic a national emergency and the Texas Governor (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the "disaster declarations"). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance of Executive Order GA-08 on March 19, 2020, which, among other things, prohibits social gatherings of more than 10 people and the closure of schools throughout the state through May 4, 2020, unless otherwise extended, modified, rescinded, or superseded by the Governor. Furthermore, all counties within which the Authority is located (Bexar, Karnes, Goliad, and Wilson) have issued disaster declarations as a result of COVID-19. Bexar County, which contains the territory serviced by the Salitrillo System, has also issued "stay home" orders for most citizens except when engaged in specified essential businesses and government functions. The full text of the aforementioned "stay home" order and disaster declarations can be accessed via https://www.county.org/TAC/media/TACMedia/Legal/2020/COVID-19-Declaration-Information.pdf. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

*Preliminary, subject to change.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the State and the risk of contraction in the oil and gas industry and spillover effects into other industries, including manufacturing.

Measures taken to prevent or reduce the spread of COVID-19 could limit the growth of or reduce economic activity in the State and the boundaries of the Authority and could negatively impact the ability of customers of the Salitrillo System to pay for wastewater services, which in turn could limit the growth of or reduce the Salitrillo System's revenue collections. The Authority continues to monitor the spread of COVID-19 and is working to address the potential impact of COVID-19. While the potential impact of COVID-19 on the Authority cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the Authority's and the Salitrillo System's operations and financial condition or its ratings (see "RATINGS" herein). The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the Authority's or the Salitrillo System's financial condition.

THE BONDS

Authority for Issuance

The Bonds are being issued by the Authority pursuant to the Constitution and laws of the State of Texas, including the Act, Chapter 1201, Texas Government Code, as amended, and the Bond Resolution approved by the Board on April 15, 2020. In the Bond Resolution the Board delegated authority to certain officials to execute an approval certificate (the "Approval Certificate") approving and establishing the final sale terms for the Bonds. The Bond Resolution and the Approval Certificate are referred to collectively herein as the Resolution.

Purpose

Proceeds from the sale of the Bonds will be used for the purpose of providing funds to (i) acquire, design, construct and equip the expansion of the Salitrillo Wastewater Treatment Plant, and (ii) pay costs of issuance relating to the Bonds.

General Description

The Bonds will be dated April 15, 2020 (the "Dated Date"), and will be issued in fully registered form in denominations of $5,000 or any integral multiple thereof. The Bonds will bear interest from the Dated Date, and will mature on the dates, in the amounts and bear interest at the rates as set forth on the inside front cover page of this Official Statement. Interest will be paid semiannually on each March 1 and September 1, commencing September 1, 2020. Interest will accrue on the Bonds on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein (see "BOOK-ENTRY-ONLY SYSTEM" herein). **No physical delivery of the Bonds will be made to the owners thereof.**

The Authority initially will use the Book-Entry-Only System of DTC in regard to the payment and transfer of the Bonds. Such system will affect the timing and method of payment of the Bonds (see "BOOK-ENTRY-ONLY SYSTEM" herein). In the event the Book-Entry-Only System is discontinued, the interest on the Bonds will be payable to the registered owner as shown on the security register maintained by The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as the initial Paying Agent/Registrar, as of the Record Date (defined below) by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Bonds will be payable at stated maturity or prior redemption upon presentation and surrender thereof at the designated corporate trust office of the Paying Agent/Registrar.

If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

Security for the Bonds

The Bonds, together with any Additional Bonds issued by the Authority in the future (collectively, the "Parity Obligations") are secured and payable, equally and ratably on a parity lien basis, by and from a first lien on and pledge of the Net Revenues of the Salitrillo System. In the Resolution, the Authority has covenanted not to issue any additional revenue indebtedness that is payable from or secured by, in whole or in part, a lien on and pledge of any revenues of the Salitrillo System that is prior to and superior to the lien on and pledge of the Net Revenues securing the payment of the Parity Obligations. (See Section 22(b) of the Resolution, an excerpt of which appears in " APPENDIX C – Selected Provisions of the Resolution.")

Use of Bond Proceeds

The proceeds of the Bonds will be applied as follows:

Sources:	
Principal Amount of Bonds	$
[Net] Original Issue Premium/Discount	
Accrued Interest on the Bonds	
Total Sources of Funds	$
Uses:	
Deposit to Construction Fund	$
Deposit to Interest and Sinking Fund	
Costs of Issuance	
Underwriters Discount	
Bond Insurance Premium	
Total Uses of Funds	$

Rate Covenant

The Authority has covenanted that it will at all times fix, revise, maintain, charge, and collect for services rendered by the Salitrillo System, rates and charges which will produce Net Revenues that will (i) equal the greater of (A) at least 110% of the average annual Principal and Interest Requirements on the Parity Obligations outstanding during each Fiscal Year, or (B) at least 110% of the annual Principal and Interest Requirements on the Parity Obligations due during the current Fiscal Year, (ii) maintain or restore the amount on deposit in the respective accounts of the Reserve Fund to the amounts and in the manner required by the respective resolutions authorizing the issuance of the outstanding Parity Obligations, and (iii) pay all Reimbursement Obligations coming due during each Fiscal Year, if any. Additionally, if the Salitrillo System should become legally liable for any other obligations or indebtedness, the Authority has covenanted to fix, maintain, charge and collect additional rates and charges for services rendered by the Salitrillo System sufficient to establish and maintain funds for the payment thereof.

Flow of Funds

The following paragraphs briefly describe in summary form the manner in which Gross Revenues are utilized and their priority of payment. For a complete description of the flow of funds, see Sections 9 through 13 of the Resolution which are included in “APPENDIX C – Selected Provisions of the Resolution” attached hereto.

Revenue Fund . . . All Gross Revenues will be deposited into the Revenue Fund. The Current Expenses will be paid from the Revenue Fund or from any other funds of the Authority lawfully available therefor. The Gross Revenues not actually used to pay Current Expenses (i.e., Net Revenues) will be used to pay the principal, interest and reserve fund requirements on the Parity Obligations by transferring from the Revenue Fund for deposit into the Interest and Sinking Fund and the Reserve Fund created by the Resolution, in the manner and amounts at the times and in the order of priority as described below.

Interest and Sinking Fund . . . The Interest and Sinking Fund will be used solely to pay the principal of and interest on the Parity Obligations when due. Deposits into the Interest and Sinking Fund are required to be made on or before the 15th day of each month in approximately equal installments in amounts sufficient, together with other amounts then on deposit therein and available for such purpose, to pay the principal and interest scheduled to come due on all Outstanding Parity Obligations on the next payment date.

Reserve Fund . . . The Resolution provides that the Authority may create an account in the Reserve Fund for the pro rata benefit of the registered owners of only a particular series of Parity Obligations for which such account is created in the resolution authorizing such series of Parity Obligations. Any funds deposited or credited to said account shall no longer constitute Net Revenues and shall be held solely for the benefit of the registered owners of the particular Parity Obligations for which such account in the Reserve Fund was established. Each such account in the Reserve Fund shall be designated in such manner as is necessary to identify the Parity Obligations it secures and to distinguish such account from all other accounts in the Reserve Fund created for the benefit of a particular series of Parity Obligations. All terms relating to the requirements to establish, fund and maintain required balances in an account of the Reserve Fund, including but not limited to the use of any Reserve Fund Credit Facility therein, will be set forth in the resolution authorizing the issuance of the particular series of Parity Obligations for which such account is established.

Bonds Initially Not Secured with Reserve Fund . . . No account is initially being established in the Reserve Fund for the benefit of the registered owners of the Bonds; consequently, no proceeds of the Bonds and no other available funds of the Authority shall be deposited into the Reserve Fund (unless otherwise provided by the Authority in a subsequent resolution), and the registered owners of the Bonds shall not be entitled to any funds which may be on deposit in the Reserve Fund (unless otherwise provided by the Authority in a subsequent resolution).

Notwithstanding the provisions set forth in the preceding paragraph, in the event that the Net Revenues for any two consecutive Fiscal Years are less than 1.10 times the average annual Principal and Interest Requirements for all Parity Obligations, the Authority is required to establish a "Series 2020 Reserve Fund Account" in the Reserve Fund on the financial records of the Authority and is required to commence making monthly deposits into the Series 2020 Reserve Fund Account, from funds on deposit in the Revenue Fund (but only after making the required deposits into the Interest and Sinking Fund and paying all Current Expenses then due), on the 15th day of each month in the amount equal to 1/60th of the average annual Principal and Interest Requirements of the Bonds (calculated as of the date the Authority is required to begin making such monthly deposits - the "Series 2020 Reserve Account Requirement") and continue such monthly deposits until the earlier of such time as (i) the Series 2020 Reserve Fund Account contains the Series 2020 Reserve Account Requirement, or (ii) the Net Revenues in each of the two most recently complete Fiscal Years have been equal to not less than 1.10 times the average Annual Debt Service Requirements of all outstanding Parity Obligations.

Funds on deposit in the Series 2020 Reserve Fund Account shall be used (i) to pay the principal and interest requirements on the Bonds in the event the amount on deposit in the Interest and Sinking Fund is not sufficient, on a pro rata basis with respect to all Outstanding Parity Obligations, to pay the debt service requirements on the Bonds when due, (ii) to pay the final maturity of the Bonds, (iii) to contribute to a refunding of the Bonds, (iv) to satisfy federal tax law requirements, or (v) for any other lawful purpose approved by the Board of Directors of the Authority and the Authority's Bond Counsel.

In the event the amount on deposit in the Series 2020 Reserve Fund Account exceeds the Series 2020 Reserve Account Requirement, the Authority may withdraw such excess amount from the Series 2020 Reserve Fund Account and deposit such amount into the Revenue Fund or use it for other lawful purposes.

Excess Net Revenues . . . The Net Revenues in excess of those necessary to establish and maintain the Interest and Sinking Fund and the Reserve Fund as required in the Resolution, or as may be required in connection with the issuance of Additional Bonds, may be used for any lawful purpose.

Redemption Provisions

Optional Redemption . . . The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2030, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the Authority may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed.

Mandatory Sinking Fund Redemption . . . In the event the Underwriters designate two or more consecutive maturities of the Bonds to be combined into one or more term bonds (the "Term Bonds"), each such Term Bond will also be subject to mandatory sinking fund redemption commencing on March 1 of the first year which has been combined to form such Term Bond and continuing on March 1 in each year thereafter until the stated maturity date of that Term Bond.

Notice of Redemption . . . Not less than 30 days prior to a redemption date for the Bonds, the Authority shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. The notice with respect to an optional redemption may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the Authority retains the right to rescind such notice at any time prior to the scheduled redemption date if the Authority delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption will be of no effect if such moneys are not so deposited or if the notice is so rescinded.

ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN (AND NOT RESCINDED), THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

DTC Redemption Provisions . . . The Paying Agent/Registrar and the Authority, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Resolution or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC Participant, or of any Direct Participant or Indirect Participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Authority will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds and such redemption will not be conducted by the Authority or the Paying Agent/Registrar. Neither the Authority nor the Paying Agent/Registrar will have any responsibility to DTC Participants, Indirect Participants or persons for whom DTC Participants, or beneficial owners of the selection of portions of the Bonds for redemption.

Outstanding Obligations

Currently there are no outstanding obligations of the Authority payable from or secured with any revenues of the Salitrillo System. Upon issuance, the Bonds will be the only outstanding Parity Obligations until such time as the Authority issues Additional Bonds as authorized under the Resolution.

Additional Bonds

In the Resolution, the Authority has reserved the right to issue Additional Bonds on a parity with the Bonds and all other then Outstanding Parity Obligations in one or more issues or installments. Such Additional Bonds may be issued, subject to certain restrictions, conditions and limitations contained in the Resolution for any purpose related to the Salitrillo System (including a requirement that the Net Revenues either for the last complete Fiscal Year of the Authority, or for any twelve consecutive calendar month period ending not more than ninety days prior to the adoption of the resolution authorizing the issuance of such Additional Bonds, were at least 1.25 times the average annual principal and interest requirements for all then outstanding Parity Obligations and the installment or series of Additional Bonds then proposed to be issued). See Section 18 of the Resolution, which is set forth in " APPENDIX C – Selected Provisions of the Resolution."

Paying Agent/Registrar

The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Houston, Texas. In the Resolution, the Authority retains the right to replace the Paying Agent/Registrar. The Authority covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the Authority agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Record Date

The record date ("Record Date") for determining the person to whom the interest on the Bonds is payable on any interest payment date means the 15th day of the month next preceding the date that each interest payment is due.

Special Record Date for Interest Payment

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which must be 15 days after the Special Record Date) will be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Transfer, Exchange and Registration

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate designated amount as the Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the Authority nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Defeasance

The Resolution provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Resolution provides that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds. Authorized Authority officials may restrict such eligible securities as deemed necessary in connection with the sale of the Bonds.The Authority has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the Authority moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, the Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the Authority to initiate proceedings to call such Bonds for redemption or take any other action amending the terms of such Bonds are extinguished; provided, however, that the right to call Bonds for redemption that have been defeased to stated maturity is not extinguished if the Authority: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption, (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Defaults and Remedies

The Resolution establishes specific events of default with respect to the Bonds. If the Authority defaults in the payment of the principal of or interest on the Bonds when due or the Authority defaults in the observance or performance of any of the covenants, conditions, or obligations of the Authority, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Bonds, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the Authority, the Resolution provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the Authority to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds and the Resolution and the Authority's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Resolution does not provide for the appointment of a trustee to represent the interest of the registered owners upon any failure of the Authority to perform in accordance with the terms of the Resolution, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in Tooke v. City of Mexia, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the Authority's sovereign immunity from a suit for money damages, holders of the Bonds may not be able to bring such a suit against the Authority for breach of the Bonds or covenants in the Resolution. Even if a judgment against the Authority could be obtained, it could not be enforced by direct levy and execution against the Authority's property. Further, the registered owners cannot themselves foreclose on property within the Authority or sell property within the Authority to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the Authority is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such as the Net Revenues, such provision is subject to judicial discretion. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Authority avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state courts); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

Payment Record

The Authority has never defaulted on the payment of its bonded indebtedness.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority, the Financial Advisor, and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

None of the Authority, the Financial Advisor, or the Underwriters, can, and in fact do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of Bonds, in the aggregate principal amount or Maturity Value, as the case may be, of each maturity of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants'). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner') is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds representing each Bond stated maturity are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bonds representing each Bond stated maturity will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority, the Financial Advisor, and the Underwriters believe to be reliable, but none of the Authority, the Financial Advisor, or the Underwriters take responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Bonds, the Issuer will have no obligation or responsibility to DTC. Participants or Indirect Participants, or the persons for which they act as nominees, with respect to payment to or providing of notice to such Participants, or the persons for which they act as nominees.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-OnIy System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-OnIy System, and (ii) except as described above, payment or notices that are to be given to registered owners under the Order will be given only to DTC.

BOND INSURANCE

The Issuer is considering making an application to selected municipal bond insurance companies to have the payment of the principal of and interest on the Bonds insured by a municipal bond insurance policy. The Issuer shall notify the Underwriters upon obtaining a commitment from an insurance company concerning this matter. The final Official Statement shall disclose information provided by the insurer relating to any such financial guaranty insurance policy.

BOND INSURANCE GENERAL RISKS

General

If a commitment from a bond insurance company (the "Insurer") to provide a municipal bond insurance policy relating to the Bonds (the "Policy") is obtained, the final Official Statement shall disclose certain information relating to the Insurer and the Policy. If bond insurance is purchased, the following risk factors related to municipal bond insurance policies generally apply.

In the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the Authority which is recovered by the Authority from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the Authority (unless the Insurer chooses to pay such amounts at an earlier date). Payment of principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE BONDS - Defaults and Remedies"). The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the holders of the Bonds.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the Net Revenues, as further described in “THE BONDS – Security for the Bonds.” In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Bonds.

If a Policy is acquired, the long-term rating on the Bonds will be dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the rating on the Bonds, whether or not subject to a Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Bonds. See the disclosure described in “RATINGS” herein. The obligations of the Insurer under a Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the Authority, the Financial Advisor or the Underwriters has made independent investigation into the claims-paying ability of any Insurer and no assurance or representation regarding the financial strength or projected financial strength of any Insurer is given.

Thus, when making an investment decision, potential investors should carefully consider the ability of the Authority to pay principal of and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

Moody’s Investor Services, Inc., S&P Global Ratings, and Fitch Ratings, Inc. have from time to time downgraded, and/or placed on negative credit watch, the claims-paying ability and financial strength of all providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, credit market events have had and could in the future again have substantial negative effects on the bond insurance business. Any such developments could be viewed as having a material adverse effect on the claims-paying ability of municipal bond insurers. Thus, when making an investment decision, potential investors should carefully consider the ability of any such municipal bond insurer to pay principal and interest on the Bonds and the claims-paying ability of any such municipal bond insurer, particularly over the life of the investment.

THE AUTHORITY

Creation and Location

The Authority was created and established in 1937 by a special Act of the Texas Legislature (Chapter 276, Acts of the 45th Legislature, Regular Session, 1937). This Act, as amended and added to by subsequent legislation, was originally codified under Article 8280-119, Vernon’s Revised Civil Statutes of Texas, Title 128, Chapter 12.

Originally designated as the “San Antonio River Canal and Conservancy District,” the Authority is a conservation and reclamation district and political subdivision under the authority of Article 16, Section 59 of the Texas Constitution. The legislated responsibilities of the Authority include flood and pollution control, sewage treatment, water and soil conservation, fish preservation and forestation development.

The Authority’s territory comprises all of Bexar, Wilson, Karnes and Goliad Counties, an area of 3,658 square miles, being substantially all of the natural drainage area of the San Antonio River and its tributaries. The Authority is also authorized to exercise certain of its functional powers outside its territory. Furthermore, the Authority is vested with “such title and right of control as the State has, or may have, in, to and concerning the natural bed and banks of the San Antonio River in its entire length, and all tributaries as are within” its territory.

Administration of the Authority

The governing body having responsibility for the administration of the Authority is the twelve member Board of Directors, six of whom are from Bexar County and two each from Wilson, Karnes, and Goliad Counties, with each board member being elected to serve a six year staggered term. The primary responsibility of the Board of Directors is to establish the planning and operating policies of the Authority, to be executed by a management staff under the direction of a General Manager, appointed by the Board of Directors.

Ad Valorem Tax for Maintenance and Operations

In 1961, an ad valorem tax of $0.02 per $100 assessed valuation was approved by the Authority voters to pay general administrative expenses, maintain completed projects, and update the Authority’s master plan for water resource development. However, effective July 1, 1977, the tax was reduced to $0.015 per $100 assessed valuation, and effective July 1, 1979 the tax was further reduced to $0.01 per $100 assessed valuation by action of the Authority. No levy of this tax was made from 1980 through 2001; however, beginning in October 2002, the Authority began levying such tax again at the rate of $0.016425 per $100 taxable assessed valuation. The Authority’s current tax rate is $0.01858. Revenues derived from the ad valorem tax cannot be used to pay principal and interest on any indebtedness of the Authority, including the Bonds.

THE SALITRILLO SYSTEM

Separation of Martinez-Salitrillo Creeks Sewage System; Creation of Separate Wastewater System

Prior to September 2010, the Authority operated a combined wastewater treatment system which consisted of five wastewater treatment plants and related facilities and was generally known as the Authority's "Martinez-Salitrillo Creeks Sewage System." Due primarily to the fact that the Salitrillo Creek portion of the combined system treated different areas than the Martinez Creek portion of such system and such portions had different cost of service structures, the Authority deemed it desirable to separate the Martinez-Salitrillo Creeks Sewage System into two separate wastewater systems. With the issuance of the "Salitrillo Creek Sewage System Revenue Refunding Bonds, Series 2010" (which are no longer outstanding), the Authority separated the original combined system into two separate wastewater systems owned and operated by the Authority and generally referred to as (i) the Salitrillo Wastewater System or the Salitrillo System (which is the subject of the Bonds and this Official Statement), and (ii) the "SARA Wastewater System."

This Official Statement only describes the Salitrillo System. No revenues of the SARA Wastewater System are pledged to secure, or available to pay, any Parity Obligations (including the Bonds). Similarly, no expenses of the SARA Wastewater System are payable from any revenues attributed to the Salitrillo System.

Salitrillo Wastewater System

The Salitrillo Wastewater System consists of one wastewater treatment plant, including a reuse system, located on the Salitrillo Creek in northeast Bexar County and provides wastewater services on a retail and wholesale basis to the cities of Converse, Live Oak, and Universal City, Texas, pursuant to a 40 Year Sewage Transportation, Treatment and Disposal Contract, dated as of April 17, 2018.

From an accounting standpoint, in 2015 the Salitrillo System absorbed the Salitrillo Retail Fund and the Salitrillo Reuse Fund and now accounts for the wholesale, retail and reuse water services. Prior to 2015/2016, the Salitrillo System was represented in three separate funds. Consolidating these three funds now reflects the full cost and revenues of the Salitrillo System.

Salitrillo Wastewater Plant
The Salitrillo System's wastewater treatment plant, located in Converse, Texas is permitted for 5.83 MGD and is an extended aeration wastewater treatment plant. The raw sewage enters the plant at two separate lift stations and flows through two separate trains that include primary treatment, secondary treatment and disinfection. The effluent from each train mix and leave the plant through one point of discharge. The plant is currently approaching 90% capacity and the Bonds will pay for a permitted expansion to 7.33 MGD.

Service Area and Population
The area served by the Salitrillo System is primarily located in northeast Bexar County. The Salitrillo wastewater treatement plant serves approximately 8,700 acres, with 1,600 acres serving the city of Universal City, 2,000 acres serving the city of Live Oak, 4,100 acres serving the city of Converse, and the remainder serving the Salitrillo retail customers.

The Salitrillo System currently serves 17,252 connections (51,756 estimated population) with an additional 726 connections paid but not yet active.

INVESTMENTS

The Authority invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Authority's Board. Both state law and the Authority's investment policies are subject to change.

Under Texas law, the Authority is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors; (8) interest-bearing banking deposits, other than those described by clause (7), if (A) the funds invested in the banking deposits are invested through (i) a broker with a main office or branch office in this State that the Authority selects from a list the governing body or designated investment committee of the Authority adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this state that the Authority selects; (B) the broker or depository institution as described in clause (8)(A), above, arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the Authority's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing Authority appoints as the Authority's custodian of the banking deposits issued for the Authority's account: (i) the depository institution selected as described by Paragraph (A); (ii) an entity described by Section 2257.041(d) of the Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit or share certificates (i) meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund (or their respective successors), or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for Authority deposits or, (ii) where the funds are invested by the Authority through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the Authority as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the Authority; (iii) the broker or the depository institution selected by the Authority arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Authority; (iv) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (v) the Authority appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3- 3) as custodian for the Authority with respect to the certificates of deposit issued for the account of the Authority; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of permitted cash and obligations as specified under the Public Funds Investment Act, and require the securities being purchased by the Authority or cash held by the Authority to be pledged to the Authority, held in the Authority's name, and deposited at the time the investment is made with the Authority or with a third party selected and approved by the Authority, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the Authority, held in the Authority's name and deposited at the time the investment is made with the Authority or a third party designated by the Authority; (iii) a loan made under the program is placed through either a primary government securities dealer (as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003) or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (14) no-load money market mutual funds registered with and regulated by the SEC that provide the Authority with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940, and that complies with SEC Rule 2a-7; and (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations described in this paragraph or (ii) have a duration of less than one year and an investment portfolio limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

The Authority may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The Authority may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the Authority retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the Authority must do so by order, ordinance, or resolution.

The Authority is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Investment Policies

Under Texas law, the Issuer is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for Issuer funds, maximum allowable stated maturity of any individual investment owned by the Issuer and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All Issuer funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, Issuer investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the Issuer shall submit an investment report detailing: (1) the investment position of the Issuer, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, the book value and market value of each separately listed asset at the beginning and end of the reporting period, the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest Issuer funds without express written authority from the Board of Directors.

Additional Provisions

Under Texas law, the Issuer is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Board of Directors; (4) require the qualified representative of firms offering to engage in an investment transaction with the Issuer to: (a) receive and review the Issuer's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the Issuer and the business organization that are not authorized by the Issuer's investment policy, and (c) deliver a written statement in a form acceptable to the Issuer and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the Issuer's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no load market mutual funds in the aggregate to no more than 15% of the Issuer's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Issuer.

Cash and Investments

The Authority's investments at January 31, 2020, are as follows:

Type of Security [(1)]	Fair Value [(1)]
Commercial Paper	$ 14,911,311.80
Federal Agencies	10,912,989.57
Frost Bank	2,667,644.75
TexPool	52,584,262.79
Total	$ 81,076,208.91

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(1) Unaudited.

As of such date, the market value of such investments (as determined by the Issuer by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the Issuer are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the Authority, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "Appendix D – Form of Legal Opinion of Bond Counsel".

In rendering its opinion, Bond Counsel to the Authority will rely upon (a) the Authority's federal tax certificate, and (b) covenants of the Authority with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the Authority to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the Authority is conditioned on compliance by the Authority with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the Authority has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Authority with respect to the Bonds or the facilities financed with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the Authority that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Authority as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond, would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount Bonds" to the extent such gain does not exceed the accrued market discount of such Bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. As of the date hereof, legislation has been introduced in the United States Congress that, if enacted, would make significant changes to the Code, including, among other provisions, changes to the federal income tax rates for individuals and corporations. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution, the Authority has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Authority is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Authority will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events. This information is available free of charge from the Municipal Securities Rulemaking Board (the "MSRB") via the Electronic Municipal Market Access system ("EMMA") at www.emma.msrb.org.

Annual Reports

The Authority will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the Authority of the general type included in Tables 1 through 7 of Appendix A to this Official Statement and Appendix B. The Authority will update and provide this information within six months after the end of each fiscal year.

The Authority may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by United States Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the Authority commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Authority will provide unaudited financial statements by the required time, and will provide audited financial statements when and if they become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation.

The Authority's current fiscal year end is June 30. Accordingly, it must provide updated information by the last day of December in each year unless the Authority changes its fiscal year. If the Authority changes its fiscal year, it will file notice of such change with the MSRB.

Notice of Occurrence of Certain Events

The Authority will also provide timely notices of certain events to the MSRB. The Authority will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds, as the case may be; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances;(10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes;(12) bankruptcy, insolvency, receivership, or similar event of the Authority, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material (15) incurrence of a Financial Obligation of the Authority (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the Authority, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such Financial Obligation of the Authority, any of which reflect financial difficulties. In addition, the Authority will provide timely notice of any failure by the Authority to provide annual financial information in accordance with their agreement described above under "Annual Reports." Neither the Bonds nor the Resolution make provision for credit enhancement, liquidity enhancement (although bond insurance may be obtained by the Authority), or initially debt service reserves.

For these purposes, (a) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority, and (b) the Authority intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Availability of Information

Effective July 1, 2009 (the "EMMA Effective Date"), the SEC implemented amendments to the Rule which approved the establishment by the MSRB of EMMA, which is now the sole successor to the national municipal securities information repositories with respect to filings made in connection with undertakings made under the Rule after the EMMA Effective Date. Commencing with the EMMA Effective Date, all information and documentation filing required to be made by the Authority in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

Limitations and Amendments

The Authority has agreed to update information and provide notices of specified events only as described above. The Authority has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects or agreed to update any information that is provided, except as described above. The Authority makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Authority disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders and beneficial owners of Bonds may seek a writ of mandamus to compel the Authority to comply with its agreement.

The Authority may amend its continuing disclosure agreements to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the Authority (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The Authority may also repeal or amend these provisions if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Authority amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

Compliance with Prior Undertakings

During the past five years, the Authority has complied in all material respects with continuing disclosure agreements made by it in accordance with the Rule. However, some of its past filings were filed on EMMA under the wrong CUSIP number. The Authority has implemented procedures to correct this administrative oversight.

RATINGS

S&P Global Ratings (“S&P”) has assigned an underlying, unenhanced rating of “AA-” to the Bonds. An explanation of the significance of such a rating may be obtained from S&P. The rating of the Bonds by S&P reflects only the view of S&P at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. The municipal bond rating is not a recommendation to buy, sell, or hold the Bonds.

OTHER INFORMATION

Litigation

On the date of delivery of the Bonds to the Underwriters, the Authority will execute and deliver to the Underwriters a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Bonds.

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority intends to address these risks with appropriate insurance coverage.

Environmental Regulations

The Authority is subject to the environmental regulations of the State and the United States. These regulations are subject to change and the Authority may be required to expend substantial funds to meet the requirements of such regulatory authorities.

Legal Matters

The Authority will furnish a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the approving legal opinion of the Attorney General of the State to the effect that the Bonds are valid and legally binding special obligations of the Authority, and based upon examination of such transcript of proceedings, the legal opinion of Bond Counsel to the effect that the Bonds issued in compliance with the provisions of the Resolution are valid and legally binding special obligations of the Authority and, subject to the qualifications set forth herein under "TAX MATTERS", the interest on the Bonds is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions (see "TAX MATTERS"). Though it represents the Financial Advisor and the Underwriter from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been retained by and only represents the Authority in connection with the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement under the captions "THE BONDS" (except the subcaption "Defaults and Remedies" and "Payment Record" as to which no opinion is expressed), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except the subcaption "Compliance with Prior Undertakings" as to which no opinion is expressed), "OTHER INFORMATION – Legal Matters," "OTHER INFORMATION – Legal Investments in Texas," "OTHER INFORMATION – Registration and Qualification of Bonds for Sale," and "APPENDIX C – SELECTED PROVISIONS OF THE RESOLUTION," and is of the opinion that the information relating to the Bonds and the Resolution contained therein fairly and accurately describes the provisions thereof and is correct as to matters of law. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, San Antonio, Texas, whose fee is contingent on the delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Legal Investments in Texas

Section 1201.041, Texas Government Code (the "Public Security Procedures Act"), provides that the Bonds are negotiable instruments, investment securities to which Chapter 8, Texas Uniform Commercial Code applies, and legal and authorized investments for insurance companies, for fiduciaries or trustees and for a sinking fund of a municipality or other political subdivision or public agency of the State. Texas law further provides that the Bonds are eligible to secure deposits of any public funds of the State, its agencies or political subdivisions and are lawful and sufficient security for those deposits to the extent of their market value. For political subdivisions in the State which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (V.T.C.A., Government Code, Chapter 2256), the Bonds may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "RATINGS" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations.

The Authority has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The Authority has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Registration and Qualification of Bonds for Sale

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2) thereof; and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities act of any other jurisdiction. The Authority assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

It is the obligation of the Underwriter to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The Authority agrees to cooperate, at the Underwriter's written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the Authority shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

Authenticity of Financial Information

The financial data and other information contained herein have been obtained from the Authority's records, audited financial statements and other sources, which are believed to be reliable. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as Financial Advisor to the Authority to assist in the issuance of the Bonds. In this capacity, the Financial Advisor has assisted in drafting this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Authority to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fee of the Financial Advisor for services with respect to the Bonds is contingent upon the issuance and the sale of the Bonds.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Authority at the prices shown on page 2 of this Official Statement less an underwriting discount of $___________. The Underwriters obligation is subject to certain conditions precedent. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, thier responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

The Underwriters and their respective affiliates also may communicate independent investment recommendations, market advice, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and other financial instruments.

FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward looking statements included in this Official Statement are based on information available to the Issuer on the date hereof, and the Issuer assumes no obligation to update any such forward-looking statements. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Issuer. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the Authority's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and the Resolution contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Resolution.

These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

MISCELLANEOUS

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined, in SEC Rule 15c2-12.

The Resolution authorizing the issuance of the Bonds will approve the form and content of this Official Statement and any addenda, supplement or amendment thereto and will authorize its further use in the reoffering of the Bonds by the Underwriters.

This Official Statement will be approved by the Board of Directors of the Authority for distribution in accordance with the provisions of the Rule.

/s/______________________________
Chairman,
Board of Directors

ATTEST:

/s/______________________________
Secretary,
Board of Directors

APPENDIX A

Financial and Statistical Information Regarding the Authority and the Salitrillo System

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FINANCIAL INFORMATION OF THE ISSUER'S SALITRILLO SYSTEM

BOND DATA **TABLE 1**

(as of February 1, 2020)

Parity Obligations

The Bonds	$ 25,000,000	*

**Preliminary, subject to change.*

DEBT SERVICE REQUIREMENTS **TABLE 2**

Fiscal Year Ending June 30	Currently Outstanding[1]	The Bonds* Principal	Interest [2]	Total Debt Service	Combined Debt Service*
2020	$ -	$ -	$ -	$ -	$ -
2021	-	250,000	658,333	908,333	908,333
2022	-	200,000	742,500	942,500	942,500
2023	-	755,000	736,500	1,491,500	1,491,500
2024	-	780,000	713,850	1,493,850	1,493,850
2025	-	805,000	690,450	1,495,450	1,495,450
2026	-	825,000	666,300	1,491,300	1,491,300
2027	-	850,000	641,550	1,491,550	1,491,550
2028	-	875,000	616,050	1,491,050	1,491,050
2029	-	905,000	589,800	1,494,800	1,494,800
2030	-	930,000	562,650	1,492,650	1,492,650
2031	-	960,000	534,750	1,494,750	1,494,750
2032	-	985,000	505,950	1,490,950	1,490,950
2033	-	1,015,000	476,400	1,491,400	1,491,400
2034	-	1,045,000	445,950	1,490,950	1,490,950
2035	-	1,080,000	414,600	1,494,600	1,494,600
2036	-	1,110,000	382,200	1,492,200	1,492,200
2037	-	1,145,000	348,900	1,493,900	1,493,900
2038	-	1,180,000	314,550	1,494,550	1,494,550
2039	-	1,215,000	279,150	1,494,150	1,494,150
2040	-	1,250,000	242,700	1,492,700	1,492,700
2041	-	1,290,000	205,200	1,495,200	1,495,200
2042	-	1,325,000	166,500	1,491,500	1,491,500
2043	-	1,365,000	126,750	1,491,750	1,491,750
2044	-	1,410,000	85,800	1,495,800	1,495,800
2045	-	1,450,000	43,500	1,493,500	1,493,500
Total	$ -	$ 25,000,000	$ 11,190,883	$ 36,190,883	$ 36,190,883

** Preliminary, subject to change.*

[1] The Salitrillo System has no currently outstanding debt.

[2] Interest rate calculated at an assumed rate for illustrative purposes only.

PRINCIPAL REPAYMENT SCHEDULE

Fiscal Year Ending June 30	Outstanding Principal (1)	Plus: The Bonds Principal*	Principal Outstanding at End of Year*	Percent of Principal Retired*
2020	$ -	$ -	$ 25,000,000	0.00%
2021	-	250,000	24,750,000	1.00%
2022	-	200,000	24,550,000	1.80%
2023	-	755,000	23,795,000	4.82%
2024	-	780,000	23,015,000	7.94%
2025	-	805,000	22,210,000	11.16%
2026	-	825,000	21,385,000	14.46%
2027	-	850,000	20,535,000	17.86%
2028	-	875,000	19,660,000	21.36%
2029	-	905,000	18,755,000	24.98%
2030	-	930,000	17,825,000	28.70%
2031	-	960,000	16,865,000	32.54%
2032	-	985,000	15,880,000	36.48%
2033	-	1,015,000	14,865,000	40.54%
2034	-	1,045,000	13,820,000	44.72%
2035	-	1,080,000	12,740,000	49.04%
2036	-	1,110,000	11,630,000	53.48%
2037	-	1,145,000	10,485,000	58.06%
2038	-	1,180,000	9,305,000	62.78%
2039	-	1,215,000	8,090,000	67.64%
2040	-	1,250,000	6,840,000	72.64%
2041	-	1,290,000	5,550,000	77.80%
2042	-	1,325,000	4,225,000	83.10%
2043	-	1,365,000	2,860,000	88.56%
2044	-	1,410,000	1,450,000	94.20%
2045	-	1,450,000	-	100.00%
Total	$ -	$ 25,000,000		

* *Preliminary, subject to Change.*

BOND FUND BALANCES **TABLE 3**

Interest and Sinking Fund

No Parity Obligaitons are currently outstanding; therefore, no funds are currently on deposit in the Interest and Sinking Fund.

Reserve Fund

The Resolution provides that an Account in the Reserve Fund for the benefit of the Bonds is required to be funded only upon the occurrence of certain financial events (see "THE BONDS - Flow of Funds - Reserve Fund" and "Bonds Initially Not Secured with Reserve Fund"); therefore, no funds are currently on deposit in the Reserve Fund

SALITRILLO SYSTEM STATEMENT OF NET ASSETS **TABLE 4**

(As of June 30, 2019)

Assets	
Current Assets	
Cash	$ 789,400
Investments	1,099,098
Accounts receivable	409,829
Due from other funds of the Authority	1,129,703
Investments	363,822
Total current assets	$ 3,791,852
Other noncurrent assets:	
Investments	$ 5,186,108
Capital assets:	
Land	$ 130,599
Office furniture, fixtures, and equipment	6,825
Other machinery and equipment	2,349,800
Automobiles and trucks	669,670
Studies	57,369
Buildings	54,142
Improvements other than buildings	5,357,329
Sewage treatment facilities	23,728,124
Construction in progress	174,101
Less: Accumulated Depreciation	(19,641,223)
Total capital assets (net of accumulated depreciation)	$ 12,886,736
Total Noncurrent Assets	$ 18,072,844
Total Assets	$ 21,864,696
Deferred Outflows of Resources	
Deferred outflows for OPEB	$ 2,328
Total Deferred Outflows of Resources	$ 2,328
Total Assets and Deferred Outflows	$ 21,867,024

Source: The Authority's audited financial records.

SALITRILLO SYSTEM COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES **TABLE 5**

The following statements set forth in condensed form reflect the historical operations of the Salitrillo System. Such summary has been prepared for inclusion herein based upon information obtained from the Issuer's audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended				
	6/30/2019	**6/30/2018**	**6/30/2017**	**6/30/2016**	**6/30/2015**
Operating Revenues:					
Intergovernmental	$ 507,548	$ 556,762	$ 608,617	$ 484,835	$ -
Utility service charges	4,500,522	4,187,098	3,364,187	3,082,954	2,716,967
Miscellaneous	-	-	-	169	63,355
Total Operating Revenues	$ 5,008,070	$ 4,743,860	$ 3,972,804	$ 3,567,958	$ 2,780,322
Operating Expenses:					
Personnel services	$ 1,038,947	$ 1,236,684	$ 1,065,446	$ 873,838	$ 865,634
Supplies	175,290	310,717	204,468	161,697	147,314
Other services & charges	1,493,344	1,837,497	1,742,897	1,849,174	1,362,720
Depreciation	1,079,417	939,882	914,012	1,126,807	863,964
Cost allocations	-	(3,139)	(4,959)	(29,231)	(50,547)
Total Operating Expenses	$ 3,786,998	$ 4,321,641	$ 3,921,864	$ 3,982,285	$ 3,189,085
Operating income	$ 1,221,072	$ 422,219	$ 50,940	$ (414,327)	$ (408,763)
Nonoperating revenues (expenses):					
Investment earnings	$ 115,574	$ 82,893	$ 28,358	$ (8,890)	$ 801
Sale of capital assets	1,655	(19,652)	(1,117)	-	-
Interest expense	(193,458)	(204,858)	(215,802)	(226,290)	-
Fiscal agent fees	(750)	(750)	-	-	-
Total nonoperating revenues	$ (76,979)	$ (142,367)	$ (188,561)	$ (235,180)	$ 801
Capital Contributions	460,986	-	216,000	309,150	611,801
Transfer in (out)	(481,418)	-	670,393	2,722,199	-
Change in Net Position	$ 1,123,661	$ 279,852	$ 748,772	$ 2,381,842	$ 203,839
Total Net Assets - Beginning	$ 16,293,453	$ 16,013,601	$ 15,264,829	$ 12,882,987	$ 12,679,148
Total Net Assets - Ending	17,417,114	16,293,453	16,013,601	15,264,829	12,882,987
Operating Income	$ 1,221,072	$ 422,219	$ 50,940	$ (414,327)	$ (408,763)
Plus: Depreciation	1,079,417	939,882	914,012	1,126,807	863,964
Available for Debt Service	$ 2,300,489	$ 1,362,101	$ 964,952	$ 712,480	$ 455,201

SEWER RATES — TABLE 6

The River Authority bases Wholesale and Retail residential customer sewer billing on the average monthly use of water during three complete consecutive billing periods between the months of November and March annually. Since water is mostly used indoors during the cooler months during the winter averaging period and likely ends up processed at SARA treatment plants through the sewer system; this amount serves as the basis for winter averaging. This consumption data is also known as the "Wintertime Monthly Average" and is reported per 100 cubic feet or 1,000 gallons.

The average amount used during the winter months is then multiplied by the variable rate which is one portion of the overall charge. The variable rate is determined by cost to treat and dispose of waste. A minimum fixed rate is added as another portion of the overall charge and is a product of calculations of debt repayments owed on monies borrowed and major capital improvements. Rate are effective beginning in July following the winter averaging period and stays in effect until the following July when the new winter averaging data rates are applied.

Wholesale Customers who do not have a winter record of water usage will be billed at the Wholesale Customer's representative winter average. Retail customers who do not have a winter record of water usage will be billed at the Retail System winter average. Once there are three months of consumption, this will be averaged and if the average is less than the system average being billed, the consumption average will be used for their rate. If it is more than the system average they will continue to be charged the system average. All Other user's (not single family residential units) who are Wholesale and Retail customers will be billed per 1,000 gallons of metered water consumption each month.

Average x Variable Rate / 100 cubic feet + Fixed Rate + Regulatory Fees

The regulatory assessment fees are for the Texas Commission on Environmental Quality as mandated by Senate Bill No. 2, passed by the Texas Legislature in Special Session effective September 1, 1991.

New Rates as of July 1, 2020

Item		Charge
Wholesale - Fixed Rate	$	7.65
Wholesale - Variable Rate (1,000 gal)	$	2.00
Wholesale - All Others (1,000 gal)	$	3.40
Retail - Fixed Rate	$	10.33
Retail - Variable Rate (1,000 gal)	$	2.63
Retail - All Other Users (1,000 gal)	$	4.59

Old Rates as of July 1, 2019

Item		Charge
Wholesale - Fixed Rate	$	5.14
Wholesale - Variable Rate (1,000 gal)	$	2.00
Wholesale - All Others (1,000 gal)	$	2.90
Retail - Fixed Rate	$	5.93
Retail - Variable Rate (1,000 gal)	$	2.76
Retail - All Other Users (1,000 gal)	$	4.22

WASTEWATER TREATMENT FACILITY [(1)]

Fiscal Year	Customer Count	Daily Avg Treatment	Daily Capacity
2011	14,971	3,877,000	5,830,000
2012	15,308	4,101,000	5,830,000
2013	15,893	4,183,000	5,830,000
2014	16,158	4,045,000	5,830,000
2015	16,529	4,413,000	5,830,000
2016	16,780	4,484,000	5,830,000
2017	16,594	4,831,000	5,830,000
2018	16,821	4,206,000	5,830,000
2019	16,925	4,842,000	5,830,000
2020	17,284	4,363,000	5,830,000

The Authority's June 30, 2019 CAFR.

(1) *The Bonds will fund an expansion of the Salitrillo System's wastewater treatment plant's capacity to 7.33 MGD from current capacity of 5.83 MGD.*

TOP 10 SALITRILLO SYSTEM USERS — TABLE 7

Customer	Annual Sewer Consumption (gallons)	% of Total Sewer Consumption
Townsquare Apartments	20,559,100	1.164%
Northeast Methodist Hospital	16,782,552	0.950%
Army Residence Community	14,985,910	0.848%
OAW LLC	12,197,024	0.690%
Placid Mobile Home Park	11,603,190	0.657%
CEAI Waterford Park LLC	11,586,330	0.656%
Ingram Readymix Concrete	9,826,483	0.556%
Arya Grove INT Grove LLC	9,632,000	0.545%
Retama Ranch LP DBA	8,409,000	0.476%
Judson Middle School	7,918,360	0.448%
Total	123,499,949	6.991%

GENERAL FUND COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

The following statements set forth in condensed form reflect the historical operations of the Issuer. Such summary has been prepared for inclusion herein based upon information obtained from the Issuer's audited financial statements and records. Reference is made to such statements for further and complete information. **For informational purposes only. General Fund revenues will not be pledged to support the Bonds.**

	Fiscal Year Ended				
	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Revenues					
Taxes	$ 31,522,683	$ 27,323,379	$ 25,682,722	$ 24,276,704	$ 22,947,890
Investment Earnings	863,999	544,983	103,141	153,872	(8,768)
Intergovernmental	533,052	279,587	299,403	305,516	298,932
Charges for Services	564,542	605,101	646,817	697,392	808,437
Support Fees	1,996,561	2,301,288	2,384,595	2,301,631	2,253,647
Miscellaneous	317,488	203,652	131,254	849,861	205,511
Total Revenues	$ 35,798,325	$ 31,257,990	$ 29,247,932	$ 28,584,976	$ 26,505,649
Expenditures					
Current:					
General Government	$ 12,417,373	$ 11,612,775	$ 10,191,726	$ 8,632,010	$ 9,205,032
Program Support	-	-	-	-	8,061,334
Operations	7,737,078	6,889,326	6,726,034	6,380,805	2,170,253
Technical Services	7,472,926	7,098,744	6,693,989	7,932,760	3,901,167
Debt service:		-			
Bond Principal	-	-	-	-	420,000
Interest and Fees on Bonds	-	-	-	-	53,729
Capital lease principal	-	-	-	-	97,288
Capital outlay:					
General government	291,424	476,808	351,279	24,127	819,288
Program Support	-	-	-	-	52,434
Operations	323,910	416,971	422,823	181,488	1,268,295
Technical Services	303,295	157,224	44,519	24,901	546,200
Total Expenditures	$ 28,546,006	$ 26,651,848	$ 24,430,370	$ 23,176,091	$ 26,595,020
Excess (deficiency) of Revenues Over (Under) Expenditures	$ 7,252,319	$ 4,606,142	$ 4,817,562	$ 5,408,885	$ (89,371)
Other Financing Sources (Uses)					
Transfers In	$ -	$ -	$ -	$ -	$ 93,748
Bond Proceeds	-	-	-	-	-
Contributed Capital	-	-	-	-	-
Capital Lease	-	-	-	-	-
Transfers Out	(5,555,440)	(3,748,655)	(5,659,331)	(11,890,074)	(306,358)
Total Other Financing Sources and Uses	$ (5,555,440)	$ (3,748,655)	$ (5,659,331)	$ (11,890,074)	$ (212,610)
Net Change in Fund Balances	$ 1,696,879	$ 857,487	$ (841,769)	$ (6,481,189)	$ (301,981)
Fund Balances - Beginning	$ 11,750,971	$ 10,893,484	$ 11,735,253	$ 18,216,442	$ 18,518,423
Fund Balances - Ending	13,447,850	11,750,971	10,893,484	11,735,253	18,216,442

The Authority's June 30, 2019 CAFR.

APPENDIX B

General Purpose Financial Statements for the San Antonio River Authority for the Fiscal Year Ended June 30, 2019 (For informational purposes only. No revenues of the Authority, other than the Net Revenues of the Authority's Salitrillo System as further described in this Official Statement, are pledged to secure the Bonds.)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
San Antonio River Authority
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the San Antonio River Authority, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the San Antonio River Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the San Antonio River Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the San Antonio River Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, each major fund, and the aggregate remaining fund information of the San Antonio River Authority as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other post-employment benefits (OPEB) changes in the total OPEB liability and related ratios, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Antonio River Authority's basic financial statements. The other supplementary information and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The June 30, 2019 supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the other supplementary information and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is fairly stated in all material respects, in relation to the financial statements as a whole.

The summarized comparative prior year supplementary information included in the financial statements has been derived from the San Antonio River Authority's 2018 financial statements. The financial statements of the San Antonio River Authority as of June 30, 2018, were audited by other auditors whose reports thereon dated October 17, 2018, expressed an unqualified opinion on the financial statements. Their report on the 2018 supplementary schedules stated that, in their opinion, such information was fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2018, taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Antonio River Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2019 on our consideration of the San Antonio River Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the San Antonio River Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the San Antonio River Authority's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Austin, Texas
October 7, 2019

SAN ANTONIO
RIVER AUTHORITY

SAN ANTONIO RIVER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

As management of the San Antonio River Authority (the River Authority), we offer to readers of the River Authority's financial statements this narrative overview and analysis of the financial activities of the River Authority for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i–xii of this report.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflows of the River Authority exceeded its liabilities and deferred inflows at June 30, 2019 by just over $617 million dollars. This balance consists of cash and non-cash assets so it is important to note that the net investment in capital assets (non-cash) is $554 million. Of the $617 million dollar net position, $44.2 million is unrestricted and may be utilized to meet the River Authority's ongoing obligations to citizens and creditors. (See page 8 for more details)
- The River Authority's total net position increased by $32,135,603 from 2018 to 2019 due to revenues exceeding expenses by $21 million dollars in Governmental funds and $10 million dollars in Business-type Funds. (See page 9 for more details)
- Property tax revenues in the General Fund increased from 2018 to 2019 by just over $4 million dollars and Utility Operating revenues also increased over $1 million dollars both primarily due to budgeted rate increases while Utility Nonoperating revenues decreased by over $2 million due to the sale of property in 2018. (See page 31 for more details)
- Capital assets increased by over $18 million dollars and liabilities decreased by almost $9 million dollars. Large capital asset additions for FY19 include Martinez IV, Randolph Air Force Base improvements, and San Pedro Creek construction projects. The decrease in liabilities is attributed to the reduction in Unearned revenue in the Bexar County West Side Creek Governmental Fund. In 2018, we had over $10 million dollars in advance funding and have none at 6/30/2019. (See page 8 for more details)
- Expenditures in our Business-type Funds decreased from 2018 to 2019 by almost $1.4 million dollars while expenditures in our Governmental Funds increased by over $10 million dollars primarily due to construction activity and related expenses (professional services) for park projects such as San Pedro Creek Culture Park, West Side Creeks and Escondido Creek Parkway. (See page 9 for more details)
- The River Authority's Governmental Funds reported combined ending fund balances of almost $31 million dollars, an increase of over $4.4 million from the prior year. Approximately ten percent (10%), or $3 million, is unassigned after deducting the 25% operating reserve balances $8.5 million. (See pages 22 and 23 for more details)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the River Authority's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves as well as the single audit required resulting from federal grant expenditures.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the River Authority's finances, presented in a manner similar to that of a private-sector business.

The *statement of net position* presents information on all of the River Authority's assets, liabilities, and deferred outflows and inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the River Authority is improving or declining.

The *statement of activities* presents information showing how the River Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the River Authority that are principally supported by property tax, reimbursement of expenditures and/or intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the River Authority include general government, operations and technical services. The business-type activities of the River Authority include Utility operations. The government-wide financial statements can be found on pages 18–21 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The River Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the River Authority can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the River Authority's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the River Authority's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The River Authority maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Bexar County

Westside Creek, City of San Antonio Westside Creek, Bexar County Flood Tax, Other Capital Projects and San Antonio River Authority Project Fund which are considered to be major funds. Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the Combining Statements and Schedules section of the report. The basic governmental fund financial statements can be found on pages 22-29 of this report.

Proprietary funds. The River Authority maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The River Authority's major enterprise funds are the San Antonio River Authority Wastewater Utilities Systems and the Salitrillo Wastewater Treatment Plant. The Randolph Air Force Base Collection System is presented as a non-major fund.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the River Authority's various functions. The River Authority uses an internal service fund to account for medical, dental and vision benefits to River Authority employees. Services of the internal service fund predominantly benefit governmental functions and are included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund is a single, aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 30–35 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 36-64 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the River Authority's General Fund budgetary schedule. The River Authority legally adopts an annual budget for this fund. A budgetary comparison schedule, which includes the original and final amended budget as well as actual figures, have been provided to demonstrate compliance with this budget. Also required as supplementary information is trend information on the River Authority's Post Employment Benefit Plans. Required supplementary information can be found on pages 66-69 of this report.

Other supplementary information. The combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds and is presented immediately following the required supplementary information. Additionally, the River Authority adopts operating budgets for a number of other governmental funds. Budgetary comparison schedules and combining and individual fund statements and schedules can be found on pages 72-93 of this report.

Single Audit. As a recipient of federal assistance, the San Antonio River Authority is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The results of the San Antonio River Authority single audit, for the fiscal year presented, provided no instances of material weaknesses in the internal control structure or violations of applicable laws and regulations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as an indicator of a government's financial position. In the case of the River Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $617,014,603 at the close of the 2019 fiscal year.

A large portion of the River Authority's net position (90%) reflects its investment in capital assets (e.g., flood control projects, restoration projects, park development, land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The River Authority's capital assets are used in operations to provide services to customers, participants and other governments; consequently, these assets are *not* available for future spending. Although the River Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

San Antonio River Authority
Net Position

	Governmental Activities		*Business-type Activities*		*Total*	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 41,548,688	$ 45,771,810	$ 35,374,855	$ 30,173,266	$ 76,923,543	$ 75,945,076
Capital assets	543,385,616	529,168,184	52,619,945	48,761,135	596,005,561	577,929,319
Total assets	584,934,304	574,939,994	87,994,800	78,934,401	672,929,104	653,874,395
Deferred outflows	767,405	801,485	104,529	104,835	871,934	906,320
Long-term liabilities	20,378,873	23,238,854	21,577,686	23,139,122	41,956,559	46,377,976
Other liabilities	11,173,007	20,090,679	3,656,868	3,403,998	14,829,875	23,494,677
Total liabilities	31,551,880	43,329,533	25,234,554	26,543,120	56,786,434	69,872,653
Deferred intflows	-	21,506	-	7,556	-	29,062
Net investment in capital assets	521,513,978	504,604,452	32,683,370	29,029,396	554,197,348	533,633,848
Restricted	4,993,533	2,278,970	13,615,606	5,910,087	18,609,139	8,189,057
Unrestricted	27,642,317	25,507,018	16,565,799	17,549,077	44,208,116	43,056,095
Total net position	$ 554,149,828	$ 532,390,440	$ 62,864,775	$ 52,488,560	$ 617,014,603	$ 584,879,000

An additional portion of the River Authority's net position (3%) represents resources that are subject to restrictions for debt service and construction. The remaining balance of *unrestricted net position* in the amount of $44,208,116 may be used to meet the River Authority's ongoing liabilities.

At June 30, 2019, the River Authority reported a positive balance in the change in net position for both the governmental activities and the business-type activities.

As of June 30, 2019, the River Authority's net position increased by $32,135,603.

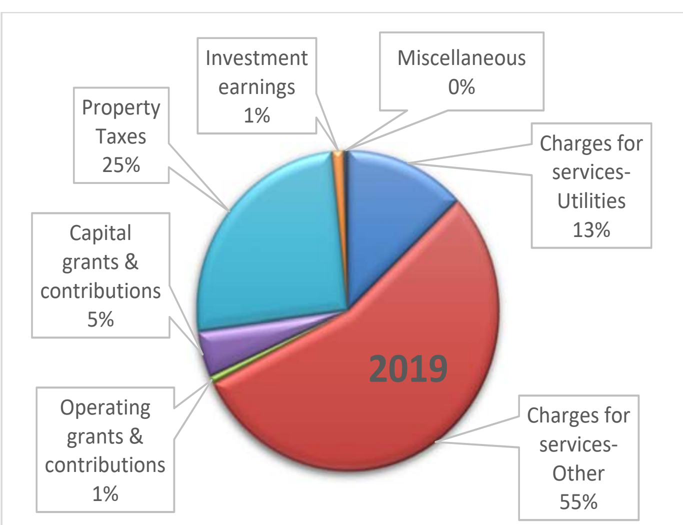
The following table indicates change in net position for governmental and business-type activities:

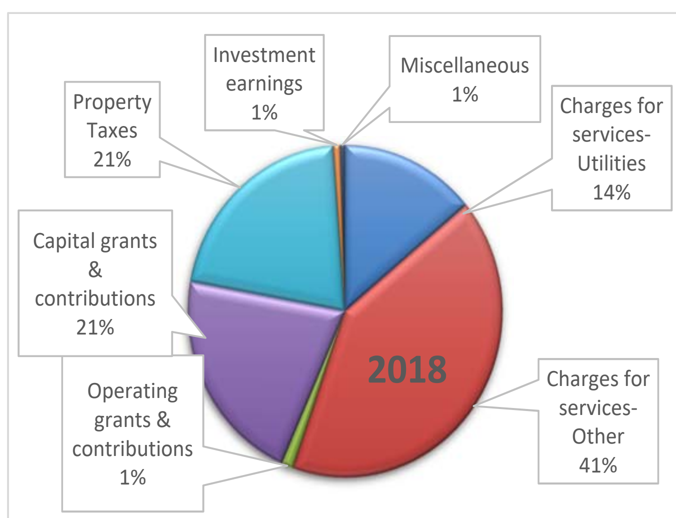
San Antonio River Authority
Changes in Net Position

	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	$ 67,821,369	$ 54,028,786	$ 16,074,381	$ 18,233,487	$ 83,895,750	$ 72,262,273
Operating grants & contributions	937,905	1,602,998	-	-	937,905	1,602,998
Capital grants & contributions	-	25,768,009	5,765,240	1,949,799	5,765,240	27,717,808
General Revenues:						
Property Taxes	31,522,683	27,330,959	-	-	31,522,683	27,330,959
Investment earnings	1,038,611	651,857	515,278	255,742	1,553,889	907,599
Miscellaneous	317,488	206,563	247,265	452,670	564,753	659,233
Total Revenues	101,638,056	109,589,172	22,602,164	20,891,698	124,240,220	130,480,870
Expenses:						
General government	23,437,208	26,734,430	-	-	23,437,208	26,734,430
Operations	45,132,654	33,830,509	12,225,949	13,622,982	57,358,603	47,453,491
Technical services	10,414,457	8,393,583	-	-	10,414,457	8,393,583
Interest and other fees	894,349	818,865	-	-	894,349	818,865
Total expenses	79,878,668	69,777,387	12,225,949	13,622,982	92,104,617	83,400,369
Change in net position	21,759,388	39,811,785	10,376,215	7,268,716	32,135,603	47,080,501
Net position, beginning, as previously reported	532,390,440	492,578,655	52,488,560	45,219,844	584,879,000	537,798,499
Net position - ending	$ 554,149,828	$ 532,390,440	$ 62,864,775	$ 52,488,560	$ 617,014,603	$ 584,879,000

Below are comparison graphs showing organization wide total revenues by source for the River Authority:

San Antonio River Authority
Total Revenues by Source

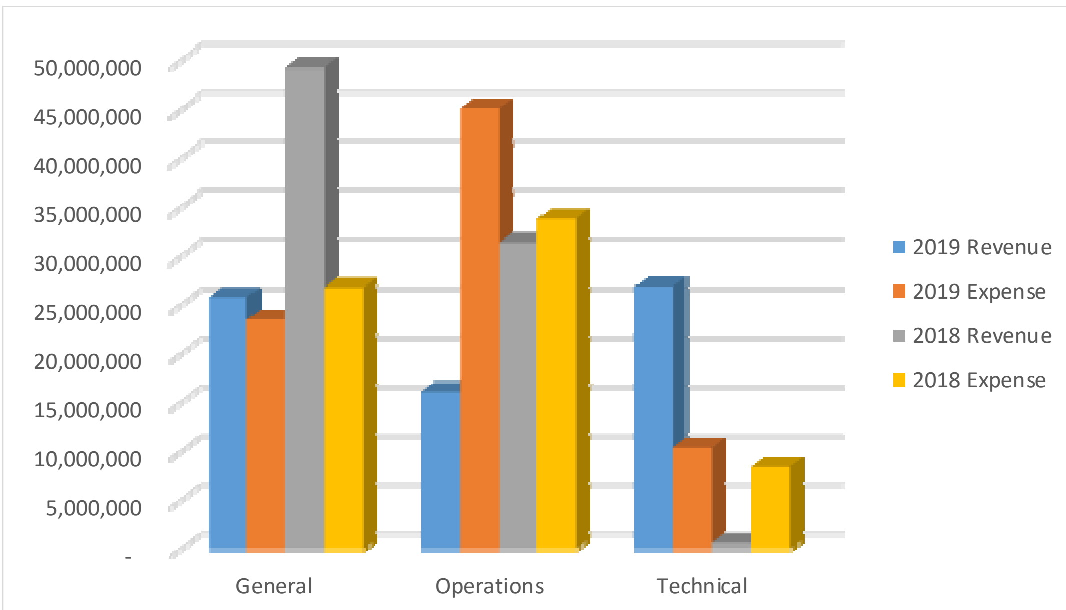




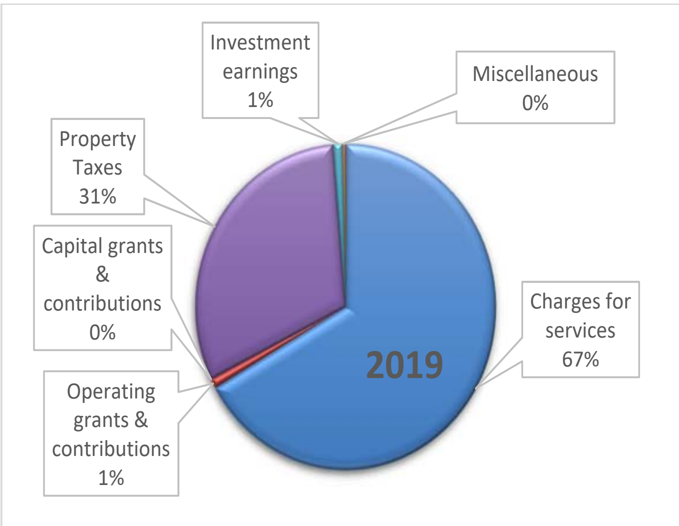
Governmental Activities. Governmental activities increased the River Authority's net position by $21,759,388. This increase is attributable to various capital improvements. These projects are mainly funded external funding agreements where the River Authority provide project and construction management services.

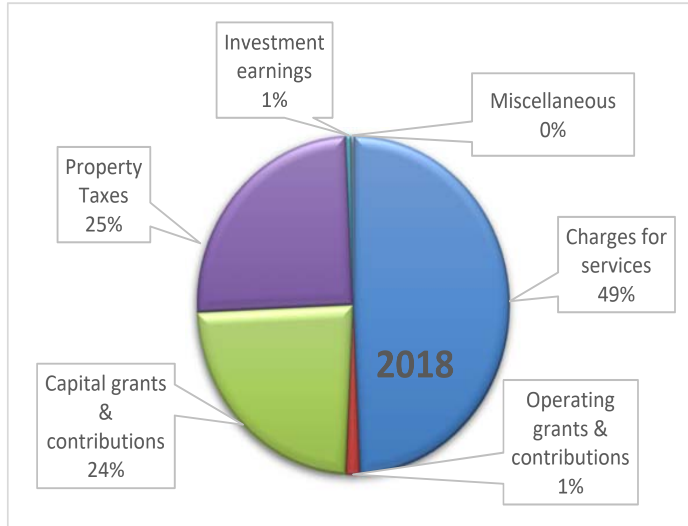
With the implementation of GASB 34, the River Authority can now show expenses alongside revenues for each program. The programs included in the governmental activities are general government, operations, and technical services.

San Antonio River Authority
Expenses & Program Revenues – Governmental Activities



San Antonio River Authority
Revenues by Source – Governmental Activities

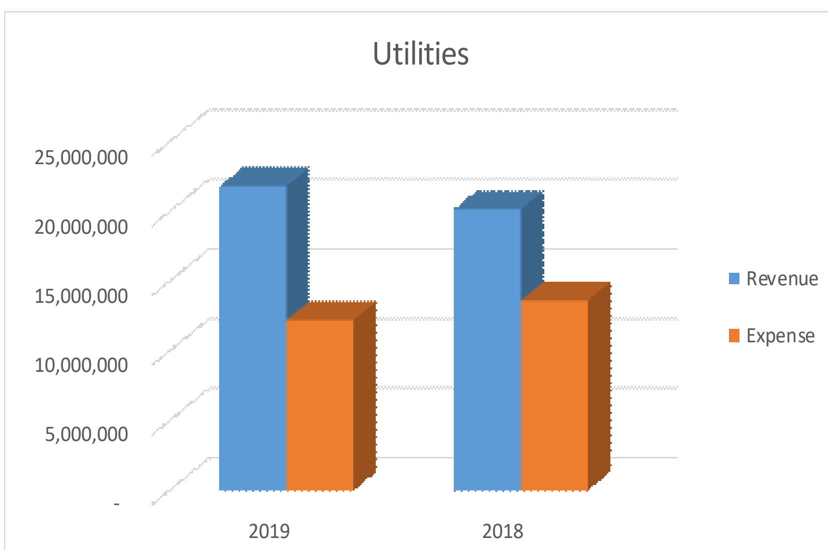




Business-type Activities. The River Authority's major business-type activities are the SARA Wastewater Utilities System and the Salitrillo Wastewater Treatment Plant. These operations are supported by rate and fee schedules adopted by the Board of Directors.

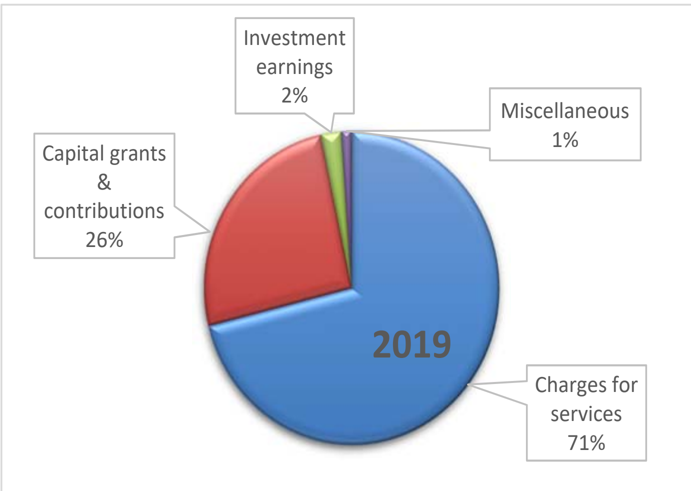
Business-type activities increased the River Authority's net position by $10,376,215. The River Authority will also show expenses alongside revenues for each program. The program in the business-type activities is operations, which are the utility departments.

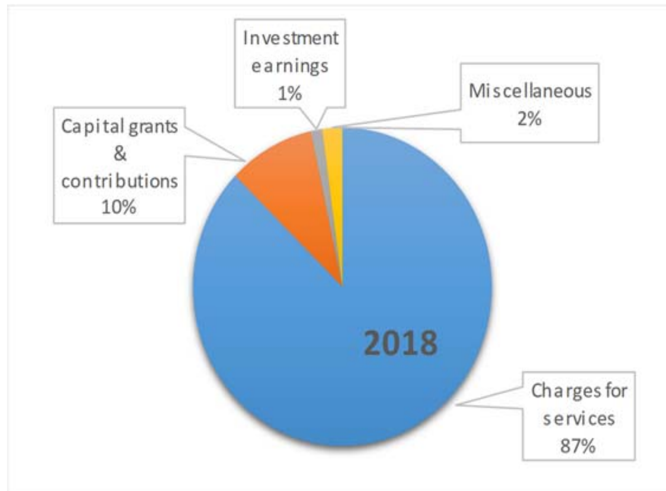
San Antonio River Authority
Expenses & Program Revenues – Business-type Activities



The utility fund's revenues increased by $261,366 compared to the 2018 fiscal year. Expenses decreased $928,183 for the same period. Effective July 1, 2018 the Board of Directors increased the River Authority Wastewater Systems sewage rates by 5% and 13% in the Salitrillo Operating Fund.

San Antonio River Authority
Revenues by Source – Business-type Activities





FINANCIAL ANALYSIS OF THE AUTHORITY'S MAJOR FUNDS

As noted earlier, the River Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the River Authority's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* financial resources. Such information is useful in assessing the River Authority's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the 2019 fiscal year, the River Authority's governmental funds reported combined ending fund balances of $30,965,681, an increase of $4,486,409 in comparison with the prior year. Of this total amount, $27,891,418 constitutes the portion of fund balance that is *nonspendable, restricted, committed or assigned* to indicate that it is not available for new spending because it has already been classified to fund capital projects, encumbrances and pay debt service. The remaining of $3,074,263 is *unassigned fund balance,* which is available for spending at the River Authority's discretion.

The River Authority's General Fund is the principal fund of the River Authority and is used to account for all financial resources except those required to be accounted for by another fund. Property taxes, support fees, and charges for services provide the major sources of revenue. At the end of the current fiscal year, unassigned fund balance of the General Fund was $3,410,600 compared to $2,578,543 in 2018, an increase of $832,057. This increase was primarily due to an increase in Property Taxes Receivable balance at 6/30/2019. Property taxes receivable consists of June taxes collected by our four counties but not remitted as well as taxes collected for July and August since they were assessed for FY19.

Debt Service Fund: The River Authority entered into a contract with Bexar County, Texas (the County) to provide to the River Authority, revenues from a flood control tax levied by the County. The contract provides that the County will set a tax rate which will provide revenues sufficient to pay each year's requirements for principal and interest of River Authority bonds which are payable from the revenues of the County flood control tax. San Antonio Channel Improvement Project (SACIP) Bonds have been issued pledging revenues of the Bexar County flood control tax for retirement of the bonds. In compliance with bond ordinances, the River Authority has met all requirements for maintenance of the Debt Service Fund. The fund balance increased $304,838 in 2019.

The Westside Creek Restoration is a capital project fund, which accounts for improvements to the Westside Creek Restoration project paid by Bexar County and the City of San Antonio.

The SARA Project Fund is a capital project fund which accounts for studies and projects that further the mission of the River Authority.

Proprietary funds. The unrestricted net position of the proprietary funds at the end of the fiscal year was $16,565,799. Other factors concerning the finances of proprietary funds have already been addressed in the discussion of the River Authority's business-type activities.

BUDGETARY HIGHLIGHTS

General fund. There were no significant differences between the original adopted budget and the final amended budget. Only transfers across functional programs were made within the General Fund but these had no impact to the authorized budget.

The final amended budget and actual revenues and expenditures can be briefly summarized as follows:

- Actual revenues compared to amended budgeted revenue had less than two percent variance. Both property tax revenue and investment earnings performed better than budgeted resulting in $460,150 of additional revenue for the General Fund after taking into account actuals performing under budget for intergovernmental revenue and revenues from charges for service.

- Across all departments expenditures were under budget by $4,762,612. Encumbrances carried forward into FY 2018-19 equal $516,275, down from $876,805 in the prior year.

CAPITAL ASSETS & DEBT ADMINISTRATION

Long-term Debt. At year-end, the River Authority had $44.1 million and $48.3 million in bonds at the end of 2019 and 2018, respectively, as shown below:

	2019	2018
SACIP Improvement Revenue Bonds	$ 17,880,000	$ 20,075,000
Public Facilities Corporation	2,466,000	2,591,000
SARA Wastewater Utilities System Revenue Bonds	17,405,000	18,615,000
Texas Water Development Bonds	2,195,000	2,620,000
Contract Revenue Bonds	4,115,000	4,370,000
Total	$ 44,061,000	$ 48,271,000

More detailed information about the River Authority's long-term liabilities is presented in note 12 of the notes to financial statements.

Capital Assets. The River Authority's investments in capital assets for its governmental and business-type activities as of June 30, 2019, was $596,005,561 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, studies, flood control infrastructures, restoration projects, parks, and sewage treatment facilities.

If more detailed information is desired on capital asset activity, please refer to the notes to the financial statements (Note 10).

San Antonio River Authority
Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Capital assets, not being depreciated:						
Land	$ 30,434,742	$ 24,732,693	$ 2,476,944	$ 2,476,944	$ 32,911,686	$ 27,209,637
Water Rights	227,447	227,447	-	-	227,447	227,447
Construction in progress	112,301,614	42,692,521	2,936,467	4,871,834	115,238,081	47,564,355
Total capital assets, not being depreciated	142,963,803	67,652,661	5,413,411	7,348,778	148,377,214	75,001,439
Capital assets, being depreciated:						
Office furniture, fixtures and equipment	2,616,543	4,223,143	38,317	80,713	2,654,860	4,303,856
Other machinery and equipment	6,897,495	5,728,823	4,578,648	3,902,580	11,476,143	9,631,403
Automobiles and trucks	2,178,644	1,749,958	2,168,776	2,074,826	4,347,420	3,824,784
Buildings	19,532,173	17,443,788	2,305,735	2,359,345	21,837,908	19,803,133
Improvements other than buildings	10,698,453	3,564,507	16,916,917	11,537,611	27,615,370	15,102,118
Studies	2,581,964	2,581,964	422,205	422,205	3,004,169	3,004,169
Sewage treatment facilities	-	-	69,964,441	60,851,745	69,964,441	60,851,745
Flood control projects	339,164,871	339,133,397	-	-	339,164,871	339,133,397
Restoration projects	236,996,307	236,996,307	-	-	236,996,307	236,996,307
Total capital assets, being depreciated	620,666,450	611,421,887	96,395,039	81,229,025	717,061,489	692,650,912
Accumulated depreciation	(220,244,637)	(187,752,659)	(49,188,505)	(44,605,616)	(269,433,142)	(232,358,275)
Capital assets, net	$ 543,385,616	$ 491,321,889	$ 52,619,945	$ 43,972,187	$ 596,005,561	$ 535,294,076

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the River Authority's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Support Services, 100 East Guenther, San Antonio, Texas 78204.

SAN ANTONIO

RIVER AUTHORITY

SAN ANTONIO RIVER AUTHORITY

A POLITICAL SUBDIVISION OF THE STATE OF TEXAS.

Basic Financial Statements

SAN ANTONIO RIVER AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 6,095,020	$ 3,647,392	$ 9,742,412
Investments	22,533,509	9,269,314	31,802,823
Accounts receivable (net)	2,553,380	1,676,351	4,229,731
Intergovernmental receivables	4,960,395	-	4,960,395
Notes receivable	46,677	31,038	77,715
Interest receivable	74,109	12,273	86,382
Taxes receivable (net of $434,883 for			-
allowance for uncollectible)	1,714,866	-	1,714,866
Internal balances	(2,898,581)	2,898,581	-
Prepaid expenses and other assets	9,989	-	9,989
Restricted assets:			
Accounts receivable	-	171,354	171,354
Investments	6,030,282	1,827,533	7,857,815
Total restricted assets	6,030,282	1,998,887	8,029,169
Total current assets	41,119,646	19,533,836	60,653,482
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	230,359	1,117,775	1,348,134
Investments	-	14,419,283	14,419,283
Total restricted assets	230,359	15,537,058	15,767,417
Capital assets:			
Land	30,434,742	2,476,944	32,911,686
Water rights	227,447	-	227,447
Office furniture, fixtures and equipment	2,616,543	38,317	2,654,860
Other machinery and equipment	6,897,495	4,578,648	11,476,143
Automobiles and trucks	2,178,644	2,168,776	4,347,420
Buildings	19,532,173	2,305,735	21,837,908
Improvements other than buildings	10,698,453	16,916,917	27,615,370
Sewage treatment facilities	-	69,964,441	69,964,441
Studies	2,581,964	422,205	3,004,169
Flood control projects	339,164,871	-	339,164,871
Restoration projects	236,996,307	-	236,996,307
Construction in progress	112,301,614	2,936,467	115,238,081
Less accumulated depreciation	(220,244,637)	(49,188,505)	(269,433,142)
Total capital assets (net of accumulated depreciation)	543,385,616	52,619,945	596,005,561
Notes receivable	198,683	303,961	502,644
Total noncurrent assets	543,814,658	68,460,964	612,275,622
Total assets	584,934,304	87,994,800	672,929,104
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow for OPEB	22,082	7,759	29,841
Deferred loss of bond refunding	745,323	96,770	842,093
Total Deferred outflows of resources:	767,405	104,529	871,934

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	$ 4,573,603	$ 898,573	$ 5,472,176
Notes payable	-	28,188	28,188
Compensated absences	137,164	42,821	179,985
Other accrued liabilities	483,313	89,537	572,850
Current liabilities payable from restricted assets:			
Accounts payable	-	182,035	182,035
Retainage payable	1,935,057	588,181	2,523,238
Unearned revenue - services	585,768	-	585,768
Accrued interest payable	171,102	302,533	473,635
Bonds payable within one year	3,287,000	1,525,000	4,812,000
Total current liabilities payable from restricted assets	5,978,927	2,597,749	8,576,676
Total current liabilities	11,173,007	3,656,868	14,829,875
Noncurrent liabilities:			
Notes payable	-	937,375	937,375
OPEB liability	345,741	121,476	467,217
Compensated absences	703,171	128,463	831,634
Bonds payable after one year	19,329,961	20,390,372	39,720,333
Total noncurrent liabilities	20,378,873	21,577,686	41,956,559
Total liabilities	31,551,880	25,234,554	56,786,434
NET POSITION			
Net investment in capital assets	521,513,978	32,683,370	554,197,348
Restricted for:			
Debt service	2,303,754	1,525,000	3,828,754
Watershed management	120,020	-	120,020
Construction	2,053,435	12,090,606	14,144,041
Water management	285,965	-	285,965
TWDB projects	230,359	-	230,359
Unrestricted	27,642,317	16,565,799	44,208,116
Total net position	$ 554,149,828	$ 62,864,775	$ 617,014,603

See accompanying notes to financial statements.

SAN ANTONIO RIVER AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental activities:				
General government	$ 23,437,208	$ 25,800,924	$ -	$ -
Operations	45,132,654	16,068,855	50,000	-
Technical services	10,414,457	25,951,590	887,905	-
Interest and other fees	894,349	-	-	-
Total governmental activities	79,878,668	67,821,369	937,905	-
Business-type activities:				
Operations:				
Utilities	12,225,949	16,074,381	-	5,765,240
Total primary government	$ 92,104,617	$ 83,895,750	$ 937,905	$ 5,765,240

General Revenues
Property taxes
Investment earnings
Miscellaneous
Total General Revenues
Change in net position
Net position, beginning
Net position, ending

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ 2,363,716	$ -	$ 2,363,716
(29,013,799)	-	(29,013,799)
16,425,038	-	16,425,038
(894,349)	-	(894,349)
(11,119,394)	-	(11,119,394)
-	9,613,672	9,613,672
(11,119,394)	-	(1,505,722)
31,522,683	-	31,522,683
1,038,611	515,278	1,553,889
317,488	247,265	564,753
32,878,782	762,543	33,641,325
21,759,388	10,376,215	32,135,603
532,390,440	52,488,560	584,879,000
$ 554,149,828	$ 62,864,775	$ 617,014,603

See accompanying notes to financial statements.

SAN ANTONIO RIVER AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

		Capital Projects Funds	
		Westside Creek Restoration	
	General Fund	Bexar County	City of San Antonio
ASSETS			
Cash and cash equivalents	$ 1,322,617	$ 43	$ -
Investments	10,150,594	1,311,551	-
Prepaids and other assets	9,989	-	-
Intergovernmental receivables	387,239	1,359,772	1,902,922
Notes receivable	245,360	-	-
Interest receivable	74,109	-	-
Taxes receivable (net of allowance for uncollectible)	1,714,866	-	-
Due from other funds of the Authority	2,605,940	-	-
Accounts receivable	(364)	-	-
Cash and cash equivalents - restricted	230,359	-	-
Investments - restricted	-	-	-
Total assets	$ 16,740,709	$ 2,671,366	$ 1,902,922
LIABILITIES			
Accounts payable	$ 1,130,915	$ 1,737,417	$ 544,520
Retainage payable	-	821,682	688,466
Due to other funds of the Authority	418,878	-	708,343
Other accrued liabilities	483,313	-	-
Unearned revenue - services	83,287	-	-
Total liabilities	2,116,393	2,559,099	1,941,329
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,176,466	-	-
FUND BALANCES			
Nonspendable:			
Prepaid items and other assets	9,989	-	-
Notes receivable, long term portion	46,677	-	-
Restricted:			
Debt service	-	-	-
Construction	-	112,267	
Watershed management	-	-	-
Water management	-	-	-
TWDB Projects	230,359	-	-
Committed:			
Unrestricted reserve	-	-	-
Economic development	-	-	-
Parks	-	-	-
Assigned:			
Contract commitments	1,177,134	-	-
Future operating costs	8,573,091	-	-
Projects	-	-	-
Unassigned (deficit)	3,410,600	-	(38,407)
Total fund balances (deficit)	13,447,850	112,267	(38,407)
Total liabilities deferred inflows of resources and fund balances	$ 16,740,709	$ 2,671,366	$ 1,902,922

Capital Projects Funds					
SARA Project Fund	Bexar County Flood Tax	Other Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
$ 2,807,297	$ -	$ -	$ -	$ 1,241,322	$ 5,371,279
9,632,096	488,462	-	-	244,545	21,827,248
-	-	-	-	-	9,989
-	-	-	161,394	1,149,068	4,960,395
-	-	-	-	-	245,360
-	-	-	-	-	74,109
-	-	-	-	-	1,714,866
874,833	-	-	-	832,824	4,313,597
-	-	2,550,416	-	-	2,550,052
-	-	-	-	-	230,359
-	-	-	6,030,282	-	6,030,282
$ 13,314,226	$ 488,462	$ 2,550,416	$ 6,191,676	$ 3,467,759	$ 47,327,536
$ 646,010	$ 3,674	$ 225,802	$ -	$ 280,735	$ 4,569,073
1,500	-	212,762	-	210,647	1,935,057
-	-	1,893,304	3,716,820	874,833	7,612,178
-	-	-	-	-	483,313
-	341,906	6,692	-	153,883	585,768
647,510	345,580	2,338,560	3,716,820	1,520,098	15,185,389
-	-	-	-	-	1,176,466
-	-	-	-	-	9,989
-	-	-	-	-	46,677
-	-	-	2,474,856	-	2,474,856
-	142,882	211,856	-	1,586,430	2,053,435
-	-	-	-	120,020	120,020
-	-	-	-	285,965	285,965
-	-	-	-	-	230,359
3,512,377	-	-	-	-	3,512,377
-	-	-	-	10,574	10,574
-	-	-	-	242,602	242,602
-	-	-	-	-	1,177,134
-	-	-	-	-	8,573,091
9,154,339	-	-	-	-	9,154,339
-	-	-	-	(297,930)	3,074,263
12,666,716	142,882	211,856	2,474,856	1,947,661	30,965,681
$ 13,314,226	$ 488,462	$ 2,550,416	$ 6,191,676	$ 3,467,759	$ 47,327,536

See accompanying notes to financial statements.

SAN ANTONIO
RIVER AUTHORITY

SAN ANTONIO RIVER AUTHORITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances - governmental funds	$ 30,965,681
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	543,385,616
Other long-term assets (taxes receivable, net of $434,883 allowance) are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,176,466
Other postemployment benefit liabilities and deferred outflows of resources.	(323,659)
Compensated absences are only recognized upon maturing, therefore are not reported in the funds.	(840,335)
Internal service funds are used by management to charge the costs of insurance to individual funds. Internal service funds predominantly serve the governmental funds; therefore, the assets and liabilities of this fund are included in governmental activities in the statement of net position.	1,828,800
Long-term liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(22,541,000)
Accrued interest	(171,102)
Issuance premium (to be amortized as interest expense)	(265,678)
Issuance discount (to be amortized as interest expense)	189,717
Deferred loss on bond refunding (to be amortized as interest expense)	745,323
Net position of governmental activities	$ 554,149,829

See accompanying notes to financial statements.

SAN ANTONIO RIVER AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

		Capital Projects Funds		
		Westside Creek Restoration		
	General	Bexar County	City of San Antonio	SARA Project Fund
REVENUES				
Taxes	$ 31,522,683	$ -	$ -	$ -
Investment earnings	863,999	69,452	-	-
Intergovernmental	533,052	18,916,307	12,931,999	-
Charges for services	564,542	-	-	-
Support fees	1,996,561	-	-	-
Miscellaneous	317,488	-	-	-
Total Revenues	35,798,325	18,985,759	12,931,999	-
EXPENDITURES				
Current:				
General government	12,417,373	-	-	-
Operations	7,737,078	614,520	3,548,373	2,370,765
Technical services	7,472,926	160,985	-	-
Debt Service:				
Bond principal	-	-	-	-
Interest and fees on bonds	-	-	-	-
Capital Outlay:				
Capital projects	-	-	-	190,663
General government	291,424	-	-	-
Operations	323,910	-	9,432,907	-
Technical services	303,295	18,140,802	-	-
Total expenditures	28,546,006	18,916,307	12,981,280	2,561,428
Excess (deficiency) of revenues over (under) expenditures	7,252,319	69,452	(49,281)	(2,561,428)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	4,953,705
Issuance of refunding bonds	-	-	-	-
Transfers out	(5,555,440)	-	-	-
Total other financing sources and (uses)	(5,555,440)	-	-	4,953,705
Net change in fund balances	1,696,879	69,452	(49,281)	2,392,277
Fund balances - beginning	11,750,971	42,815	10,874	10,274,439
Fund balances (deficit) - ending	$ 13,447,850	$ 112,267	$ (38,407)	$ 12,666,716

Bexar County Flood Tax	Other Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ -	$ 31,522,683
22,528	-	24,425	32,161	1,012,565
19,138,160	3,213,271	2,923,812	4,679,551	62,336,152
-	-	-	235,114	799,656
-	-	-	-	1,996,561
-	-	-	-	317,488
19,160,688	3,213,271	2,948,237	4,946,826	97,985,105
-	-	10,030	6,000	12,433,403
19,136,485	1,236,016	-	1,799,194	36,442,431
-	71,450	-	1,864,713	9,570,074
-	-	14,150,000	125,000	14,275,000
-	-	612,926	57,415	670,341
-	-	-	961,023	1,151,686
-	-	-		291,424
-	-	-	315,000	10,071,817
-	1,699,433	-	31,840	20,175,370
19,136,485	3,006,899	14,772,956	5,160,185	105,081,546
24,203	206,372	(11,824,719)	(213,359)	(7,096,441)
-	-	-	52,850	52,850
-	2,178	599,557	-	5,555,440
-	-	11,530,000	-	11,530,000
-	-	-	-	(5,555,440)
-	2,178	12,129,557	52,850	11,582,850
24,203	208,550	304,838	(160,509)	4,486,409
118,679	3,306	2,170,018	2,108,170	26,479,272
$ 142,882	$ 211,856	$ 2,474,856	$ 1,947,661	$ 30,965,681

See accompanying notes to financial statements.

SAN ANTONIO

RIVER AUTHORITY

SAN ANTONIO RIVER AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds	$ 4,486,409
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense .	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide statements	31,690,297
Capital addition not recorded in capital outlay	31,733
Depreciation/amortization is reported in the government-wide statements	(17,445,172)
Net book value of assets retired	(59,426)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	298,179
Other postemployment benefit liabilities and deferred inflows of resources.	39,591
Compensated absences are only recognized upon maturing, therefore are not reported in the funds.	(93,471)
Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Payment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas some of these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Issuance of bonds payable	(11,530,000)
Bond principal payments	14,275,000
Accrued interest	(171,102)
Amortization of bond premium	17,947
Amortization of bond discount	(14,691)
Amortization of loss on refunding	(56,162)
Internal service funds are used by management to charge the costs of insurance to individual funds. Internal service funds predominantly serve the governmental funds; therefore, the net expense of this fund is reported with governmental activities.	290,257
Change in net position of governmental activities	$ 21,759,389

See accompanying notes to financial statements.

SAN ANTONIO RIVER AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			Business-Type Activities	Governmental Activities
	SARA Wastewater Utilities System	Salitrillo Wastewater Treatment Plant	Nonmajor Fund Randolph AFB Collection System	Enterprise Fund Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,703,174	$ 789,400	$ 1,154,818	$ 3,647,392	$ 723,741
Investments	7,580,576	1,099,098	589,640	9,269,314	706,261
Accounts receivable (net)	1,228,348	409,829	38,174	1,676,351	3,328
Interest receivable	12,273	-	-	12,273	-
Due from other funds of the Authority	1,768,878	1,129,703	-	2,898,581	400,000
Notes receivable	31,038	-	-	31,038	-
Restricted assets:					
Accounts receivable (net)	93,345	-	78,009	171,354	-
Investments	1,463,711	363,822	-	1,827,533	-
Total restricted assets	1,557,056	363,822	78,009	1,998,887	-
Total current assets	13,881,343	3,791,852	1,860,641	19,533,836	1,833,330
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	1,117,775	-	-	1,117,775	-
Investments	9,233,175	5,186,108	-	14,419,283	-
Total noncurrent restricted assets	10,350,950	5,186,108	-	15,537,058	-
Capital assets:					
Land	2,346,345	130,599	-	2,476,944	-
Office furniture, fixtures, and equipment	31,492	6,825	-	38,317	-
Other machinery and equipment	2,109,074	2,349,800	119,774	4,578,648	-
Automobiles and trucks	1,499,106	669,670	-	2,168,776	-
Studies	27,917	57,369	336,919	422,205	-
Buildings	2,251,593	54,142	-	2,305,735	-
Improvements other than buildings	8,187,607	5,357,329	3,371,981	16,916,917	-
Sewage treatment facilities	44,826,793	23,728,124	1,409,524	69,964,441	-
Construction in progress	2,762,366	174,101	-	2,936,467	-
Less accumulated depreciation	(28,121,362)	(19,641,223)	(1,425,920)	(49,188,505)	-
Total capital assets (net of accumulated depreciation)	35,920,931	12,886,736	3,812,278	52,619,945	-
Notes receivable (net)	303,961	-	-	303,961	-
Total noncurrent assets	46,575,842	18,072,844	3,812,278	68,460,964	-
Total assets	60,457,185	21,864,696	5,672,919	87,994,800	1,833,330
Deferred outflows of resources:					
Deferred outflow for OPEB	5,431	2,328	-	7,759	
Deferred loss of bond refunding	96,770	-	-	96,770	-
Total Deferred outflows of resources:	102,201	2,328	-	104,529	-
Total assets and deferred outflows	$ 60,559,386	$ 21,867,024	$ 5,672,919	$ 88,099,329	$ 1,833,330

	Business-Type Activities - Enterprise Funds			Business-Type Activities	Governmental Activities
	SARA Wastewater Utilities System	Salitrillo Wastewater Treatment Plant	Nonmajor Fund Randolph AFB Collection System	Enterprise Fund Total	Internal Service Fund
LIABILITIES					
Current liabilities:					
Accounts payable	$ 780,105	$ 118,278	$ 190	$ 898,573	$ 4,530
Notes payable	-	-	28,188	28,188	-
Compensated absences	28,668	12,286	1,867	42,821	-
Other accrued liabilities	71,749	17,788	-	89,537	-
Current liabilities payable from restricted assets:					
Accounts payable	162,600	19,435	-	182,035	-
Retainage payable	588,181	-	-	588,181	-
Accrued interest payable	208,711	93,822	-	302,533	-
Bonds payable within one year	1,255,000	270,000	-	1,525,000	-
Total current liabilities payable from restricted assets	2,214,492	383,257	-	2,597,749	-
Total current liabilities	3,095,014	531,609	30,245	3,656,868	4,530
Noncurrent liabilities:					
Notes payable	-	-	937,375	937,375	-
OPEB liability	85,033	36,443	-	121,476	-
Compensated absences	86,003	36,858	5,602	128,463	-
Revenue bonds payable after one year	16,545,372	3,845,000	-	20,390,372	-
Total noncurrent liabilities	16,716,408	3,918,301	942,977	21,577,686	-
Total liabilities	19,811,422	4,449,910	973,222	25,234,554	4,530
NET POSITION					
Net investment in capital assets	20,837,919	8,998,736	2,846,715	32,683,370	-
Restricted for debt service	1,255,000	270,000	-	1,525,000	-
Restricted for construction	7,072,924	4,939,673	78,009	12,090,606	-
Unrestricted	11,582,121	3,208,705	1,774,973	16,565,799	1,828,800
Total net position	$ 40,747,964	$ 17,417,114	$ 4,699,697	$ 62,864,775	$ 1,828,800

See accompanying notes to financial statements.

SAN ANTONIO
RIVER AUTHORITY

SAN ANTONIO RIVER AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			Business-Type Activities	Governmental Activities
	SARA Wastewater Utilities System	Salitrillo Wastewater Treatment Plant	Nonmajor Fund Randolph AFB Collection System	Enterprise Fund Total	Internal Service Fund
Operating revenues:					
Intergovernmental	$ 587,046	$ 507,548	$ -	$ 1,094,594	$ -
Utility service charges	9,628,073	4,500,522	389,588	14,518,183	-
Charges for services	203,808	-	-	203,808	-
Premiums	-	-	-	-	3,298,866
Miscellaneous	247,265	-	-	247,265	29,859
Total operating revenues	10,666,192	5,008,070	389,588	16,063,850	3,328,725
Operating expenses:					
Personnel services	1,966,769	1,038,947	-	3,005,716	-
Supplies	521,313	175,290	515	697,118	-
Other services & charges	3,551,813	1,493,344	214,341	5,259,498	3,064,516
Depreciation	1,469,931	1,079,417	121,844	2,671,192	-
Total operating expenses	7,509,826	3,786,998	336,700	11,633,524	3,064,516
Operating income (loss)	3,156,366	1,221,072	52,888	4,430,326	264,209
Nonoperating revenues (expenses):					
Investment earnings	376,965	115,574	22,739	515,278	26,048
Net gain on sale/disposal of capital assets	256,141	1,655	-	257,796	-
Interest expense	(394,217)	(193,458)	-	(587,675)	-
Fiscal agent fees	(4,000)	(750)	-	(4,750)	-
Total nonoperating revenues (expenses) before contributions and transfers	234,889	(76,979)	22,739	180,649	26,048
Contributions and Transfers					
Transfers in	527,775	-	-	527,775	-
Transfers out	-	(481,418)	(46,357)	(527,775)	-
Contributed capital	4,746,000	460,986	558,254	5,765,240	-
Change in net position	8,665,030	1,123,661	587,524	10,376,215	290,257
Net position, beginning	32,082,934	16,293,453	4,112,173	52,488,560	1,538,543
Net position, ending	$ 40,747,964	$ 17,417,114	$ 4,699,697	$ 62,864,775	$ 1,828,800

See accompanying notes to financial statements.

SAN ANTONIO RIVER AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			Business-Type Activities	Governmental Activities
	SARA Wastewater Utilities System	Salitrillo Wastewater Treatment Plant	Nonmajor Fund Randolph AFB Collection System	Enterprise Fund Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 8,913,841	$ 4,147,828	$ 332,455	$ 13,394,124	$ 3,428,725
Payments to suppliers	(3,090,833)	(1,622,800)	(216,906)	(4,930,539)	(3,097,977)
Payments to employees	(1,966,769)	(1,038,946)	-	(3,005,715)	-
Net cash provided (used) by operating activities	3,856,239	1,486,082	115,549	5,457,870	330,748
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	4,652,655	460,986	558,254	5,671,895	-
Principal paid on capital debt	(1,210,000)	(255,000)	(28,188)	(1,493,188)	-
Interest and fees paid on capital debt	(223,607)	(100,386)	-	(323,993)	-
Purchases of capital assets	(6,459,715)	(335,604)	(226,470)	(7,021,789)	-
Net cash provided (used) by capital and related financing activities	(3,240,667)	(230,004)	303,596	(3,167,075)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	748,000	1,000,000	-	1,748,000	222,563
Purchase of investments	(3,991,914)	(1,912,774)	(22,739)	(5,927,427)	-
Interest on investments	365,651	116,692	22,739	505,082	27,670
Net cash provided (used) by investing activities	(2,878,263)	(796,082)	-	(3,674,345)	250,233
Net increase (decrease) in cash and cash equivalents	(2,262,691)	459,996	419,145	(1,383,550)	580,981
Cash and cash equivalents - July 1	5,083,640	329,403	735,673	6,148,716	142,760
Cash and cash equivalents - June 30	$ 2,820,949	$ 789,399	$ 1,154,818	$ 4,765,166	$ 723,741

	Business-Type Activities - Enterprise Funds			Business-Type Activities	Governmental Activities
	SARA Wastewater Utilities System	Salitrillo Wastewater Treatment Plant	Nonmajor Fund Randolph AFB Collection System	Enterprise Fund Total	Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities:					
Net cash provided (used) by operating activities:					
Operating income	$ 3,156,366	$ 1,221,072	$ 52,888	$ 4,430,326	$ 264,209
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,469,931	1,079,417	121,844	2,671,192	-
Changes in operating assets and liabilities:					
Receivables	(1,747,062)	15,104	(57,133)	(1,789,091)	100,000
Prepaid and other assets	360,000	-	-	360,000	-
Due from other funds	-	(873,079)	-	(873,079)	-
Accounts payable	641,888	48,875	(9)	690,754	(33,461)
Other accrued liabilities	(15,147)	(1,133)	(2,041)	(18,321)	-
Deferred inflow of resources	(5,289)	(2,267)	-	(7,556)	-
Post employment retirement benefit	-	421	-	421	-
OPEB related deferrals and liabilities	(4,448)	(2,328)	-	(6,776)	-
Net cash provided (used) by operating activities	$ 3,856,239	$ 1,486,082	$ 115,549	$ 5,457,870	$ 330,748

See accompanying notes to financial statements.

1. Reporting Entity and Significant Accounting Policies

Reporting Entity

The San Antonio River Authority (the River Authority) was created and established in 1937 by a Special Act of the Texas Legislature. This Act, as amended and added to by subsequent legislation, is codified under Article 8280-119, Vernon's Revised Civil Statutes of Texas, Title 128, Chapter 12.

The River Authority is a conservation and reclamation district under the authority of Article 16, Section 59 of the Texas Constitution, and is declared to be "a governmental agency, a municipality, body politic and corporate, vested with all the authority and full sovereignty of the State, in behalf of the State, insofar as intended by this Act and with the authority to exercise the powers, rights, privileges and functions hereinafter specified." The legislated responsibilities of the River Authority include flood and pollution control, sewage treatment, water and soil conservation, fish preservation, and forestation development. The River Authority's territory comprises all of Bexar, Wilson, Karnes, and Goliad Counties, being substantially all of the natural drainage area of the San Antonio River and its tributaries. A twelve-member elected board of directors governs the River Authority.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its blended component units; entities for which the government is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations, and data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The River Authority has two blended component units with June 30 fiscal year-ends. The River Authority has no discretely presented component units. Financial statements of these component units can be obtained by contacting the River Authority.

Blended Component Units

The San Antonio River Industrial Development Authority (SARIDA) is an industrial development corporation organized under Texas law to promote industrial growth within the four-county area serviced by the River Authority by furnishing eligible applicants financial assistance through the sale of tax-free industrial development bonds. The governing body (Board of Directors), for the SARIDA is substantially the same as the River Authority's Board of Directors, since the River Authority's Board of Directors appoints officers and staff of the River Authority to SARIDA's board.

SARIDA has no direct or contingent liability for these bonds. Net position and revenues of SARIDA must ultimately be transferred to the River Authority by resolution of the directors of SARIDA. SARIDA primarily services the River Authority. SARIDA is reported as a special revenue fund.

The Public Facilities Corporation (PFC) was created as a nonprofit entity to purchase a facility for additional office/lab space. The PFC is governed by the San Antonio River Authority Board of Directors and the River Authority staff provides the staff support. The PFC is reported as a special revenue fund.

In a prior year, the PFC issued bonds and entered into a lease agreement with the River Authority which occupies the property. The lease payments from the River Authority to the PFC represent and are equal to the debt service payments on the bonds. The lease payments are operations & maintenance expense to the River Authority and do not require the River Authority to pledge any revenue to the bondholders; however, the PFC deeded a mortgage on the property to provide security for the bond holders.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the River Authority as a whole. These statements include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Governmental activities are generally financed through intergovernmental revenues and reimbursements from participants. Business-type activities are financed by fees charged to external parties for goods or services.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual basis of accounting and the economic resource measurement focus, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the River Authority and for each function of the River Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The River Authority has certain indirect costs that are included in the program expense reported for individual function and activities. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as property taxes and investment earnings, are presented as general revenues.

Fund Financial Statements

Fund financial statements of the River Authority are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/ expenses. Funds are organized into two major categories: governmental and proprietary.

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the River Authority or meets the following criteria:

a) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least ten percent (10%) of the corresponding total for all funds of that category or type; and
b) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental and enterprise funds are at least five percent (5%) of the corresponding total for all governmental and business-type activities combined.
c) In addition, any other governmental or enterprise fund that the River Authority believes is particularly important to financial statement users may be reported as a major fund.

Non-major funds are presented in the aggregate in the fund-based financial statements and individually in the Other Supplementary Information - Combining and Individual Fund Statements and Schedules section of this report.

Governmental funds are used to account for the River Authority's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The River Authority considers ad valorem taxes as available, if they are collected within sixty (60) days after year-end. Expenditures are recorded when the fund liability is incurred, except for unmatured principal on long-term debt which is recorded when payment is due.

Major governmental funds include the following:

The *General Fund* is the River Authority's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Westside Creek Restoration/Bexar County* is a capital project fund which accounts for improvements to the Westside Creek Restoration project paid by Bexar County.

The *Westside Creek Restoration/City of San Antonio* is a capital project fund which accounts for capital projects in the Westside Creek area which includes the Linear Creekways and Elmendorf Lake Park and Drainage.

The *SARA Project Fund* is a capital project fund which accounts for studies and projects that further the mission of the River Authority.

The *Bexar County Flood Tax Fund* is a capital project fund which accounts for the acquisition of capital assets for construction and is funded with flood tax received by Bexar County.

The *Other Capital Projects Fund* is a capital project fund which accounts for expenditures for projects funded with other public entities.

The *Debt Service Fund* accounts for resources to pay principal and interest on long-term debt for non-enterprise system capital improvement projects. Revenues come from the River Authority's portion of the Bexar County flood control property tax revenue and from the General Fund.

Non-major governmental funds of the River Authority are comprised of multiple special revenue and capital project funds.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds of the River Authority consist of enterprise funds and an internal service fund.

Major enterprise funds include the following:

The *SARA Wastewater Utilities Systems Fund* is the River Authority's primary enterprise fund. It accounts for the activities of wastewater treatment systems for residential and business customers outside the jurisdiction of the City of San Antonio, Texas but within the San Antonio River Authority's watershed.

The *Salitrillo Wastewater Treatment Plant Fund* accounts for the wastewater treatment plant activities for wholesale customers.

The non-major enterprise fund of the River Authority is the Randolph AFB Fund.

The *Internal Service Fund* is used to account for medical, dental and vision benefits to River Authority employees, participating dependents, and eligible retirees on a cost-reimbursement basis.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting; consistent with the presentation of the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Support fees are recognized annually and received from River Authority proprietary type funds based on what is budgeted. Contribution revenues primarily consist of property donations and are recognized when the property is deeded over to the River Authority.

Government fund financial statements are 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 River Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the River Authority.

The accounts of the River Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the River Authority's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as program revenues include charges for services which represent charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the River Authority's enterprise funds are charges to customers for water and wastewater services. Operating expenses for enterprise funds include the cost of service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash, and cash equivalents have original maturities of three months or less from the date of acquisition.

Investments

Investments for the River Authority are stated at fair value. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the River Authority has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the River Authority believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Assets restricted for the acquisition of capital assets or to pay noncurrent liabilities are reported as noncurrent assets in the balance sheet regardless of their relative liquidity.

Unearned Revenue

Unearned revenue – services are monies received in advance from partnering entities for construction projects that the River Authority is managing. These funds are recognized as construction progresses.

Contributed Capital

Capital assets that have been funded or contributed by other governmental entities and developers (connection fees) are recorded as contributed capital at the time it is recognized.

Net Position

Net position represents the residual difference of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances, net of any premiums and discounts, of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position represents the remaining portion of net position.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This financial statement element, deferred outflows of resources, represents a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary funds. All purchased capital assets over $5,000 are capitalized at cost. Donated capital assets are valued at their acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Assets acquired are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Records of all capital assets, including these infrastructure capital assets, are maintained for both management and accountability purposes.

Depreciation of capital assets is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Position. Depreciation is generally recorded on the straight-line basis over the estimated life of the assets. The estimated useful lives are as follows:

Asset Class	Life
Office furniture, fixtures, equipment, and software	3 – 10 years
Other machinery and equipment	5 – 20 years
Automobiles and trucks	3 – 10 years
Buildings	10 – 30 years
Improvements other than buildings	5 – 30 years
Sewage treatment facilities	10 – 50 years
Water treatment facilities	10 – 50 years
Studies	3 years
Flood control infrastructures	10 – 50 years
Restoration projects	10 – 50 years

Ad Valorem Tax

In 1961, an ad valorem tax of two cents per one hundred dollars assessed valuation was approved by River 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 River Authority. Use of this tax income is limited to general administration, maintenance of completed projects, and updating of the River 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. In June 2002, the River Authority's Board of Directors, after approval of the five year service plan, reinstated the ad valorem tax in the amount of $0.016425 per one hundred dollars valuation. The tax rate for fiscal year 2019 was $0.01858 per one hundred dollars valuation. The service areas to address were flood control, water resources, water quality, utilities and park services. Property taxes are levied each October 1 on the taxable value as of the preceding January 1, the date a lien attaches, for all real and personal property located in the River Authority's territory. Taxes are due by January 31 following the October

1 assessment date and become delinquent on February 1, at which time they begin accruing penalty and interest.

Long-Term Obligations

Long-term debt and other obligations are reported as the River Authority's liabilities. Bond premiums and discounts, are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the River Authority's plan recognizes benefit payments when due and payable in accordance with benefit terms.

Budgetary Information

By-laws of the River Authority require the Board of Directors to adopt an annual budget which estimates the amount of funds available from all sources and to allocate the amount of funds which may be expended during the forthcoming fiscal year. The responsibility for such allocations rests in the General Manager of the River Authority. After adoption of the allocations by the Board of Directors, the General Manager has full authority to expend within the fund allocations, which becomes the appropriation level. In practice, the General Manager submits all changes in total by fund to the Board for its approval. The annual budgetary data for governmental fund types included in the financial statements represents the original budget and amendments as adopted by the Board of Directors of the River Authority and is on the same modified accrual basis used to reflect revenues and expenditures of the General Fund and Special Revenue Funds. Provisions of the bond orders and appropriated transfers from the General Fund control the Debt Service Fund. An annual budget has not been formally adopted for the Capital Project Funds as these funds are budgeted by project period rather than by fiscal year.

Encumbrances

Encumbrance accounting is utilized as an extension of the formal budgetary process to reflect the estimated amount of future expenditures arising from the issuance of purchase orders, contracts or other forms of legal commitments existing at year-end which will be paid in the future. Encumbrances lapse at year end; however, the succeeding year's budget provides for the re-appropriation of certain year-end encumbrances. These "open" encumbrances are included in the Assigned Fund Balance at fiscal year-end in accordance with their spending constraint. Encumbrances do not constitute expenditures or liabilities since goods and services are not yet received.

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 expenditures (negative expenditures) in the General Fund and as expenditures/expenses in each fund receiving an allocation.

Compensated Absences

The River Authority allows employees to accumulate vacation leave with certain limitations. Accumulated vacation leave that is expected to be liquidated with expendable available financial resources in the event of termination is reported as an expenditure and a liability of the governmental funds that will pay the liability. Amounts of accumulated vacation leave that are not expected to be liquidated are reported in the Governmental Activities. Accumulated vacation leave of the proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Fund Balances

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*, the River Authority reports several types of fund balances in its governmental funds: “Nonspendable, Restricted, Committed, Assigned, and Unassigned”.

- *Nonspendable* fund balances are those that include amounts that cannot be spent because they are (a) either not in spendable form or (b) legally or contractually required to be maintained intact.

- *Restricted* fund balances are those that have constraints placed on the use of their resources. These constraints can be: (a) externally imposed by creditors (i.e. debt covenants), grantors, contributors or laws/regulations of other governments; or (b) imposed by law through constitutional provision or enabling legislation. Both constraints are legally enforceable by an external party.

- *Committed* fund balances include amounts that can be used only for the specific purposes determined by a formal action of the River Authority’s highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the River Authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

- *Assigned* fund balances are those that are constrained by the River Authority's "intent" to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances do not require River Authority Board of Director formal action and may be specified as "intent' simply through the budgeting process that the resources from these funds be spent for specific purposes within the fund. The River Authority has delegated the authority to make assignments to the General Manager or her designee.

- *Unassigned* fund balances are those that represent fund balance that has not been restricted, committed, or assigned. The general fund is the only fund that reports a positive unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the River Authority considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the River Authority considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the River Authority Board of Directors or its delegated official has provided otherwise in its commitment or assignment actions.

Effect of New Accounting Standards on Future Period Financial Statements

GASB has approved GASB Statement No. 84, *Fiduciary Activities*, Statement No. 87, *Leases*, GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, GASB No. 90 *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, and GASB No. 91, *Conduit Debt Obligations*. When they become effective, application of these standards may restate portions of these financial statements.

2. Cash and Investments

As of June 30, 2019, the carrying amount of the River Authority's cash deposits on the government-wide financial statements is $9,742,412 and the bank balance was $10,577,549. All deposits are insured by Federal depository insurance and/or collateralized with securities held by the River Authority's agent in the River Authority's name. The River Authority's cash deposits are held in Frost Bank, which is qualified as a public depository under Texas law, and is deemed to be insured and not subject to classification by credit risk.

Cash includes currency on hand and demand deposits with financial institutions. Statutes and bond covenants allow the River Authority to invest in (1) obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations; (2) obligations of the United States of America, including, but not limited to, evidence of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; (3) certificates of deposit that are insured by the Federal Deposit Insurance Corporation or secured by obligations having a fair value of at least the principal amount of the certificates; and (4) fully collateralized direct repurchase agreements.

The River Authority's deposits were entirely covered by federal depository insurance and collateral held in safekeeping by agents of the River Authority in the River Authority's name throughout the fiscal year.

The River Authority's investments at June 30, 2019 are as follows:

	Carrying Amount	Weighted Average Maturities (years)
Commercial Paper	$ 7,465,311	0.17
Money Market Mutual Funds	1,348,134	0.11
Local Government Investment Pools		
TexPool	962,126	0.10
TexPool Prime	23,990,014	0.12
U.S. Agencies		
Federal Farm Credit Bank	9,272,744	0.54
Federal Home Loan Bank	9,900,273	1.23
U.S. Treasury Notes	2,489,453	0.38
	$ 55,428,055	
Portfolio weighted average maturity		0.41

Investment Reconciliation:

Current Investements	$ 31,802,823
Restricted Cash and Cash Equivalents	1,348,134
Restricted Current Investments	7,857,815
Restricted Non-current Investmens	14,419,283
Total Investments	$ 55,428,055

Texas Local Government Investment Pool (Texpool) is a public funds investment pool and is rated as AAA by Standards & Poors under the TexPool Participation Agreement, administration and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State of Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping trust Company authorized to operate TexPool.

Interest Rate Risk: In accordance with its investment policy, the River Authority manages its exposure to declines in fair values by investing in investments that match anticipated cash flow requirements, thereby avoiding the need to sell securities on the open market prior to maturity and by investing other operating funds in short-term securities. Investments are limited to final stated maturities of not more than five years from the date of purchase. Money market funds and pools have a maturity of less than one year.

Credit Risk: State Law limits investments in money market mutual funds to not less than AAA rating or its equivalent by nationally recognized statistical rating organizations (NRSROs). It is the River Authority's policy to limit its investments in these investment types to the AAA rating issued by NRSROs.

Concentration of Credit Risk. The River Authority places no limit on the amount that may be invested in any one issuer. However, the River Authority's investment policy calls for portfolio diversification by avoiding over-concentration in a specific maturity sector or specific instruments. The River Authority's portfolio is 17% invested in Federal Farm Credit Bank, 18% invested in Federal Home Loan Bank and 13% invested in commercial paper as of June 30, 2019. The remaining 52% of the River Authority's investments are invested in external investment pools, money market mutual funds and U.S. Treasury notes.

TexPool uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. Those investments do not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals.

TexPool is rated AAA by Standard and Poors. Investments in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. TexPool invests in a high quality portfolio of debt securities investments that are legally permissible for local governments in the state.

Investment Valuation

The River Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. The River Authority's investments for all funds at fiscal year-end are listed below at fair value, net of accruals. The River Authority has the following recurring fair value measurements as of June 30, 2019:

GASB 72	July 30, 2019	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Money Market Mutual Funds	$ 1,348,134	$ 1,348,134	$ -	$ --
Debt Securities				
Commercial Paper	7,465,311	--	7,465,311	--
Federal Farm Credit Bank	9,272,744	9,272,744	--	--
Federal Home Loan Bank	9,900,273	9,900,273	--	--
U.S. Treasury Notes	2,489,453	2,489,453	--	--
Total Debt Securities	29,127,781	$ 21,662,470	$ 7,465,311	$ --
Total Investments Measured at Fair Value Level	29,127,781	$ 21,662,470	$ 7,465,311	$ --
Investments Measured at Amortized Cost:				
TexPool	962,126			
TexPool Prime	23,990,014			
Total Investments Measured at Amortized Costs	24,952,140			
Total	$ 55,428,055			

3. Grants

The River Authority has received significant financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a materially adverse effect on the River Authority's financial position at June 30, 2019.

4. Notes Receivable

Governmental Activities. As of June 30, 2019, the River Authority has a notes receivable balance in its governmental funds in the amount of $245,360.

The San Antonio River Authority Board of Directors approved an agreement between the River Authority and the Goliad County Water Supply Corporation (GCWSC) that authorized the River Authority to loan the GCWSC funds to pay for the local match on grant funding for the construction of two water treatment facilities in Goliad County. The initial loan was disbursed on January 4, 2002 which locked in an interest rate of 5.13% over a twenty (20) year term with annual payments which should have started accruing in July 2004. But due to financial difficulties of the GCWSC; interest has not been accruing. During fiscal year 2014 the River Authority and the GCWSC amended the agreement. Beginning January 1, 2015, the GCWSC pledged its income, fees, rents and other charges derived from the water and wastewater systems to secure repayment of all money advanced by the River Authority. The total balance shall be amortized for 20 years at an annual interest rate of 0% with monthly payments being made. Should the GCWSC default in 90 days of non-payment of the loan, an annual interest rate of 2.5% will be assessed on the balance of the loan. The notes receivable balance is $236,585. The GCWSC is actively pursuing an avenue for repayment therefore; the River Authority believes this note is collectible.

The San Antonio River Authority Board of Directors approved an agreement between the River Authority and the San Antonio Alternative Housing Corporation (SAAHC) on a study for the Rosedale TIRZ for $292,713; the current balance is $8,775.

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Current Portion
Governmental activities:					
GCWSC	$ 248,380	$ -	$ 11,795	$ 236,585	$ 11,795
SAAHC	43,657	-	34,882	8,775	34,882
Total notes receivable	$ 292,037	$ -	$ 46,677	$ 245,360	$ 46,677

Business-type Activities. As of June 30, 2019, the River Authority has a notes receivable balance in its business-type funds in the amount of $334,999.

The San Antonio River Authority Board of Directors approved an agreement between the River Authority and the City of La Vernia that authorized the River Authority to loan the City of La Vernia funds to obtain, maintain and operate certain wastewater treatment and other related facilities in La Vernia. The River Authority loaned the City of La Vernia $600,000 at an interest rate of 4.48% over a twenty (20) year term with annual payments to begin one year after the final draw is made. The River Authority will advance the money in installments at the request of the City. As of June 30, 2019, the River Authority has a notes receivable balance for the City of La Vernia in the amount of $334,999.

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Current Portion
Business-type activities:					
City of La Vernia	$ 364,705	$ -	$ 29,706	$ 334,999	$ 31,038
Total notes receivable	$ 364,705	$ -	$ 29,706	$ 334,999	$ 31,038

5. Interfund Balances and Transfers

The interfund receivables and payables consist primarily of changes to loan funds to prevent negative cash balances arising at year-end.

Receivable Fund	Payable Fund	Amount
General Fund	Other Capital Projects	$ 1,893,304
General Fund	Westside Creek Restoration - City of San Antonio	708,343
General Fund	Debt Service Fund	4,293
SARA Project Fund	Non Major Capital Projects Funds	5,688
SARA Project Fund	Non Major Special Revenue Funds	869,145
Non Major Capital Projects Funds	Debt Service Fund	832,824
Salitrillo Wastewater Treatment Plant	Debt Service Fund	1,129,703
SARA Wastewater Utilities System	Debt Service Fund	1,750,000
SARA Wastewater Utilities System	General Fund	18,878
Internal Service Fund	General Fund	400,000
Total fund financial statements		7,612,178
Less: Fund eliminations		(4,713,597)
Total Internal Balances - Government Wide Statement of Net Position		$ 2,898,581

The transfers in and out consist primarily of earnings from investments in funds being transferred to other funds for capital projects.

Fund Transferred To	Fund Transferred From	Amount	Purpose
SARA Project Fund	General Fund	$ 4,953,705	Capital Expenditures
Debt Service Fund	General Fund	599,557	Debt Service
Other Capital Projects Fund	General Fund	2,178	Capital Expenditures
SARA Wastewater Utilities System	Salatrillo Wastewater Treatment Plan	481,418	Capital Expenditures
SARA Wastewater Utilities System	Randolph AFB Collection System	46,357	Capital Expenditures
Total fund financial statements		6,083,215	
Less: Fund eliminations		(6,083,215)	
Total Transfers - Government Wide Statement of Activities		$ -	

6. Depreciation

Depreciation expense was charged to functions/programs of the River Authority as follows:

Fund		2019
Governmental activities		
General government	$	7,945,795
Operations		8,675,380
Technical services		823,997
Total depreciation expense - governmental activities	$	17,445,172
Business-type activities	$	2,671,192

7. Commitments

Listed below are the estimated costs to complete construction in progress at year-end:

Governmental Activities		
SARA Project Fund	$	3,383,980
Bexar County Capital Projects		650,352
City of San Antonio		4,328,572
Park Resource Development Fund		3,000
Grants Fund		2,500,000
SARIP-Bexar County Flood Tax		836,983
Westside Creek-Bexar County		44,461,511
Other Capital Projects Fund		3,397,418
Down Stream Capital Projects Fund		1,643,693
Westside Creek-City of San Antonio		24,863,546
	$	86,069,055
Business-type Activities		
SARA Wastewater Utilities System	$	410,047
Salitrillo Wastewater Treatment Plant		718,806
Randolph Air Force Base		904,807
	$	2,033,660

8. Encumbrances

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of June 30, 2019 that will be re-appropriated in the subsequent year are as follows:

General Fund:	
General Government	$ 895,809
Watershed Park Operations	79,429
Watershed Engineering	201,896
Total Encumbrances	$ 1,177,134

9. Net Position

The following table summarizes net position by purpose at June 30, 2019:

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets:			
Capital assets – net of accumulated depreciation	$ 543,385,616	$ 52,619,945	$ 596,005,561
Deferred loss on bond refunding	745,323	96,770	842,093
Debt	(22,616,961)	(22,880,935)	(45,497,896)
Reserve	-	1,729,815	1,729,815
Unspent bond proceeds	-	1,117,775	1,117,775
Net investment in capital assets	$ 521,513,978	$ 32,683,370	$ 554,197,348
Restricted net position:			
Debt service	$ 2,303,754	$ 1,525,000	$ 3,828,754
Watershed management	120,020	-	120,020
Water management	285,965	-	285,965
Construction	2,053,435	12,090,606	14,144,041
TWDB Projects	230,359	-	230,359
Total restricted net position	$ 4,993,533	$ 13,615,606	$ 18,609,139
Unrestricted net position:			
Total net position	$ 554,149,828	$ 62,864,775	$ 617,014,603
Less: invested in capital assets	(521,513,978)	(32,683,370)	(554,197,348)
Less: restricted net position	(4,993,533)	(13,615,606)	(18,609,139)
Total unrestricted net position	$ 27,642,317	$ 16,565,799	$ 44,208,116

10. Capital Assets

The following tables summarize the changes in the components of the Capital Assets:

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 29,997,239	$ 437,503	$ -	$ -	$ 30,434,742
Water rights	227,447	-	-	-	227,447
Construction in progress	81,987,259	30,314,355	-	-	112,301,614
Total capital assets, not being depreciated	112,211,945	30,751,858	-	-	142,963,803
Capital assets, being depreciated:					
Office furniture, fixtures and equipment	2,578,124	79,405	(40,986)	-	2,616,543
Other machinery and equipment	6,282,969	737,338	(122,812)	-	6,897,495
Automobiles and trucks	2,162,164	91,605	(75,125)	-	2,178,644
Buildings	19,602,770	-	(70,597)	-	19,532,173
Improvements other than buildings	10,677,901	30,091	(9,539)	-	10,698,453
Studies	2,581,964	-	-	-	2,581,964
Flood control projects	339,133,138	31,733	-	-	339,164,871
Restoration projects	236,996,307	-	-	-	236,996,307
Total capital assets, being depreciated	620,015,337	970,172	(319,059)	-	620,666,450
Accumulated depreciation					
Office furniture, fixtures and equipment	(2,469,053)	(63,523)	54,501	-	(2,478,075)
Other machinery and equipment	(3,978,877)	(549,064)	94,024	-	(4,433,917)
Automobiles and trucks	(1,455,409)	(200,566)	75,125	-	(1,580,850)
Buildings	(8,468,763)	(922,118)	35,983	-	(9,354,898)
Improvements other than buildings	(760,541)	(724,938)	-	-	(1,485,479)
Studies	(2,581,965)	-	-	-	(2,581,965)
Flood control projects	(138,467,355)	(7,091,566)	-	-	(145,558,921)
Restoration projects	(44,877,135)	(7,893,397)	-	-	(52,770,532)
Total accumulated depreciation	(203,059,098)	(17,445,172)	259,633	-	(220,244,637)
Governmental activities capital assets, net	$ 529,168,184	$ 14,276,858	$ (59,426)	$ -	$ 543,385,616

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Business-type Activities:					
Capital assets, not being depreciated:					
Land	$ 2,476,944	$ -	$ -	$ -	$ 2,476,944
Construction in progress	8,026,089	6,214,317	(6,081)	(11,297,858)	2,936,467
Total capital assets, not being depreciated	10,503,033	6,214,317	(6,081)	(11,297,858)	5,413,411
Capital assets, being depreciated:					
Office furniture, fixtures and equipment	38,317	-	-	-	38,317
Other machinery and equipment	4,503,537	75,111	-	-	4,578,648
Automobiles and trucks	2,214,898	32,445	(78,567)	-	2,168,776
Buildings	2,305,735	-	-	-	2,305,735
Improvements other than buildings	14,805,677	56,415	-	2,054,825	16,916,917
Studies	422,205	-	-	-	422,205
Sewage treatment facilities	60,721,408	-	-	9,243,033	69,964,441
Total capital assets, being depreciated	85,011,777	163,971	(78,567)	11,297,858	96,395,039
Accumulated depreciation					
Office furniture, fixtures and equipment	(34,045)	-	(4,272)	-	(38,317)
Other machinery and equipment	(2,593,022)	(287,336)	63,445	-	(2,816,913)
Automobiles and trucks	(1,887,791)	(133,671)	117,760	-	(1,903,702)
Buildings	(894,579)	(114,506)	5,182	-	(1,003,903)
Improvements other than buildings	(3,079,182)	(683,729)	2,607	-	(3,760,304)
Studies	(451,396)	-	29,191	-	(422,205)
Sewage treatment facilities	(37,813,660)	(1,451,950)	22,449	-	(39,243,161)
Total accumulated depreciation	(46,753,675)	(2,671,192)	236,362	-	(49,188,505)
Business-type activities capital assets, net	$ 48,761,135	$ 3,707,096	$ 151,714	$ -	$ 52,619,945

11. Pension Plan

Defined Contribution Pension Plan

The River Authority has a defined contribution pension plan, ICMA Retirement Corporation Governmental Money Purchase Plan & Trust (Plan) that was adopted in 1979. To be eligible for the Plan, a participant must be a full-time employee with one year’s service. A participant is fully vested after three years of service. The plan’s benefit provisions were established and may be amended by the River Authority’s General Manager. The River Authority is required to contribute a minimum of 8% of eligible payroll each plan year into each employee’s 401(k) account. 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. ICMA-RC is the independent administrator of the plan.

The River Authority’s total current-year payroll for all employees (full-time and part-time) was $15,890,553 for the year ended June 30, 2019. Employer contributions to the Plan were $1,595,819. The River Authority’s policy is to fund all Plan costs as they accrue.

Plan Provisions

All full-time employees are eligible to participate in the Plan from the date of employment. Normal retirement age is 55 years. After one year of employment, the River Authority contributes eight percent of each pay periods eligible earnings on behalf of each participant. Earnings are described as W-2 earnings less overtime, shift differential, auto allowances, taxable fringe benefits, and other non-routine portions of employee's compensation, compensation voluntarily deferred under an eligible deferred compensation plan under Section 457, a flexible Section 125 compensation plan as defined by the Internal Revenue Code, or a Retirement Health Savings Plan.

Participants may also make voluntary, after-tax contributions. Voluntary contributions are 25 percent vested at the start of employment, 50 percent vested at the end of year one, 75 percent vested at the end of year two, and fully vested once an employee reaches three years of employment. A participant may direct the investment of the money contributed by the River Authority on his behalf in any of the available ICMA-RC investment options. There is no investment restriction on any voluntary contribution made by each employee.

The River Authority has no responsibility or authorization to direct the investment of the Plan assets. Accordingly, the financial statements of the River Authority Employee's Defined Contribution Pension Plan are not presented in this report.

Deferred Compensation Plan

The River Authority maintains a deferred compensation plan, which is available to all employees. The plan complies with Section 457(b) of the Internal Revenue Code (Deferred Compensation Plans with Respect to Service for State and Local Governments.) ICMA-RC is the independent administrator of the plan.

ICMA-RC issues a publicly available financial report that includes financial information related to participating entities. The report may be obtained by contacting ICMA-RC at:

ICMA-RC Headquarters
777 North Capitol Street, NE
Washington, DC 20002
Telephone: 1-800-326-7272
Website: www.icmarc.org

Other Post-Retirement Benefits (OPEB)

In addition to providing pension benefits described previously, the River Authority provides certain health care benefits for eligible retirees, their spouses, and their dependents through a single-employer defined benefit plan administered by the River Authority. The authority to establish and amend the OPEB provisions is vested in the River Authority management.

Retirees are eligible to continue medical, dental, and vision insurance coverage after retirement dependent upon initial hire date and retirement eligibility as follows:

- Hired prior to May 1, 2007;
- Must be 40 years of age or older as of May 1, 2007;
- Under the age of 65 and not eligible for Medicare; and,
- At least 20 years of combined credible coverage.

Upon attaining age 65 or becoming Medicare eligible, all retirees are automatically de-enrolled from the plan.

Hired on or after May 1, 2007

- There are no health care benefits available for these retirees

At June 30, 2017, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits payments	2
Inactive employees entitled to but nt yet receiving benefit payments	0
Active employees	44
Total	46

The contribution requirements of the plan members and the River Authority are established and may be amended by the River Authority management. To date, the River Authority has funded all obligations arising under these plans. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

OPEB Liability

The River Authority's total OPEB liability of $467,217 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

The following table summarizes the actuarial assumptions used in the most recent actuarial valuation for the River Authority's defined health care benefit plan.

Measurement date:	June 30, 2018
Actuarial cost method:	Entry-Age Normal
Actuarial valuation date:	June 30, 2017

Actuarial Assumptions:

Inflation:	2.20%
Salary increases:	0.50%
Discount rate:	3.62%
Prior year discount rate:	3.56%
Healthcare cost trend rate:	7.00%

The discount rate was based on the June 30, 2018 Fidelity General Obligation AA 20-year yield.

Mortality rates for active employees were based in the RPH-2014 Employee Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

The following table shows the changes in the OPEB liability as of the measurement date:

	Changes in Total OPEB Liability
Balance at June 30, 2017	$ 461,816
Changes for the year:	
Service Cost	2,951
Interest	16,626
Difference Between Expected and Actual Experience	(16,590)
Changes of Assumptions/Inputs	(2,116)
Benefit Payments	4,530
Administrative Expense	-
Net Changes	5,401
Balance at June 30, 2018	$ 467,217

The following presents the total OPEB liability of the River Authority, as well as what the total liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.62%) or 1 percentage-point higher (4.62%) than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Total OPEB Liability	$ 491,768	$ 467,217	$ 444,012

The following presents the total OPEB liability of the River Authority, as well as what the total liability would be using if it were calculated using a health care cost trend rate that is 1 percentage-point lower (6%) or 1 percentage-point higher (8%) than the current health care cost trend rate:

	1% Decrease in Health Trend Rate	Discount Rate	1% Increase in Health Trend Rate
Total OPEB Liability	$ 439,152	$ 467,217	$ 497,319

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the River Authority recognized OPEB expense of ($23,659). At June 30, 2019, the River Authority reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Contributions Subsequent to the Measurement Date	$ 29,841
Total	$ 29,841

$29,841 reported as deferred outflows of resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2020.

A copy of the River Authority's actuarial study may be obtained from the Finance Department at the River Authority's main office, 100 E. Guenther, San Antonio, Texas 78204.

12. Summary of Long-Term Debt

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Current Portion
Governmental activities:					
Bonds payable	$ 25,286,000	$ 11,530,000	$ 14,275,000	$ 22,541,000	$ 3,287,000
Premiums (Discounts)	79,217	-	3,256	75,961	3,255
Compensated absences	746,864	280,187	186,716	840,335	137,164
Total long-term liabilities	$ 26,112,081	$ 11,810,187	$ 14,464,972	$ 23,457,296	$ 3,427,419
Business-type activities:					
Bonds payable	$ 22,985,000	$ -	$ 1,465,000	$ 21,520,000	$ 1,525,000
Premiums (Discounts)	437,538	-	42,166	395,372	42,166
Notes payable	993,751	-	28,188	965,563	28,188
Compensated absences	184,154	33,168	46,038	171,284	42,821
Total long-term liabilities	$ 24,600,443	$ 33,168	$ 1,581,392	$ 23,052,219	$ 1,638,175

The River Authority issues bonds where the River Authority pledges income derived from the acquired or constructed assets to pay debt service. The following is a summary of changes in long-term debt of the River Authority during the year ended June 30, 2019:

Governmental Activities

On April 23, 2019, the River Authority issued $11,530,000 of Channel Improvement Revenue Refunding Bonds, Series 2019, with an interest rate of 3.15% to currently refund $11,250,000 of Channel Improvement Revenue Refunding Bonds, Series 2007. The cash flow requirements of the refunded bonds prior to current refunding was $14,947,831 from 2020 to 2033. The cash flow requirements of the 2019 refunding bonds is $13,915,586. The current refunding resulted in an economic gain (difference between the present value of the debt service payments on the issues) of $767,747.

Series	Effective Interest Rate	Range of Maturity	Original Amount	Outstanding July 1, 2018	Additions	Deletions	Outstanding June 30, 2019	Amount Due Within One Year
SACIP Improvement Revenue Bonds:								
2007	4.3920%	2017-2033	$ 14,525,000	$ 11,850,000	$ -	$ 11,850,000	$ -	$ -
2014	1.2400%	2017-2021	5,165,000	2,105,000	-	695,000	1,410,000	700,000
2015	1.9000%	2017-2028	8,265,000	5,145,000	-	1,065,000	4,080,000	1,090,000
2016	1.7700%	2017-2026	1,200,000	975,000	-	115,000	860,000	115,000
2019	3.1500%	2019-2032	11,530,000	-	11,530,000	-	11,530,000	830,000
			40,685,000	20,075,000	11,530,000	13,725,000	17,880,000	2,735,000
Texas Water Development Board								
2013A	1.4536%	2016-2024	4,300,000	2,620,000	-	425,000	2,195,000	425,000
Public Facilities Corp. Lease Revenue Bonds:								
2014	2.1020%	2016-2035	3,100,000	2,591,000	-	125,000	2,466,000	127,000
			$ 48,085,000	$ 25,286,000	$ 11,530,000	$ 14,275,000	$ 22,541,000	$ 3,287,000

Business-type Activities

The River Authority has pledged future wastewater customer revenue net of specified operating expenses, to repay $39,440,000 in Wastewater system revenue bonds issued in 2010, 2013, 2013A, 2017 and 2017A. Proceeds from these bonds have provided financing for the expansion to the Salitrillo Wastewater treatment plant; and expansion to the Martinez II Wastewater treatment plant. These bonds are payable solely from SARA Wastewater Utilities System customer net revenues and are payable through 2038. Annual principal and interest payments on the bonds are expected to require approximately fifteen percent of operating revenues. The total principal and interest remaining to be paid on the bonds is $23,715,000. Principal and interest paid for the current year and total customer operating revenues were $2,359,417 and $15,789,157 respectively.

Series		Effective Interest Rate	Range of Maturity	Original Amount	Outstanding July 1, 2018	Additions	Deletions	Outstanding June 30, 2019	Amount Due Within One Year
SARA Wastewater Utilities System Revenue Bonds:	2010	4.7888%	2017-2031	$ 9,785,000	$ 420,000	$ -	$ 420,000	$ -	$ -
SARA Wastewater Utilities System Revenue Refunding Bonds:	2013	2.3167%	2017-2022	3,120,000	1,840,000	-	345,000	1,495,000	355,000
SARA Wastewater Utilities System Revenue Refunding Bonds:	2017A	2.0000%	2019-2031	6,855,000	6,855,000	-	25,000	6,830,000	465,000
SARA Wastewater Utilities System Revenue Bonds:	2017	0.0700%	2019-2038	9,500,000	9,500,000	-	420,000	9,080,000	435,000
Contract Revenue Bonds:	2010	4.5600%	2017-2031	5,880,000	4,370,000	-	255,000	4,115,000	270,000
				$ 35,140,000	$ 22,985,000	$ -	$ 1,465,000	$ 21,520,000	$ 1,525,000

	Governmental Activities	Business-type Activities
Various issues	$ 22,541,000	$ 21,520,000
Unamortized premiums	265,678	395,371
Unamortized (discount)	(189,717)	-
Total bonds payable, net	22,616,960	21,915,371
Less bonds payable within one year	3,287,000	1,525,000
Bonds payable after one year, net	$ 19,329,960	$ 20,390,371

Principal and interest requirements to maturity for all long-term debt of the River Authority as of June 30, 2019 are summarized as follows:

	Governmental Activities			Business-type Activities			
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Total All Debt
2020	$ 3,287,000	$ 425,982	$ 3,712,982	$ 1,525,000	$ 599,740	$ 2,124,740	$ 5,837,722
2021	3,240,000	473,821	3,713,821	1,560,000	557,115	2,117,115	5,830,936
2022	1,973,000	416,779	2,389,779	1,615,000	512,362	2,127,362	4,517,141
2023	1,723,000	371,357	2,094,357	1,660,000	464,777	2,124,777	4,219,134
2024	1,767,000	320,549	2,087,549	1,305,000	420,976	1,725,976	3,813,525
2025-2029	6,460,000	1,027,428	7,487,428	7,060,000	1,550,999	8,610,999	16,098,428
2030-2034	3,912,000	206,256	4,118,256	4,655,000	463,090	5,118,090	9,236,346
2035-2038	179,000	1,745	180,745	2,140,000	105,340	2,245,340	2,426,085
	$ 22,541,000	$ 3,243,916	$ 25,784,916	$ 21,520,000	$ 4,674,400	$ 26,194,400	$ 51,979,316

Additional bonds for the wastewater facility funds are on parity with all outstanding bonds. Bonds may be issued when the net revenues of the System (1) are at least 1.25 times the average annual principal and interest requirements on all outstanding bonds and the then-proposed additional bonds for the past fiscal year or twelve-month period ending within 90 days of the sale of the additional bonds, and (2) are estimated by a Registered Professional Engineer to be at least 1.50 times the future principal and interest requirement on the then-outstanding bonds and the then-proposed additional bonds. Management deems the River Authority is in compliance with bond covenants.

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The liability is not recorded until payment is actually made or the liability has become due and payable. As of June 30, 2019, the River Authority has no arbitrage liability for its governmental or proprietary funds.

Compensated Absences

A reconciliation of changes in the liabilities for compensated absences of the prior and current year is presented below:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One year
Governmental Activities	$ 746,864	$ 280,187	$ 186,716	$ 840,335	$ 137,164
Business-type Activities	184,154	33,168	46,038	171,284	42,821
Total Compensated Absences	$ 931,018	$ 313,355	$ 232,754	$ 1,011,619	$ 179,985

The general fund is used to liquidate compensated absences for governmental activities.

Notes Payable

Business-type Activities. As of June 30, 2019, the River Authority had the following notes for the purchase of a collection system. The gross amount of the sewage treatment facilities is $1,409,524, with accumulated depreciation of $443,999.

	Interest Rate	Original Amount	Balance 7/1/2018	Additions 2019	Payments 2019	Balance 6/30/2019	Current Portion
Dept of Defense	0.00%	$ 1,409,524	$ 993,751	$ -	$ 28,188	$ 965,563	$ 28,188

Principal and interest requirements to maturity for all notes payable of the River Authority as of June 30, 2019 are as follows:

	Business-type Activities		
Fiscal Year	Principal	Interest	Total
2020	$ 28,188	$ -	$ 28,188
2021	28,188	-	28,188
2022	28,188	-	28,188
2023	28,188	-	28,188
2024	28,188	-	28,188
Thereafter	824,623	-	824,623
	$ 965,563	$ -	$ 965,563

13. Risk Management

The River Authority is subject to various 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 River Authority's financial position.

The River Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. State law imposes limits on losses from torts. The River Authority carries commercial insurance in amounts that are subject to certain deductibles considered by management to be immaterial in case of loss.

There has been no significant reduction in insurance coverage from coverage in the prior year by major category of risk. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

In addition, the River Authority sponsors a partially self-insured, voluntary employee benefit plan that provides both medical and dental coverage to participating employees and their dependents. The plan is designed to provide a specified level of coverage, with excess insurance coverage provided by a commercial insurer. The River Authority's maximum medical claim exposure is limited to $35,000 in claims per occurrence and a dental benefit of $2,000 per covered person per year. Total claims per year are limited based on the number of participating employees. The plan includes a pre-existing clause to deter adverse selection into the plan. Features of the medical plan include a preferred provider organization and various cost containment features such as outpatient testing and surgery. The plan is funded by contributions from the River Authority and participating employees based on recommendations as calculated by an employee benefits specialty firm. Projected claim costs are based on claims experience, lag studies, consideration of claims run off, and aggregate factors. A liability for claims is established if information indicates that it is probable that liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. The stop loss carrier establishes the aggregate attachment point based on census and aggregate facets agreed to in the contract.

A reconciliation of changes in the aggregate liabilities of the prior and current year is present below:

Year Ended June 30,	Beginning Liability	Current Year Claims And Changes in Estimates	Claim Payments	Ending Liability	Amount Due Within One Year
2018	$ 8,441	$ 3,329,882	$ 3,300,332	$ 37,991	$ 37,991
2019	37,991	3,031,055	3,064,516	4,530	4,530

SAN ANTONIO RIVER AUTHORITY

A POLITICAL SUBDIVISION OF THE STATE OF TEXAS.

Required Supplementary Information

SAN ANTONIO RIVER AUTHORITY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$ 30,967,532	$ 31,701,532	$31,522,683	$ (178,849)
Investment earnings	233,000	233,000	863,999	630,999
Intergovernmental	557,690	557,690	533,052	(24,638)
Charges for services	566,969	566,969	564,542	(2,427)
Support Fees	1,996,561	1,996,561	1,996,561	-
Miscellaneous	108,000	108,000	317,488	209,488
Total revenues	34,429,752	35,163,752	35,798,325	634,573
EXPENDITURES				
Current:				
General Government:				
Organizational Support:				
Personnel services	2,385,217	2,385,217	2,504,617	(119,400)
Materials and supplies	87,000	87,000	58,750	28,250
Other services and charges	1,777,859	1,775,008	1,430,879	344,129
	4,250,076	4,247,225	3,994,246	252,979
Board of Directors:				
Personnel services	81,515	81,515	61,580	19,935
Other services and charges	292,400	292,400	169,505	122,895
	373,915	373,915	231,085	142,830
Human Resources:				
Personnel services	414,264	414,264	408,349	5,915
Materials and supplies	5,100	5,100	3,467	1,633
Other services and charges	75,137	75,137	69,133	6,004
	494,501	494,501	480,949	13,552
Facilities:				
Personnel services	267,338	267,338	232,092	35,246
Materials and supplies	283,950	371,885	404,902	(33,017)
Other services and charges	1,006,050	1,006,050	519,940	486,110
Capital outlay	243,000	243,000	114,355	128,645
	1,800,338	1,888,273	1,271,289	616,984
Finance:				
Personnel services	1,354,959	1,354,959	1,126,271	228,688
Materials and supplies	2,450	2,450	506	1,944
Other services and charges	441,548	441,548	396,294	45,254
	1,798,957	1,798,957	1,523,071	275,886
Information Technology:				
Personnel services	1,529,580	1,529,580	1,217,183	312,397
Materials and supplies	405,891	405,891	301,391	104,500
Other services and charges	1,569,155	1,679,155	1,390,369	288,786
Capital outlay	194,140	194,140	177,069	17,071
	3,698,766	3,808,766	3,086,012	722,754

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget - Positive (Negative)
General Government (Continued):				
Intergovernmental & Community Relations:				
Personnel services	$ 1,206,820	$ 1,206,820	$ 1,084,605	$ 122,215
Materials and supplies	39,100	39,100	38,388	712
Other services and charges	1,547,300	1,547,300	1,241,501	305,799
	2,793,220	2,793,220	2,364,494	428,726
Total Cost Allocations:	(1,100,000)	(1,100,000)	(242,349)	(857,651)
Total General Government	14,109,773	14,304,857	12,708,797	1,596,060
Operations:				
Watershed and Parks Operations:				
Personnel services	4,904,685	4,904,685	4,701,681	203,004
Materials and supplies	909,525	909,525	822,216	87,309
Other services and charges	2,474,634	2,474,634	2,213,181	261,453
Capital outlay	327,400	327,400	323,910	3,490
	8,616,244	8,616,244	8,060,988	555,256
Total Operations	8,616,244	8,616,244	8,060,988	555,256
Technical Services:				
Watershed Engineering:				
Personnel services	3,308,030	3,308,030	3,185,791	122,239
Materials and supplies	32,850	32,850	13,334	19,516
Other services and charges	974,375	974,375	981,501	(7,126)
Capital outlay	-	-	18,988	(18,988)
	4,315,255	4,315,255	4,199,614	115,641
Environmental Sciences:				
Personnel services	3,258,513	3,258,513	3,167,210	91,303
Materials and supplies	211,712	211,712	197,108	14,604
Other services and charges	681,733	646,733	343,906	302,827
Capital outlay	239,065	239,065	264,391	(25,326)
	4,391,023	4,356,023	3,972,615	383,408
Real Estate:				
Personnel services	566,991	566,991	477,614	89,377
Materials and supplies	1,075	1,075	119	956
Other services and charges	28,325	28,325	41,357	(13,032)
Capital outlay	-	19,916	19,916	-
	596,391	616,307	539,006	77,301
Total Cost Allocations:	(20,000)	(20,000)	(935,014)	915,014
Total Technical Services	9,282,669	9,267,585	7,776,221	1,491,364
Total expenditures	32,008,686	32,188,686	28,546,006	3,642,680
Excess (deficiency) of revenues over (under) expenditures	2,421,066	2,975,066	7,252,319	4,277,253
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,775,262)	(5,553,262)	(5,555,440)	(2,178)
Total other financing sources and (uses)	(4,775,262)	(5,553,262)	(5,555,440)	(2,178)
Net change in fund balances	(2,354,196)	(2,578,196)	1,696,879	4,275,075
Fund balance - beginning	11,750,971	11,750,971	11,750,971	-
Fund balances, end of year	$ 9,396,775	$ 9,172,775	$ 13,447,850	$ 4,275,075

1. Budgeting

By-laws of the River Authority require the Board of Directors to adopt an annual budget which estimates the amount of funds available from all sources and allocates the amount of funds that may be expended during the forthcoming fiscal year. The responsibility for such allocation rests with the General Manager of the River Authority. After adoption of the allocations by the Board of Directors, the General Manager has full authority to expend within the departmental allocations which become the appropriation level. In practice, the General Manager submits all changes by total fund to the Board for its approval. The annual budgetary data for governmental fund types included in the financial statements represent the original budget and amendments as adopted by the Board of Directors of the River Authority and are on the same modified accrual basis (GAAP basis) used to reflect revenues and expenditures of the General Fund.

Encumbrance accounting is utilized as an extension of the formal budgetary process to reflect the estimated amount of future expenditures arising from the issuance of purchase orders, contracts or other forms of legal commitments existing at year-end which will be paid in the future. Encumbrances lapse at year end; however, the succeeding year's budget provides for the re-appropriation of certain year-end encumbrances. These "open" encumbrances are included in the Assigned Fund Balance at fiscal year-end in accordance with their spending constraint. Encumbrances do not constitute expenditures or liabilities since goods and services are not yet received.

SAN ANTONIO RIVER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB
LIABILITY AND RELATED RATIOS
JUNE 30,

	2017	2018
Total OPEB Liability:		
Service Cost	$ 2,936	$ 2,951
Interest	16,567	16,626
Difference Between Expected and Actual Experience	(30,663)	(16,590)
Changes in assumptions	-	(2,116)
Benefit Payments	5,149	4,530
Net Change in Total OPEB Liability	(6,011)	5,401
Total OPEB Liability - Beginning	467,827	461,816
Total OPEB Liability - Ending	$ 461,816	$ 467,217
Covered Employees - Payroll	$ 3,101,526	$ 3,117,034
Total OPEB Liability as a Percentage of Covered Payroll	14.9%	15.0%

Notes to Schedule:

Changes of Benefit Terms: None

Changes of Assumptions: The prior year mortality assumptions were based on using the RPH-2014 tables with a generational projection using Projection Scale MP-2017. The mortality assumptions have updated the generational projection using the Projection Scale MP-2018.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.56%
2018	3.62%

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

GASB Statement No. 75 requires 10 years of data to be provided in the Schedule of Changes of Total Liability. As the Authority adopted GASB 75 in fiscal year 2018, only two years of data is available. A full 10 years of data will be presented by 2028.

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APPENDIX C

SELECTED PROVISIONS OF THE RESOLUTION

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APPENDIX C

Selected Provisions of the Resolution

SECTION 6. DEFINITIONS. As used in this Resolution, the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"***Additional Bonds***" shall mean the additional parity revenue bonds which the Authority reserves the right to issue and deliver in the future, as provided by this Resolution.

"***Current Expenses***" shall mean the current, ordinary, reasonable, necessary, and proper expenses of operation and maintenance of the Salitrillo System, including reasonable, necessary, and proper salaries, labor, fees, materials, repairs, paying agents' charges, and properly allocated charges for insurance. Depreciation, all general administrative expenses of the Authority, and payments into and out of the Interest and Sinking Fund and the other Funds, hereinafter described, shall never be considered as expenses of operation and maintenance.

"***Fiscal Year***" shall mean the twelve-month period commencing on July 1 and ending on the next June 30, or such other period commencing on the date designated by the Authority and ending one year later.

"***Gross Revenues***" shall mean all of the revenues, income, and receipts of every nature derived from the ownership or operation of the Salitrillo System.

"***Net Revenues***" shall mean the amount remaining after deducting the Current Expenses from the Gross Revenues.

"***Parity Obligations***" shall mean, collectively, the Series 2020 Bonds and any Additional Bonds.

"***Principal and Interest Requirements***" shall mean for any Fiscal Year the amount required to pay the interest on and principal of (whether pursuant to a stated maturity or redemption requirements applicable thereto) all outstanding Parity Obligations becoming due in such Fiscal Year. In calculating Principal and Interest Requirements the principal and interest coming due in any Fiscal Year on any Parity Obligations which bear interest at a variable rate which cannot be predetermined shall be assumed to be that which would come due if (i) the interest rate on such Parity Obligations for the applicable period was the interest rate that was in effect on the last day of the immediately preceding Fiscal Year (or, if such Parity Obligations were issued during the current Fiscal Year, then the first interest rate in effect for such Parity Obligations), and (ii) the principal amortization schedule would be that which would result in substantially level debt service throughout the remaining term of such Parity Obligations assuming such interest rate. In calculating Principal and Interest Requirements if any such outstanding Parity Obligations do not pay current interest during the term to maturity thereof, but rather accrete in value according to a schedule, the principal and interest coming due on any such Parity Obligation shall be calculated as equal to the accreted value at maturity.

"***Reimbursement Obligation***" shall mean any obligation entered into by the Authority in connection with any Reserve Fund Credit Facility pursuant to which the Authority obligates itself to reimburse a financial institution, insurance company or other entity for amounts paid or advanced by such entity pursuant to a Reserve Fund Credit Facility. Reimbursement Obligations may be payable from and secured by a lien on Net Revenues which is on parity with, or subordinate to, the lien on Net Revenues which secures the Parity Obligations pursuant to this Resolution.

"***Reserve Fund Credit Facility***" shall mean a policy of insurance, surety bond, letter of credit or similar instrument or contract which (i) is issued by an insurance company or financial institution whose senior debt securities are rated in the one of the three highest rating categories by the rating agencies which provide a rating, at the Authority's request, on the Parity Obligations, (ii) may not be terminated by the entity providing the facility prior to the final maturity date of the particular series of Parity Obligations for which an account in the Reserve Fund is established pursuant to the resolution authorizing such series of Parity Obligations, and (iii) may be drawn upon demand by the Authority to provide funds to pay Principal and Interest Requirements on such particular series of Parity Obligations in the event moneys on deposit in the Interest and Sinking Fund are insufficient to make such payment.

"***Series 2020 Bonds***" shall mean the *San Antonio River Authority Salitrillo Wastewater System Revenue Improvement Bonds, Series* 2020, issued pursuant to this Resolution.

"***Salitrillo Wastewater System***" or "***Salitrillo System***", as used in this Resolution shall mean the Authority's wastewater treatment plant and related facilities located within the Salitrillo Creek watershed in northeast Bexar County, Texas (generally known by the Authority as its "Salitrillo Wastewater System" and also referred to herein as the "***Salitrillo System***"), which provides wastewater treatment services (i) on a wholesale basis to the Cities of Converse, Live Oak and Universal City, Texas, pursuant to separate Interlocal Agreements between the Authority and such Cities, and (ii) on a retail basis to individual users of such System as such wastewater facilities presently exist, together with all future improvements, enlargements, and additions thereto, and replacements thereof, and any other facilities acquired, constructed and designated by the Authority to be a component of the Salitrillo System, all as acquired or constructed from any source, including the issuance of Parity Obligations. For purposes of clarification, the wastewater facilities that are included within the Authority's "Wastewater System," which currently and generally consists of four wastewater treatment plants and related facilities (including all sewage collection, transportation, treatment, and disposal facilities) located on the Martinez and Calaveras Creeks northeast Bexar County, Texas) shall not constitute a part of the Salitrillo System.

SECTION 7. PLEDGE; SECURITY INTEREST.

(a) Pledge. The Parity Obligations are and shall be secured and payable, equally and ratably on a parity, by and from a first lien on and pledge of the Net Revenues.

(b) Security Interest. Chapter 1208, Texas Government Code, applies to the issuance of the Parity Obligations and the pledge of the Pledged Revenues granted by the Authority under Section 7(b) of this Resolution, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Parity Obligations are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the Authority under Section 7(b) of this Resolution is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Parity Obligations the perfection of the security interest in said pledge, the Authority agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

SECTION 8. RATES. The Authority covenants and agrees with the holders of the Parity Obligations as follows:

(a) It will at all times fix, revise, maintain, charge, and collect for services rendered by the Salitrillo System, rates and charges which will produce Net Revenues that will (i) equal the greater of (A) at least 110% of the average annual Principal and Interest Requirements on the Parity Obligations outstanding during each Fiscal Year, or (B) at least 110% of the annual Principal and Interest Requirements on the Parity Obligations due during the current Fiscal Year, (ii) maintain or restore the amount on deposit in the respective accounts of the Reserve Fund to the amounts and in the manner required by the respective resolutions authorizing the issuance of the outstanding Parity Obligations, and (iii) pay all Reimbursement Obligations coming due during each Fiscal Year, if any.

(b) If the Salitrillo System should become legally liable for any other obligations or indebtedness, the Authority shall fix, maintain, charge and collect additional rates and charges for services rendered by the Salitrillo System sufficient to establish and maintain funds for the payment thereof.

SECTION 9. FUNDS.

(a) *Creation of Revenue Fund and Interest and Sinking Fund*. All revenues of the Salitrillo System shall be kept separate and apart from all other funds of the Authority, and the following special Funds are hereby authorized to be created, established and maintained on the financial records of the Authority (or at an official depository of the Authority), so long as any of the Parity Obligations, or interest thereon, are outstanding and unpaid:

(i) **SAN ANTONIO RIVER AUTHORITY SALITRILLO WASTEWATER SYSTEM REVENUE FUND**, hereinafter called the "***Revenue Fund***"; and

(ii) **SAN ANTONIO RIVER AUTHORITY SALITRILLO WASTEWATER SYSTEM REVENUE BONDS INTEREST AND SINKING FUND**, hereinafter called the "***Interest and Sinking Fund***."

(b) *Creation of Reserve Fund*. Additionally, there is hereby authorized to be created, established and maintained, for the benefit only of the registered owners of a particular series of Parity Obligations for which an account is created in the resolution authorizing such series of Parity Obligations, and shall be maintained on the financial records of the Authority (or at an official depository of the Authority), for the pro rata benefit of all Parity Obligations of such series for which an account is created, the **SAN ANTONIO RIVER AUTHORITY SALITRILLO WASTEWATER SYSTEM REVENUE BONDS RESERVE FUND**, hereinafter called the "***Reserve Fund***." The Authority may create and establish accounts in the Reserve Fund pursuant to the provisions of any resolution authorizing the issuance of Parity Obligations for the purpose of securing that particular issue or series of Parity Obligations or any specific group of issues or series of Parity Obligations and the amounts once deposited or credited to said account shall no longer constitute Net Revenues and shall be held solely for the benefit of the registered owners of the particular Parity Obligations for which such account in the Reserve Fund was established. Each such account in the Reserve Fund shall be designated in such manner as is necessary to identify the Parity Obligations it secures and to distinguish such account from all other accounts in the Reserve Fund created for the benefit of a particular series of Parity Obligations. All terms relating to the requirements to establish, fund and maintain required balances in an account of the Reserve Fund, including but not limited to the use of any Reserve Fund Credit Facility therein, shall be set forth in the resolution authorizing the issuance of the particular series of Parity Obligations for which such account is established.

(c) *Creation of Construction Fund*. There is hereby further created and established shall be maintained on the financial records of the Authority (or at an official depository of the Authority) a fund to be called the **SAN ANTONIO RIVER AUTHORITY SALITRILLO WASTEWATER SYSTEM REVENUE BONDS CONSTRUCTION FUND** (herein called the "***Construction Fund***"). Proceeds from the sale and delivery of a series of Parity Obligations which are issued to finance improvements to the Salitrillo System (other than proceeds representing accrued interest on such Parity Obligations and any premium on such Parity Obligations that is not used by the Authority to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, which shall be deposited in the Interest and Sinking Fund) shall be deposited in an account of the Construction Fund established by the chief financial officer of the Authority in connection with the issuance of such series of Parity Obligations. Money in the

Construction Fund shall be subject to disbursements by the Authority for payment of all costs incurred in carrying out the purpose for which such series of Parity Obligations are issued, including but not limited to costs for construction, engineering, architecture, financing, financial consultants and legal services related to the project being financed with proceeds of such series of Parity Obligations, and to pay related costs of issuance. All funds remaining on deposit in an account of the Construction Fund upon completion of the projects being financed with the proceeds the related series of Parity Obligations, if any, shall be transferred to the Interest and Sinking Fund.

SECTION 10. REVENUE FUND. All Gross Revenues shall be deposited as collected into the Revenue Fund. The Current Expenses shall be paid from the Revenue Fund or from any other funds of the Authority lawfully available therefor. The Gross Revenues not actually used to pay Current Expenses shall be deposited from the Revenue Fund into the other Funds created by this Resolution, in the manner and amounts and at the times hereinafter provided, and each of such Funds shall have priority as to such deposits in the order in which they are treated in the following sections.

SECTION 11. INTEREST AND SINKING FUND.

(a) *Use of Funds*. The Interest and Sinking Fund shall be used solely to pay the principal of and interest on the Parity Obligations when due, and the chief financial officer of the Authority is hereby authorized to cause funds to be transferred from the Interest and Sinking Fund to the Paying Agent/Registrar at the times and in the amounts to pay Principal and Interest Requirements on the Parity Obligations.

(b) *Deposit of Accrued Interest and Capitalized Interest*. Immediately after the delivery of any series of Parity Obligations, all moneys representing accrued interest, if any, received by the Authority upon the sale and delivery of such Parity Obligations to the initial purchaser thereof, together with all capitalized interest being financed with proceeds of such Parity Obligations, if any (but in no event in excess of the amount permitted by Section 1201.042(a)(1), Texas Government Code, as amended, or other applicable law), shall be deposited to the credit of the Interest and Sinking Fund.

(c) *Monthly Deposits*. In addition, there shall be transferred Net Revenues from the Revenue Fund and deposited into the Interest and Sinking Fund the following:

> (i) on or before the 15th day of each month, commencing with the month immediately following the issuance of any series of Parity Obligations, there shall be deposited into the Interest and Sinking Fund in approximately equal installments an amount as will be sufficient, together with other amounts, if any, then on deposit therein and available for such purpose, to pay the interest scheduled to come due on all outstanding Parity Obligations on the next interest payment date.
>
> (ii) on or before the 15th day of each month, commencing with the twelfth (12th) month preceding the first principal payment date for a series of Parity Obligations, or commencing with the month immediately following the issuance of any series of Parity Obligations if delivery of such series of Parity Obligations is made less than twelve months preceding the first principal payment date for such series of Parity Obligations, there shall be deposited into the Interest and Sinking Fund in approximately equal installments an amount as will be sufficient, together with other amounts, if any, then on deposit therein and available for such purpose, to pay the principal scheduled to come due (either at stated maturity or due to mandatory sinking fund redemption) on all outstanding Parity Obligations on the next principal payment date.

(iii) on or before any optional redemption date set by the Authority for any Parity Obligations, there shall be deposited into the Interest and Sinking Fund an amount as will be sufficient to pay the principal of, premium, if any, and interest on the Parity Obligations scheduled to be redeemed on such optional redemption date.

SECTION 12. RESERVE FUND.

(a) _Use of Funds_. Funds on deposit in an account of the Reserve Fund established for the benefit of a particular series of Parity Obligations shall be used to (i) pay the principal of and interest on such series of Parity Obligations for which such account was created at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose, (ii) pay the principal of or interest on the last maturing Parity Obligations of such series, or (iii) pay Reimbursement Obligations to restore the amount available to be drawn under a Reserve Fund Credit Facility to its original amount. If the amount on deposit in an account of the Reserve Fund for a particular series of Parity Obligations consists of cash and investments and a Reserve Fund Credit Facility, all cash and investments in such account shall be liquidated and withdrawn prior to drawing on the Reserve Fund Credit Facility. If more than one Reserve Fund Credit Facility is maintained in an account of the Reserve Fund, any withdrawals on such Reserve Fund Credit Facilities shall be pro rata.

(b) _Pro Rata Deposits to Accounts_. In the event the amount of funds on deposit in the Revenue Fund and available to be transferred to the Reserve Fund (after making all required deposits into the Interest and Sinking Fund then due) is not sufficient to fully satisfy the requirements of all accounts established in the Reserve Fund for the benefit of a particular series of Parity Obligations, such transfers shall be made from the Revenue Fund to the applicable accounts in the Reserve Fund on a pro rata basis.

(c) Series 2020 Bonds Initially Not Secured with Reserve Fund.

(i) _No Account Initially Established In Reserve Fund for Series 2020 Bonds_. No account is initially being established in the Reserve Fund for the benefit of the Registered Owners of the Series 2020 Bonds; consequently, no proceeds of the Series 2020 Bonds and no other available funds of the Authority shall be deposited into the Reserve Fund (unless otherwise provided by the Authority in a subsequent resolution), and the Registered Owners of the Series 2020 Bonds shall not be entitled to any funds which may be on deposit in the Reserve Fund (unless otherwise provided by the Authority in a subsequent resolution).

(ii) _Requirement to Establish Account Under Certain Circumstances; Required Deposits_. Notwithstanding the provisions set forth in Section 12(c)(i) above, in the event that the Net Revenues for any two consecutive Fiscal Years are less than 1.10 times the average annual Principal and Interest Requirements for all Parity Obligations, the Authority shall establish a "***Series 2020 Reserve Fund Account***" in the Reserve Fund on the financial records of the Authority and shall be required to commence making monthly deposits into the Series 2020 Reserve Fund Account, from funds on deposit in the Revenue Fund (but only after making the required deposits into the Interest and Sinking Fund and paying all Current Expenses then due), on the 15th day of each month in the amount equal to 1/60th of the average annual Principal and Interest Requirements of the Series 2020 Bonds (calculated as of the date the Authority is required to begin making such monthly deposits - the "***Series 2020 Reserve Account Requirement***") and continue such monthly deposits until the earlier of such time as (i) the Series 2020 Reserve Fund Account contains the Series 2020 Reserve Account Requirement, or (ii) the Net Revenues in each of the two most recently complete Fiscal Years have been equal to not less than 1.10 times the average Annual Debt Service Requirements of all outstanding Parity Obligations.

(iii) *Uses of Funds on Deposit in Series 2020 Reserve Fund Account*. Funds on deposit in the Series 2020 Reserve Fund Account shall be used (i) to pay the principal and interest requirements on the Series 2020 Bonds in the event the amount on deposit in the Interest and Sinking Fund is not sufficient, on a pro rata basis with respect to all Outstanding Parity Obligations, to pay the debt service requirements on the Series 2020 Bonds when due, (ii) to pay the final maturity of the Series 2020 Bonds, (iii) to contribute to a refunding of the Series 2020 Bonds, (iv) to satisfy federal tax law requirements as generally provided in Section 26 hereof, or (v) for any other lawful purpose approved by the Board of Directors and the Authority's Bond Counsel.

(iv) *Right to Withdraw Excess Funds in Series 2020 Account*. In the event the amount on deposit in the Series 2020 Account of the Reserve Fund exceeds the Series 2020 Account Required Reserve Amount, the Authority may withdraw such excess amount from the Series 2020 Account and deposit such amount into the Revenue Fund or use it for other lawful purposes.

SECTION 13. INVESTMENTS. Funds on deposit in the Interest and Sinking Fund, the Reserve Fund, and the Construction Fund shall be secured by the depository bank of the Authority in the manner and to the extent required by law to secure other public funds of the Authority and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and the Authority's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times when expected to be needed. Income and profits from such investments shall be deposited in the respective Fund which holds such investments; however, any such income and profits from investments in the Construction Fund may be withdrawn by the Authority and deposited in the Interest and Sinking Fund to pay all or a portion of the interest next coming due on the Parity Obligations. It is further provided, however, that any interest earnings on proceeds which are required to be rebated to the United States of America pursuant to Section 26 hereof in order to prevent any Parity Obligations from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

SECTION 14. DEFICIENCIES IN FUNDS. If in any month the Authority shall fail to deposit into any Fund created by this Resolution the full amounts required, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and unallocated Net Revenues for the following month or months, and such payments shall be in addition to the amounts otherwise required to be paid into said Funds during such month or months. To the extent necessary, the Authority shall increase the rates and charges for services of the Salitrillo System to make up for any such deficiencies.

SECTION 15. EXCESS REVENUES. The Net Revenues, in excess of those necessary to establish and maintain the Funds as required in this Resolution, or as hereafter may be required in connection with the issuance of Additional Bonds, may be used for any lawful purpose.

SECTION 16. SECURITY FOR FUNDS. All Funds created by this Resolution shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, particularly the Public Funds Collateral Act (Chapter 2257, Texas Government Code, and such Funds shall be used only for the purposes and in the manner permitted or required by this Resolution.

SECTION 17. ADDITIONAL BONDS. The Authority reserves the right to issue additional parity revenue bonds, for any purpose related to the Salitrillo System, to be known as Additional Bonds, which, when issued and delivered, shall be payable from and secured by a first lien on and pledge of the Net Revenues, in the same manner and to the same extent as the Parity Obligations, and the Parity Obligations shall in all respects be on a parity and of equal dignity. The Additional Bonds may be issued in one or more installments or series, provided, however, that no installment or series of Additional Bonds shall be issued unless:

(a) The chief financial officer of the Authority signs a certificate to the effect that, except for the issuance of refunding bonds to cure a default, no default exists in connection with any of the covenants or requirements of the resolutions authorizing the issuance of all then Outstanding Parity Obligations and that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be on deposit therein;

(b) The chief financial officer of the Authority signs a certificate to the effect that, during either the next preceding Fiscal Year, or any twelve (12) consecutive calendar month period ending not more than ninety (90) days prior to the adoption of the resolution or order authorizing the issuance of the then proposed Additional Bonds, the Net Revenues were at least equal to an aggregate of (i) 125% of the average annual principal and interest requirements of all then Outstanding Parity Obligations after giving effect to the Additional Bonds proposed for issuance, plus (ii) 100% of all Reimbursement Obligations required to be made during the first twelve months following the date of delivery of such Additional Bonds, if any. However in the event (A) the certificate of the chief financial officer states that the Net Revenues for the period covered thereby were less than required above, and (B) a change in the rates and charges of the Salitrillo System went into effect after the first day, but prior to the last day, of the period covered by the certificate of the chief financial officer, and (C) the chief financial officer will additionally certify that, had such change in rates and charges been effective for the entire period covered by the certificate of the chief financial officer, the Net Revenues covered by the certificate of the chief financial officer would have been, in his or her opinion, at least equal to an aggregate of (1) 125% of the average annual Principal and Interest Requirements (calculated on a Fiscal Year basis) of the Outstanding Parity Obligations, after giving effect to the Additional Bonds proposed to be issued, plus (2) 100% of all Reimbursement Obligations required to be made during the first twelve months following the date of delivery of such Additional Bonds, if any, then in such event the coverage specified in the first sentence of this paragraph (b) shall not be required for the period specified, and such certificate of the chief financial officer will be sufficient if accompanied by such additional certificate of the chief financial officer to the above effect;

(c) The Additional Bonds are scheduled to mature only on March 1 and/or September 1, and the interest thereon is scheduled to be paid only on March 1 and September 1; and

(d) All calculations of average annual Principal and Interest Requirements made pursuant to this Section are to be made as of and from the date of the Additional Bonds then proposed to be issued.

SECTION 18. OPERATION AND MAINTENANCE; INSURANCE. (a) While any of the Parity Obligations are outstanding the Authority covenants and agrees to keep all of the buildings, structures, and facilities of the Salitrillo System in good condition, repair, and working order, and to operate and maintain the Salitrillo System in an efficient manner and at reasonable expense.

(b) The Authority shall procure and maintain fire and extended coverage insurance on the facilities of the Salitrillo System, public liability insurance, and other insurance, including self-insurance, of kinds and in amounts which usually would be carried by private companies engaged in operating or owning sewage facilities. Any proceeds from fire and extended coverage insurance shall be used promptly to repair any property damaged or to replace any property destroyed, and all surplus insurance proceeds shall be deposited into the Revenue Fund, provided that if the insurance proceeds, together with other available funds, are not sufficient to repair or replace such property, the insurance proceeds shall be deposited into the Interest and Sinking Fund and maintained therein as an additional reserve for the benefit of the Parity Obligations.

SECTION 19. ACCOUNTS AND FISCAL YEAR. The Authority shall keep proper books of records and accounts, separate from all other records and accounts of the Authority, in which complete and correct entries shall be made of all transactions relating to the Salitrillo System. The Authority agrees to operate the Salitrillo System and keep is books of records and accounts pertaining thereto on the basis of its current Fiscal Year; provided, however, that the Board of Directors of the Authority may change such Fiscal Year by resolution duly passed, if such change is deemed necessary by the Board of Directors.

SECTION 20. AUDIT. After the close of each Fiscal Year while any of the Parity Obligations are outstanding, an audit will be made of the books and accounts relating to the Net Revenues, and the Funds created pursuant to this Resolution, by an independent certified public accountant. As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to the Authority, a copy of such audit for the preceding year shall be mailed to any registered owners of the Parity Obligations who shall so request in writing. The annual audit reports shall be open to the inspection of the registered owners and their agents and representatives at all reasonable times.

SECTION 21. INSPECTIONS. Any holder or holder of any Parity Obligations shall have the right at all reasonable time to inspect the Salitrillo System and all records, accounts, and data of the Authority relating thereto.

SECTION 22. SPECIAL COVENANTS. The Authority further covenants as follows:

(a) Other than for the payment of the Parity Obligations herein authorized, the revenues and income of the Salitrillo System have not in any manner been pledged to the payment of any debt or other obligation of the Authority or the Salitrillo System.

(b) While any of the Parity Obligations are outstanding, except for Additional Bonds expressly permitted by this Resolution to be issued, will not additionally encumber the revenues and income of the Salitrillo System, unless such encumbrance is made junior and subordinate in all respect to the Parity Obligations and all liens and pledges in connection therewith.

(c) No free service of the Salitrillo System shall be allowed, and should the Authority or any of its agencies or instrumentalities make use of the services and facilities of the Salitrillo System, payment of the reasonable value thereof shall be made by the Authority out of funds from sources other than the revenues and income of the Salitrillo System.

(d) So long as any Parity Obligations are outstanding, and except as hereinafter specifically permitted, the Authority shall not sell, lease, mortgage, encumber, or otherwise dispose of any part of the Salitrillo System. The Authority shall be authorized from time to time to sell any real or personal property if the Authority shall determine that any such real or personal property is no longer needed or is no longer useful in connection with the operation and maintenance of the Salitrillo System. The proceeds from the sale of any real or personal property shall be used to replace or provide substitutes for property sold, if deemed necessary by the Authority, or, if not, the proceeds shall be deposited into the Revenue Fund. The Authority shall be authorized to lease (including oil, gas, or mineral leases) any property of the Salitrillo System, if such lease or the use of such property will not adversely affect the operation and maintenance of the Salitrillo System, or in any way cause a decrease in the Net Revenues. No lease shall be made which will result in damage to or substantial diminution of the value of other property of the Salitrillo System. All rentals, revenues, receipts, and royalties derived by the Authority from any and all leases so made shall be placed in the Revenue Fund. It is further covenanted and agreed by the Authority that no real property of the Salitrillo System shall be sold or leased unless the Authority shall first procure a recommendation in writing from an independent Registered Professional Engineer of the State of Texas, to the effect that, in his or her opinion, the proposed sale or lease, should be made and executed, and that such proposed sale or lease will not adversely affect the operation and maintenance of the Salitrillo System and will not cause a decrease in the Net Revenues.

SECTION 23. PARITY OBLIGATIONS ARE SPECIAL OBLIGATIONS. The Parity Obligations shall be special obligations of the Authority payable solely from the Net Revenues, and the holder or holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

SECTION 24. RESOLUTION A CONTRACT; AMENDMENTS.

(a) *Resolution a Contract*. This Resolution shall constitute a contract with the registered owners of the Parity Obligations, binding on the Authority and its successors and assigns, and shall not be amended or repealed by the Authority as long as any Parity Obligations remain outstanding except as permitted in this Section.

(b) *Amendments Without Notice to or Consent of Registered Owners*. The Authority may, without the consent of or notice to any registered owners of any Parity Obligations, amend, change, or modify this Resolution (i) as may be required by the provisions hereof, (ii) as may be required for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change (other than any change described in clauses (i) through (iv) of the first sentence in subsection (c) below) with respect to which the Authority receives written confirmation from each rating agency then maintaining a rating on the Parity Obligations at the request of the Authority that such amendment would not cause such rating agency to withdraw or reduce its then current rating on the Parity Obligations.

(c) *Amendments With Notice to and Consent of Registered Owners*. In addition, the Authority may, with the written consent of the registered owners of at least a majority in aggregate principal amount of the Parity Obligations then outstanding affected thereby, amend, change, modify, or rescind any provisions of this Resolution; provided that without the consent of all of the registered owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Parity Obligations, reduce the principal amount thereof or the rate of interest thereof, (ii) give any preference to any Parity Obligation over any other Parity Obligation, (iii) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Parity Obligations required for consent to any such amendment, change, modification, or rescission.

(d) *Notice of Amendment*. Whenever the Authority shall desire to make any amendment or addition to or rescission of this Resolution requiring consent of the registered owners of the Parity Obligations, the Authority shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the registered owners at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the Authority shall receive an instrument or instruments in writing executed by the registered owners of all or a majority (as the case may be) in aggregate principal amount of the Parity Obligations then Outstanding affected by any such amendment, addition, or rescission requiring the consent of the registered owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Authority may adopt such amendment, addition, or rescission in substantially such form, except as herein provided.

(e) *Effect of Amendment on Registered Owners*. No registered owner may thereafter object to the adoption of any amendment, addition, or rescission which is accomplished pursuant to and in accordance with the provisions of this Section, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

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APPENDIX D

Form of Legal Opinion of Bond Counsel

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Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

May __, 2020

SAN ANTONIO RIVER AUTHORITY
SALITRILLO WASTEWATER SYSTEM REVENUE IMPROVEMENT BONDS, SERIES 2020
DATED APRIL 15, 2020
IN THE AGGREGATE PRINCIPAL AMOUNT OF $________

AS BOND COUNSEL FOR THE SAN ANTONIO RIVER AUTHORITY (the "***Issuer***"), we have examined into the legality and validity of the Bonds described above (the "***Bonds***"), which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Bonds.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Bonds including (i) the resolution authorizing the issuance of the Bonds (the "***Resolution***"), (ii) one of the executed Bonds (Bond Number T-1), and (iii) the Issuer's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in accordance with law; that the Bonds constitute valid and legally binding special obligations of the Issuer; that the Issuer has the legal authority to issue the Bonds and to repay the Bonds; and that the Bonds are secured by and payable from an irrevocable lien on and pledge of the "Net Revenues" (as defined in the Resolution), which consist generally of the revenues, income and receipts of any nature derived and received by the Issuer from the ownership and operation of the Issuer's Salitrillo Wastewater System, less "Current Expenses of the System" (as defined in the Resolution).

THE OWNERS OF THE BONDS shall never have the right to demand payment of the Bonds from money raised or to be raised by taxation or from any source whatsoever other than the Net Revenues described in the Resolution.

IT IS FURTHER OUR OPINION that, except as discussed below, the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "***Code***"). In expressing the aforementioned opinions, we have relied on certain representations by the Issuer the accuracy of which we have not independently verified, and assume compliance by Issuer with certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact if such representations are determined to be inaccurate, or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds.

THE ISSUER HAS RESERVED THE RIGHT, subject to the restrictions stated in the Resolution, to issue Additional Bonds (as defined in the Resolution) which also may be secured by and made payable from a first lien on and pledge of the aforesaid Pledged Revenues on a parity with the Bonds.

THE ISSUER ALSO HAS RESERVED THE RIGHT, subject to the restrictions stated in the Resolution, to amend the Resolution with the consent of at least a majority in aggregate principal amount principal amount of all outstanding Parity Obligations (including the Bonds).

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "***Service***"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and we have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds, and we have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and to the Issuer's historical and projected Net Revenues. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

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Financial Advisory Services
Provided By:

SAMCO Capital