



Chocolate Bayou Pumping Plant

## Annual Comprehensive Financial Report For the Fiscal Year Ended August 31, 2022

Gulf Coast Water Authority \* Texas City, Texas



# **Annual Comprehensive Financial Report**

**For the Fiscal Year Ended  
August 31, 2022**

**Gulf Coast Water Authority**

**Texas City, Texas**

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Gulf Coast Water Authority

# GULF COAST WATER AUTHORITY

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## **INTRODUCTORY SECTION**







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January 19, 2023

To the Board of Directors  
Gulf Coast Water Authority  
Texas City, Texas

We are pleased to submit the Annual Comprehensive Financial Report (the “ACFR”) of the Gulf Coast Water Authority (the “Authority”) for the fiscal year ended August 31, 2022. The purpose of the ACFR is to provide reliable financial information about the Authority to the Authority’s Board of Directors, customers, and other interested parties. The Authority’s Accounting Department has prepared the ACFR in accordance with generally accepted accounting principles (“GAAP”). Management assumes full responsibility for the completeness and reliability of the information contained in the ACFR, based upon a comprehensive framework of internal controls that are established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective of such internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Our auditor, Whitley Penn, LLP, Certified Public Accountants, has issued an unmodified (“clean”) opinion on the Authority’s financial statements for the year ended August 31, 2022. The independent auditors’ report is located at the front of the financial section of the ACFR.

Management’s Discussion and Analysis (“MD&A”) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### ***Profile of the Government Agency***

The Gulf Coast Water Authority (then named the Galveston County Water Authority) was created in 1965 by the 59th regular session of the Texas Legislature. The Authority is a conservation and reclamation district, body politic and corporate, and a governmental agency of the State of Texas created and operating under the provisions of a series of acts compiled as Vernon’s Annotated Texas Civil Statutes, Article 8280-121, enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution.

The Authority provides water for industry, agriculture, and municipalities in Brazoria, Fort Bend, and Galveston counties.

The beginnings of the Authority can be traced back to 1908 with the creation of the Cane and Rice Belt Irrigation Company and construction of a pump station on the Brazos River. In the early 1930s, additional pump stations and re-lift stations on the system were added as well as extensions to the canal system, eventually running through Brazoria County and reaching into Galveston County. In 1940, the Briscoe Irrigation System consisting of an additional pump station on the Brazos and more canals were established. These two original systems were purchased by the Brazos River Authority in 1966 and 1967. In 1988, the Authority bought the Canal Division from the Brazos River Authority. This allowed the Authority to provide water supply for industry, irrigation, and municipal use in most of the three-county area of Brazoria, Fort Bend, and Galveston. In 2006, the Authority purchased the Chocolate Bayou Water Company’s assets, aka Juliff Canal System, which included another pump station on the Brazos River as well as pump stations on three bayous in Brazoria County: Chocolate, Mustang and Halls.

The Authority is governed by a ten (10) member Board of Directors, as established by The 83<sup>rd</sup> Texas Legislature passed HB 4168 sponsored by Representative Dennis Bonnen and becoming effective on June 18, 2015. The Board of Directors are appointed in the following manner:

- Five (5) by the Galveston County Commissioners Court with two (2) being representatives of Industry, one (1) being a representative of Municipalities and two (2) being representatives at-large;
- Three (3) by the Brazoria County Commissioners Court with one (1) being a representative of Industry, one (1) being a representative of Municipalities and one (1) being a representative of Agriculture;
- Two (2) by Fort Bend County Commissioners with one (1) being a representative of Municipalities and one (1) being a representative At-Large.

Appointees serve two-year terms. The terms are staggered with five (5) members beginning one year and five (5) beginning the next year. Term of office coincides with the Authority's fiscal year, beginning September 1<sup>st</sup>.

The Authority's operations are divided into three separate primary water delivery and revenue sources as described below.

**Canal Systems** - The Authority operates three main canal systems: the American, Briscoe, and Juliff/Chocolate Bayou Canal systems. This includes approximately 296 miles of main-line canals and laterals, and about 380,000 ac-ft. of water rights on the lower basin of the Brazos River. These arteries allow river water to be delivered to 1) approximately 17,000 acres of commercial and hybrid seed rice in Brazoria and Galveston Counties as well as a Rice Research Facility located outside of Alvin, Texas, a provider of world-wide technology for the rice industry, 2) industrial customers served by the Canal Division include INEOS Olefins and Polymers, and Ascend Performance Materials, 3) municipal customers served include the cities of Sugar Land, Pearland and Missouri City, as well as Ft. Bend WCID #2 and Pecan Grove MUD, and 4) to the Industrial and Municipal divisions in Galveston County.

**Industrial Group** - Prompted by land subsidence caused by the over withdrawal of groundwater, a private venture by Texas City industries in the late 1940's constructed an extension of the Briscoe and American canal system to provide surface water to the rapidly growing industrial complex following World War II. Through acquisitions and exchanges, the Industrial Division was acquired by the Authority in 1971. The Industrial Division operates an 8,700 acre-feet off-channel reservoir, a canal system, and a pump station contracted to deliver 67 million gallons per day (MGD), with a firm capacity of 90 million gallons per day (MGD) of surface water per day to Texas City industries. Industrial customers served include DOW/Union Carbide Corp., Marathon Galveston Bay Refinery, Marathon Texas Refining, Valero Refining Texas, Eastman Chemical Company, Ashland Specialty Chemicals, and Topaz Energy.

**Water Treatment** – The Authority owns and operates the Thomas S. Mackey Water Treatment Plant located in Texas City. The 57 million gallon per day (MGD) conventional surface water plant serves 13 water utilities in Galveston County. The plant was originally constructed by the City of Texas City in 1978 and acquired by the Authority in 1983. The plant's most recent expansion occurred in 2000. Those customers include the cities of Texas City, La Marque, Galveston, Hitchcock, League City, GCWCID #1, GCWCID #8, GCWCID #12, GCFWD #6, GCMUD 12, Bacliff MUD, Bayview MUD and San Leon MUD.

The Authority's Administrative Office is located in Texas City where all management, financial, human resources, purchasing, and land administration are provided. The Authority's Board of Directors generally meets at the Administrative Office on the third Thursday of each month. Actual meeting dates can be found on the Authority's website - [www.gulfcoastwaterauthoritytx.gov](http://www.gulfcoastwaterauthoritytx.gov). Board members are actively engaged in the operation of the Authority through its four standing board committees, Finance & Insurance, Personnel & Compensation, Capital Projects Review Committee, and Long-range Planning and three Ad Hoc committees, Water Resources, Contract Review and Facilities.

## **ECONOMIC CONDITIONS AND OUTLOOK**

*The Local & Regional Economy.* The Authority and its customers are part of the Greater Houston Metropolitan Area. According to the Bureau of Labor Statistics, the Houston Metro Area added 188,900 total nonfarm jobs over the year in July '22 (year over year). Of the twelve largest metropolitan areas in the country, Houston ranked fifth in the number of jobs added over the year and third in annual rate of job growth. Local unemployment has fell over the past year to 4.8 percent in July 2022, which is slightly higher than the state average of 4.3 percent and the national rate of 3.8 percent. Continued population growth within the Authority's service area will necessitate the Authority's continued quest for additional water supplies to meet this growing demand for more water.

GCWA's strategic plan is developed to support this growth through capital investment while focusing on rate stabilization. The strategic plan has looked at a water supply from other river basins, seawater desalination, reuse, brackish desalination, groundwater from the Carrizo-Wilcox aquifer, as well as development of additional surface water storage on the Brazos River. At this time, further development of water supplies on the Brazos River presents the best alternative for the Authority to focus its attention. Meanwhile, the Authority will continue to work with the Brazos River Authority and its customers through annual purchases of interruptible stored water to meet our customers' needs. The Authority is working on a long-term capital plan with a 10-year view. We hope to make the plan public by next year at this time.

### ***GCWA's REVENUE SOURCE***

The Authority does not receive money from the State of Texas, nor does it collect any type of tax revenue. Revenue is derived from the sale and distribution of water. This revenue covers the cost of operation and maintenance as well as repayment of outstanding debt. Revenue bonds are sold to finance large, capital improvement projects needed to maintain the Authority's vast investment in infrastructure to insure reliable delivery of water to its customers.

### ***FINANCIAL INFORMATION***

Management of the Authority is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As demonstrated by the statements and schedules included in the financial section of this report the Authority continues to meet its responsibility for sound financial management. The Authority recommends that readers closely review each section of this report including the review provided by the MD&A in order to have a thorough understanding of the Authority, its activities, financial position, and results of operations.

### ***MAJOR INITIATIVES***

*For the Year.* During Fiscal Year 2022, the Authority completed the construction of the Chocolate Bayou Pump Station \$7,408,666. The Pump Station is on the edge of Chocolate Bayou in Brazoria County and is a significant accomplishment to the Authority as this pump station was a 60 + year old pump station built on wooden pilings.

The Canal Division completed the improvements to the Briscoe Pumping Plant, \$1,196,979 and the riverbank rehabilitation at the May Pumping Plant, \$3,978,605. Additionally, the Canal Division completed the improvements to the Chocolate Bayou Salt Water Barrier, \$1,091,889.

*Long-term projects:* The Authority suffered substantial damage to several of our assets during Harvey. As of August 31, the Authority had project obligated by FEMA totaling \$28,043,877 - Thomas Mackey Water Treatment Plant \$733,779; Canal 428 Programs (group five remaining), \$1,545,600; Mustang Reservoir \$23,856,452; and Direct Administrative Costs of \$1,908,046.

### ***ACKNOWLEDGEMENTS***

*Independent Audit.* Section 49.191 of the Texas Water Code requires an annual audit of the Authority's accounting records by a certified public accountant or public accountant holding a permit from the Texas State Board of Public Accountancy and selected by the Board of Directors. The firm Whitley Penn, LLP, was selected by the Board for purpose of conducting the Authority's annual audit. We appreciate their professionalism, timeliness, and assistance in completing this report.

*Awards.* The Government Finance Officers Association of the United States and Canada ("GFOA") awarded the Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Annual Comprehensive Financial Report ("ACFR") for the fiscal year ended August 31, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such as ACFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another Certificate of Achievement.

*Our Employees.* We congratulate our employees for another successful year of operation. Without their dedication and professionalism, we could not have provided such a high level of service to the customers of the Authority's service area. In addition, the preparation of this Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated staff of the Authority's Accounting Department.

Sincerely,



**Brandon Wade, MPA, PE**  
**General Manager / CEO**



**David E. Davis Jr. CPA**  
**Assistant General Manager**



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Gulf Coast Water Authority  
Texas**

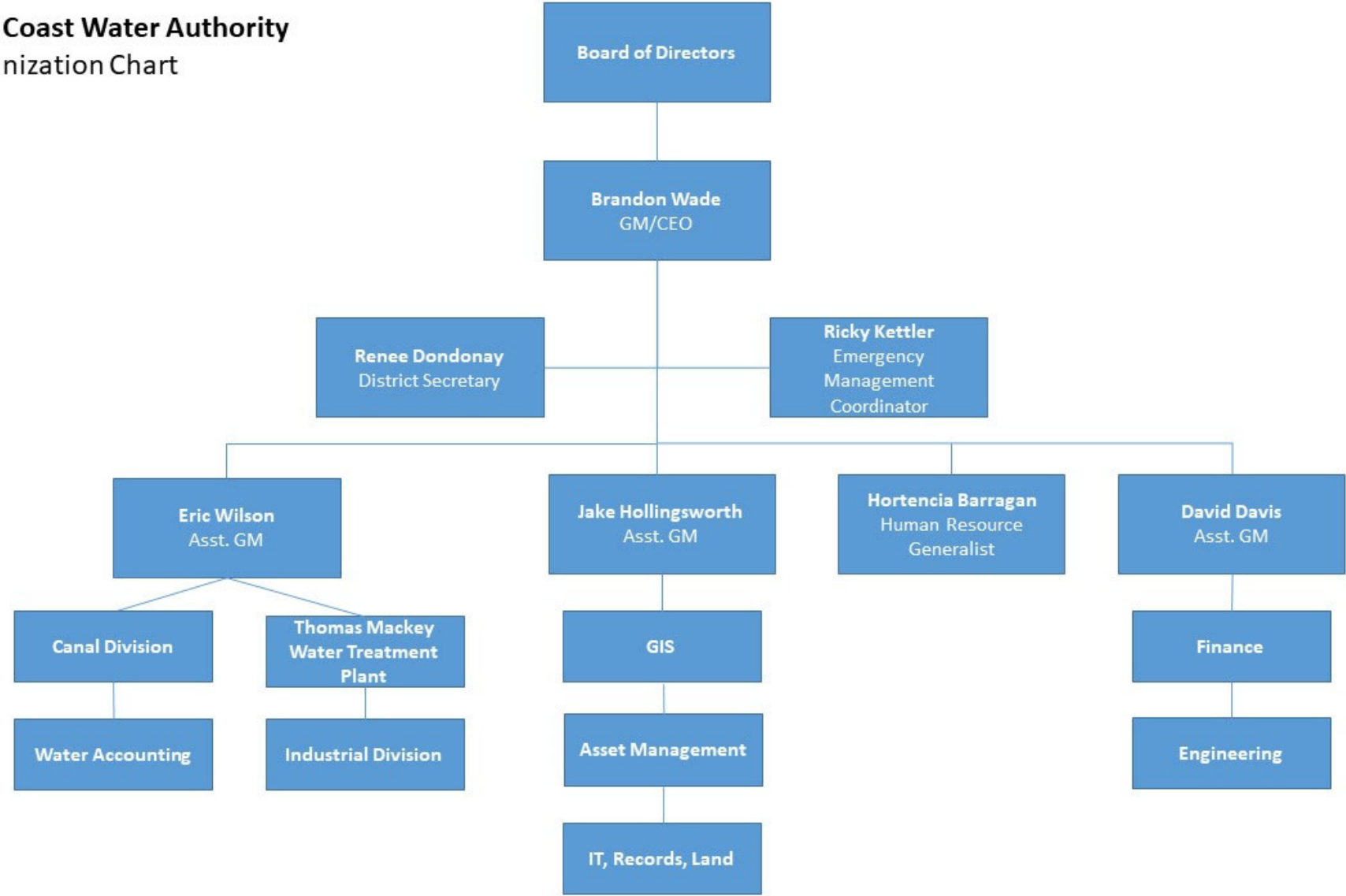
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

August 31, 2021

*Christopher P. Morill*

Executive Director/CEO

Gulf Coast Water Authority  
Organization Chart



**GULF COAST WATER AUTHORITY**  
**BOARD OF DIRECTORS**  
*As of August 31, 2022*

POSITION & NAME	OFFICE / COMMITTEES	TERM
GALVESTON COUNTY MUNICIPAL POSITION NO. 1 Mr. Jody Hooks	Director	2021-2023
GALVESTON COUNTY INDUSTRIAL POSITION NO. 1 Mr. Jimmy Laurito	Director	2021-2023
GALVESTON COUNTY INDUSTRIAL POSITION NO. 2 Mr. Kevin D. Moore	Assistant Secretary	2020-2022
GALVESTON COUNTY AT LARGE POSITION NO. 1 Mr. Duane Cole	Director	2021-2023
GALVESTON COUNTY AT LARGE POSITION NO. 2 Mr. Brad Matlock, P.E.	President	2020-2022
BRAZORIA COUNTY MUNICIPAL POSITION NO. 1 Mr. John McDonald	Director	2021-2023
BRAZORIA COUNTY INDUSTRIAL POSITION NO. 1 Mr. Bennie Jones Jr.	Treasurer	2020-2022
BRAZORIA COUNTY AGRICULTURAL POSITION NO. 1 Mr. Cliff Mock	Vice President	2020-2022
FORT BEND COUNTY MUNICIPAL POSITION NO. 1 Mr. Allen Bogard	Director	2021-2023
FORT BEND COUNTY AT LARGE POSITION NO. 1 Ms. Trisha Frederick, P.E.	Secretary	2020-2022





## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Audit Committee and Board of Directors  
Gulf Coast Water Authority  
Texas City, Texas

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Gulf Coast Water Authority (the "Authority") as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of August 31, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

The Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other post-employment benefit system information, 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 Authority's basic financial statements. The introductory, statistical, and supplementary information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information in the supplementary section 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. Such 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, the information in the supplementary sections is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2023, on our consideration of the 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 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 Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
January 19, 2023



## **GULF COAST WATER AUTHORITY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of Gulf Coast Water Authority (the "Authority") offers readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended August 31, 2022. We encourage readers to consider the information presented here in conjunction with the financial statements and the notes to the financial statements.

#### **Financial Highlights**

- The Authority's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$179,795,620. Of this amount, \$122,807,946 represents net investment in capital assets; \$2,347,311 is restricted net position and the remaining \$54,640,363 represents unrestricted net position.
- The Authority's total net position increased by \$6,793,870 from \$173,001,750 at the end of the prior year to an ending net position of \$179,795,620 at August 31, 2022. The increase is primarily due to federal grants received in the amount of \$9.7 million.
- Operating expenses for the Authority were \$51,311,102 and were more than operating revenues of \$49,010,434 by \$2,300,668. Non-operating revenues for the Authority exceeded non-operating expenses by \$9,047,678.

#### **Overview of the Financial Statements**

The Management Discussion and Analysis is intended to serve as an introduction to the Authority's basic financial statements which consist of the following: 1) Statement of Net Position, 2) Statement of Revenues, Expenses, and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

The statement of net position presents as of a specific date information on the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the 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 the related cash flows. Thus, some revenues and expenses reported in this statement result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Since the Authority follows enterprise fund accounting and reporting requirements, there is a statement of cash flows included as part of the basic financial statements. The accompanying notes to the financial statements provide required disclosures and other information that is essential to a full understanding of data provided in the statements.

**GULF COAST WATER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Financial Analysis**

Net position may serve over time as a useful indicator of a financial statement position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$179,795,620 at the close of the most recent fiscal year.

***Net Position (with comparative totals for August 31, 2021)***

			<b>Increase / (Decrease)</b>	
	<b>2022</b>	<b>2021</b>	<b>\$</b>	<b>%</b>
Current and other assets	\$ 69,171,013	\$ 75,724,254	\$ (6,553,241)	-8.7%
Capital assets	149,008,564	127,349,150	21,659,414	17.0%
<b>Total Assets</b>	<b>218,179,577</b>	<b>203,073,404</b>	<b>15,106,173</b>	<b>7.4%</b>
<b>Total Deferred Outflows of Resources</b>	<b>1,980,180</b>	<b>2,148,593</b>	<b>(168,413)</b>	<b>-7.8%</b>
Current liabilities	9,697,438	10,190,659	(493,221)	-4.8%
Noncurrent liabilities	25,880,851	20,912,291	4,968,560	23.8%
<b>Total Liabilities</b>	<b>35,578,289</b>	<b>31,102,950</b>	<b>4,475,339</b>	<b>14.4%</b>
<b>Total Deferred Inflows of Resources</b>	<b>4,785,848</b>	<b>1,117,297</b>	<b>3,668,551</b>	<b>328.3%</b>
<b>Net Position:</b>				
Net Investment in capital assets	122,807,946	106,207,914	16,600,032	15.6%
Restricted:				
Debt Service	2,347,311	4,033,640	(1,686,329)	-41.8%
Unrestricted	54,640,363	62,760,196	(8,119,833)	-12.9%
<b>Total Net Position</b>	<b>\$ 179,795,620</b>	<b>\$ 173,001,750</b>	<b>\$ 6,793,870</b>	<b>3.9%</b>

- Current and other assets decreased by approximately \$6.6 million, or 8.7%, primarily due to cash paid for capital projects, offset by increases in grants receivable, long-term receivable for the 2021 Series Contract Revenue Bonds League City SEWPP and net pension asset.
- Capital assets, net of depreciation increased by approximately \$21.7 million, or 17.0%, from the prior year due to capital outlay of approximately \$14.0 million in the Canal Division, \$0.5 million in the Texas City Industrial Division, \$2.0 million in the Water Treatment Plant, \$5.9 million in the Chocolate Bayou Division, and \$6.7 million in Administrative Division. Depreciable capital assets increased by \$42.2 million due to completed projects being transferred from construction in progress. Construction in progress decreased by \$14.2 million from the prior year.
- Current liabilities decreased by approximately \$0.5 million, or 4.8%, due primarily to a decrease in the current portion of long-term debt as a result of the payoff of the 1998 A-B South Project, 1998C Series Texas City Projects and Galveston Project bonds, offset by an increase in customer deposits for the FY23 Water Treatment Plant contract quantity increase, the issuance of the 2021 Series Contract Revenue Bonds for the League City SE Water Purification Plant and accounts payable and accrued liabilities related to ongoing projects at August 31, 2022.
- Noncurrent liabilities increased by approximately \$5.0 million, or 23.8%, from the prior year primarily due to the issuance of the 2021 Series Contract Revenue Bonds and related premiums of \$6.3m for the League City SE Water Purification Plant, GASB 87 lease liability of \$1.9m in the Texas City Industrial Division and \$0.9m in the Water Treatment Plant, offset by a decrease of in the net pension liability of \$1.9 million and reduction in long-term portion of the Texas City Industrial Division bonds.



**GULF COAST WATER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Statement of Revenues, Expenses and Changes in Net Position**

The Statement of Revenues, Expenses and Changes in Net Position measures how well annual costs are covered by fees and charges. The Authority does not seek to earn a profit in the long term. However, the Authority must cover its operations, maintenance, and other costs while providing sufficient reserves annually from fees and charges since the Authority does not levy or collect any tax revenue.

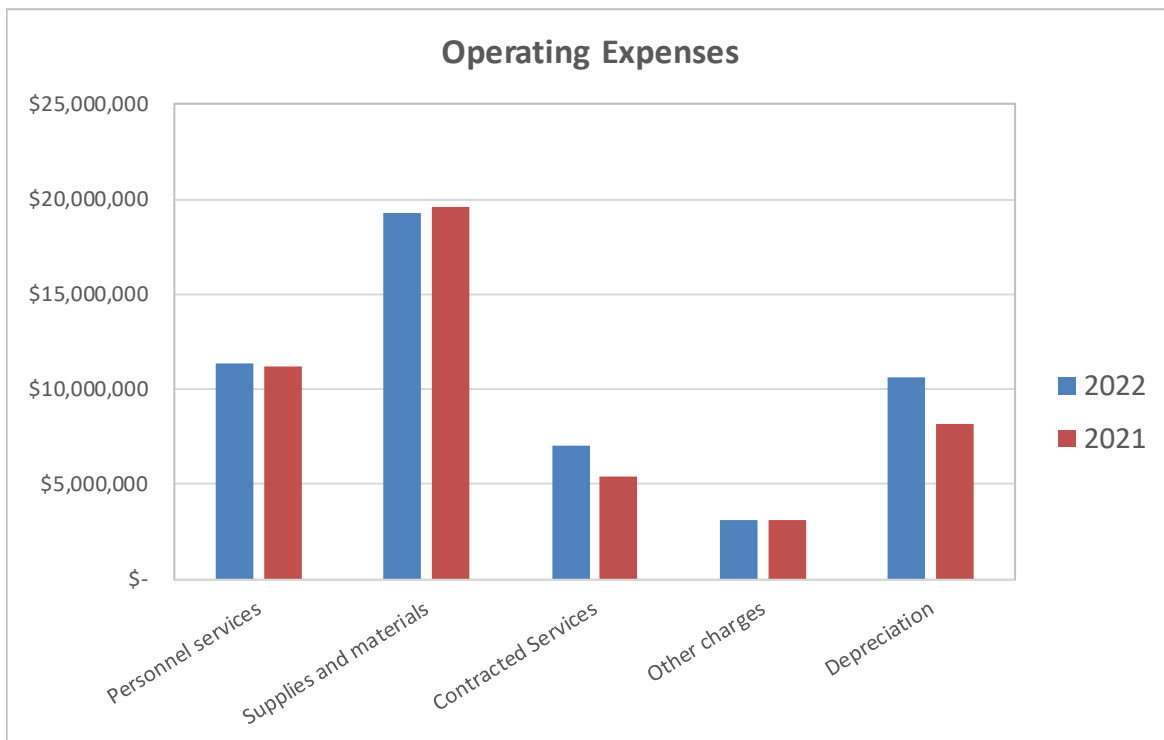
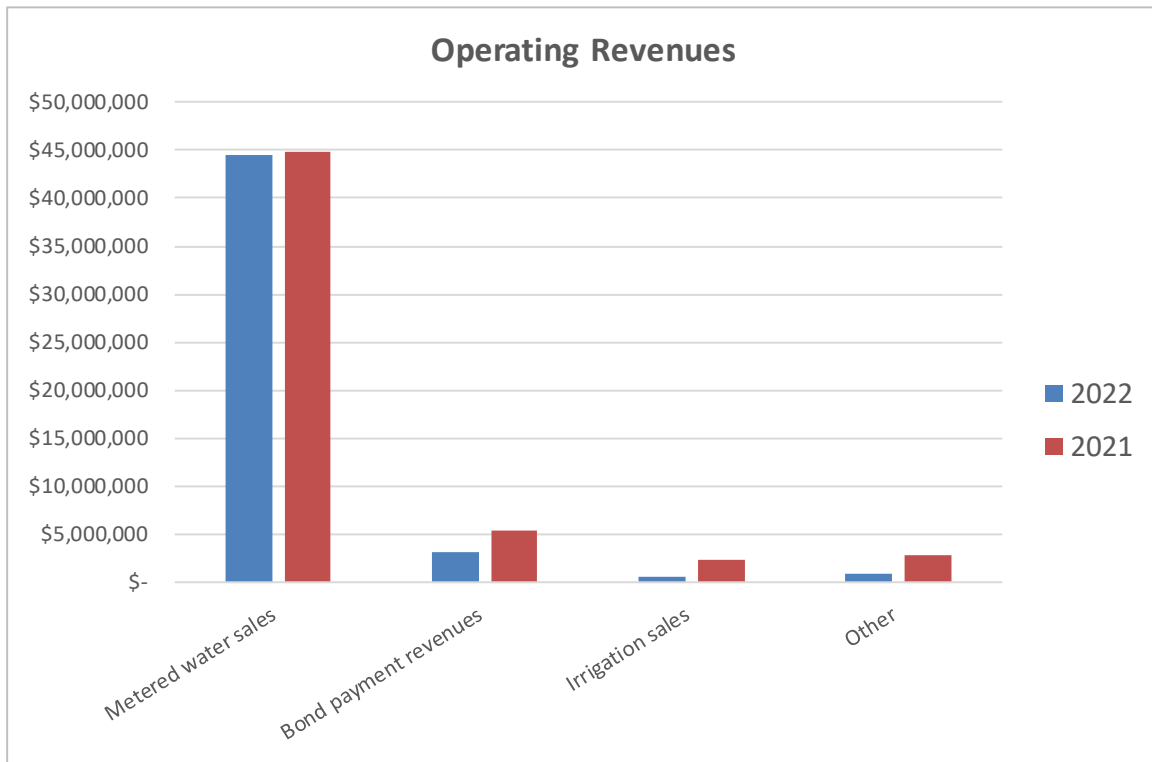
**Changes in Net Position- Year Ended August 31, 2022**  
**(With comparative totals for year ended August 31, 2021)**

	2022	2021	Increase / (Decrease)	
			\$	%
<b>Operating Revenues:</b>				
Metered water sales	\$ 44,429,312	\$ 44,812,284	\$ (382,972)	-0.9%
Bond payment revenue	3,221,767	5,444,033	(2,222,266)	-40.8%
Irrigation sales	521,241	2,389,603	(1,868,362)	-78.2%
Other	838,114	2,777,093	(1,938,979)	-69.8%
<b>Total Operating Revenues</b>	<b>49,010,434</b>	<b>55,423,013</b>	<b>(6,412,579)</b>	<b>-11.6%</b>
<b>Expenses:</b>				
Personnel services	11,384,999	11,171,554	213,445	1.9%
Supplies and materials	19,244,887	19,590,860	(345,973)	-1.8%
Contracted services	6,993,035	5,407,678	1,585,357	29.3%
Other charges	3,099,013	3,111,410	(12,397)	-0.4%
Depreciation	10,589,168	8,141,008	2,448,160	30.1%
<b>Total Expenses</b>	<b>51,311,102</b>	<b>47,422,510</b>	<b>3,888,592</b>	<b>8.2%</b>
Operating income (loss)	(2,300,668)	8,000,503	(10,301,171)	
Non-operating revenues (expenses)	9,047,678	5,790,003	3,257,675	56.3%
Income (loss) before capital grants and contributions	6,747,010	13,790,506	(7,043,496)	-51.1%
Capital contributions	46,860	977,388	(930,528)	-95.2%
Change in Net Position	6,793,870	14,767,894	(7,974,024)	-54.0%
<b>Beginning Net Position</b>	<b>173,001,750</b>	<b>158,233,856</b>	<b>14,767,894</b>	<b>9.3%</b>
<b>Ending Net Position</b>	<b>\$ 179,795,620</b>	<b>\$ 173,001,750</b>	<b>\$ 6,793,870</b>	<b>3.9%</b>

- Metered water sales decreased by approximately \$0.4 million or 0.9%, primarily due to lower City of Houston recharge costs for the SEWPP.
- Irrigation sales decreased by approximately \$1.9 million, or 78.2%, primarily due to fiscal year 2021 having unusually higher usage as a result of drought conditions.
- Other revenues decreased by approximately \$1.9 million or 69.8%, due to 2021 having \$1.5 million from the TXU for power generation by the Authority back-up generators and lower recharge costs from the City of Houston for the League City SE Water Purification Plant Reservation Fee.
- Personnel services increased by approximately \$0.2 million or 1.9%, due to an increase in personnel costs with the addition of four full-time equivalents when compared to the prior year.
- Supplies and materials decreased by approximately \$0.3 million or 1.8%, due to a decrease in contract water costs from the Southeast Water Purification Plant-League City and Pearland divisions, offset by higher chemical costs at the Thomas Mackey Water Treatment Plant.
- Contracted services increased by approximately \$1.6 million, or 29.3%, primarily due having unusually low power costs in FY21 as a result of revenue share from Power Depot for Winter Storms Uri, higher sediment removal costs, costs associated with the development of a Water Resource Plan, legislative and IT consultants.
- Depreciation expense increased by approximately \$2.4 million or 30.1%, due to approximately \$42.5 million of capital assets being placed into service during the current fiscal year.

**GULF COAST WATER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The following charts illustrate a two-year comparison of the Authority's Operating Revenues and Operating Expenses, respectively.



**GULF COAST WATER AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Capital Assets and Long-Term Debt**

**Capital Assets**

The Authority's capital assets totaled \$149,008,564 as of August 31, 2022. These capital assets include land; construction in progress; office furniture, fixtures and equipment; other machinery and equipment; automobiles and trucks; buildings; and infrastructure. The total net increase in the Authority's capital assets for the current fiscal year was \$21.7, or 17.0%.

	<b>2022</b>	<b>2021</b>	<b>Increase/(Decrease)</b>	
			<b>\$</b>	<b>%</b>
Land	\$ 2,799,794	\$ 1,987,726	\$ 812,068	40.9%
Construction in progress	34,437,637	48,608,021	(14,170,384)	-29.2%
Infrastructure	282,786,086	241,262,839	41,523,247	17.2%
Buildings	6,035,566	5,951,711	83,855	1.4%
Plant and equipment	10,188,676	9,601,849	586,827	6.1%
Right-to-use leased equipment	3,039,396	-	3,039,396	0.0%
Less accumulated depreciation	(190,278,591)	(180,062,996)	(10,215,595)	5.7%
<b>Total</b>	<b>\$ 149,008,564</b>	<b>\$ 127,349,150</b>	<b>\$ 21,659,414</b>	<b>17.0%</b>

During the current fiscal year, the Authority received \$9.7 in federal grant reimbursements for capital projects. Additional information on the Authority's capital assets can be found in Note 3 to the financial statements.

**Long-Term Debt**

At the end of the current fiscal year, the Authority had long-term debt outstanding of \$27.1 million. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

	<b>2022</b>	<b>2021</b>	<b>Increase/(Decrease)</b>	
			<b>\$</b>	<b>%</b>
Revenue bonds	\$ 26,377,039	\$ 24,368,000	\$ 2,009,039	8.2%
Bond premiums	716,452	173,381	543,071	313.2%
<b>Totals</b>	<b>\$ 27,093,491</b>	<b>\$ 24,541,381</b>	<b>\$ 2,552,110</b>	<b>10.4%</b>

The Authority maintained "AA" ratings from Standard & Poor's and "A1" ratings from Moody's Investors Service for general obligation debt.

Additional information on the Authority's long-term debt can be found in Note 4 to the financial statements.

**Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator, 4243 Emmett F Lowry Expressway, Texas City, Texas 77591.



## **BASIC FINANCIAL STATEMENTS**

**GULF COAST WATER AUTHORITY**  
**STATEMENT OF NET POSITION**  
**August 31, 2022**

**Assets**

**Current Assets:**

Cash and cash equivalents	\$ 8,046,680
Investments	38,953,998
Accounts receivable	9,150,336
Interest receivable	33,180
Prepaid items	578,669
Restricted:	
Investments	3,373,343

<b>Total Current Assets</b>	<b>60,136,206</b>
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**Noncurrent Assets:**

Accounts receivable - due in more than one year	6,559,339
Capital assets not being depreciated	37,237,431
Capital assets, net of accumulated depreciation	111,771,133
Net pension asset	2,475,468

<b>Total Noncurrent Assets</b>	<b>158,043,371</b>
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<b>Total Assets</b>	<b>218,179,577</b>
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**Deferred Outflows of Resources**

Pension related	1,922,514
OPEB related	57,666

<b>Total Deferred Outflows of Resources</b>	<b>1,980,180</b>
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**Liabilities**

**Current Liabilities:**

Accounts payable	4,577,655
Accrued liabilities	301,837
Accrued wages payable	349,159
Accrued interest payable	35,905
Unearned revenue	8
Customer deposits	1,625,000
Bonds payable - due within one year	2,350,854
Compensated absences - due within one year	457,020

<b>Total Current Liabilities</b>	<b>9,697,438</b>
----------------------------------	------------------

**Noncurrent Liabilities:**

Due in more than one year:	
Bonds payable	24,742,637
Compensated absences	914,039
Net OPEB liability	224,175

<b>Total Noncurrent Liabilities</b>	<b>25,880,851</b>
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<b>Total Liabilities</b>	<b>35,578,289</b>
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**Deferred Inflows of Resources**

Pension related	4,194,192
OPEB related	9,790
Leases	581,866

<b>Total Deferred Inflows of Resources</b>	<b>4,785,848</b>
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**Net Position**

Net investment in capital assets	122,807,946
Restricted for:	
Debt service	2,347,311
Unrestricted	54,640,363

<b>Total Net Position</b>	<b>\$ 179,795,620</b>
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**GULF COAST WATER AUTHORITY****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****For the Year Ended August 31, 2022****Operating Revenues**

Charges for sales and services:	
Metered water sales	\$ 44,429,312
Bond payment revenue	3,221,767
Irrigation sales	521,241
Other income	838,114
<b>Total Operating Revenues</b>	<u>49,010,434</u>

**Operating Expenses**

Personnel services	11,384,999
Supplies and materials	19,244,887
Contractual services	6,993,035
Other charges	3,099,013
Depreciation	10,589,168
<b>Total Operating Expenses</b>	<u>51,311,102</u>

<b>Operating Income (loss)</b>	<u>(2,300,668)</u>
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**Nonoperating Revenues (Expenses)**

Investment income (loss)	283,899
Amortization of deferred gains/losses and premiums	235,972
Federal grants and contracts	9,652,657
Gain(loss) on sale of asset	(22,107)
Interest expense	(1,102,743)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>9,047,678</u>

<b>Income (loss) Before Capital Contributions</b>	6,747,010
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Capital contributions	46,860
<b>Income (loss) After Capital Contributions</b>	<u>6,793,870</u>

Change in Net Position	6,793,870
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<b>Beginning Net Position</b>	<u>173,001,750</u>
<b>Ending Net Position</b>	<u>\$ 179,795,620</u>

**GULF COAST WATER AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended August 31, 2022**

Page 1 of 2

**Cash Flows from Operating Activities**

Receipts from customers and users	\$ 52,944,904
Payments to suppliers	(27,560,074)
Payments to employees	(12,391,147)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>12,993,683</u>

**Cash Flows from Noncapital Financing Activities**

Payments received on long-term receivable	913,450
Intergovernmental payment for long-term receivable	(6,085,505)
Proceeds from sale of noncapital bonds	6,726,448
Principal paid on noncapital bonds	(2,208,000)
Interest paid on noncapital bonds	(23,763)
Payment of bond issuance costs	(220,753)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(898,123)</u>

**Cash Flows from Capital and Related**

**Financing Activities**

Acquisition and construction of capital assets	(29,184,433)
Principal paid on bonds	(4,600,000)
Principal paid on leases	(207,357)
Interest paid on bonds	(778,920)
Interest paid on leases	(80,643)
Lease payments received	31,475
Grants for capital projects	9,652,657
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(25,167,221)</u>

**Cash Flows from Investing Activities**

Maturity (purchase) of investments	16,632,461
Interest received	234,136
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>16,866,597</u>

**Net Increase (Decrease) in Cash and Cash Equivalents**

<b>Beginning Cash and Cash Equivalents</b>	<u>4,251,744</u>
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 8,046,680</u>



**GULF COAST WATER AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended August 31, 2022**

Page 2 of 2

**Reconciliation of Operating Income (Loss) to**

**Net Cash Provided (Used) by Operating Activities**

Operating income (loss)	\$ (2,300,668)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation/amortization	10,589,168
Interest on lease receivable	16,583
(Increase) decrease in:	
Accounts receivable	2,417,879
Prepaid items	(441,723)
Increase (decrease) in:	
Accounts payable	2,055,961
Accrued liabilities	191,969
Wages payable	78,810
Compensated absences payable	(49,461)
Unearned revenue	8
Customer deposits	1,500,000
Deferred inflows - leases	(29,346)
Pension/OPEB related amounts	(1,035,497)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 12,993,683</b>

**Noncash Investing, Capital, and Financing Activities**

Gain (loss) on disposal of capital assets	\$ (22,107)
Contribution of capital assets	46,860



## **GULF COAST WATER AUTHORITY**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **Note 1 - Summary of Significant Accounting Policies**

The accounting and reporting policies of Gulf Coast Water Authority (the "Authority"), a governmental agency and political subdivision of the State of Texas, conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the more significant policies consistently applied in the preparation of the accompanying financial statements:

##### **A. Reporting Entity**

The Authority is a Conservation and Reclamation District and political subdivision of the State of Texas (the "State"), created and functioning under Article XVI, Section 59, of the Texas Constitution, pursuant to Chapter 712, Acts of the 59th Legislature, Regular Session, 1965, as amended (the "Act"). The Act created the Authority to conserve, store, transport, treat and purify, distribute, well and deliver water, both surface and underground, to persons, corporations, both public and private, political subdivisions of the State and others, and to purchase, construct or lease all property, works and facilities, both within and without the Authority, necessary or useful for such purposes. It is also authorized to acquire water supplies from sources within or without its boundaries and to sell, transport and deliver water to customers situated within or without its boundaries and to acquire all properties and facilities necessary or useful for such purposes. The Act conferred no water rights on the Authority and it is not authorized to make any regulation of the withdrawal of underground water. The Authority may make, construct, or otherwise acquire improvements either within or without its boundaries necessary to carry out its powers and authority and to exercise the power of eminent domain for such purposes, except the Authority does not have the power of eminent domain as to all or any part of the water supply, property, works or facilities of any private person or persons, or of any private or public corporation or association engaged in the business of supplying water in Galveston County, Texas, to any class of consumers for any use as of the effective date of enabling legislation. However, the Authority may acquire necessary crossing easements and rights of way. The powers, rights, privileges, and functions conferred upon the Authority are subject to the continuing rights of supervision by the State, which is exercised by the Texas Department of Water Resources including approval of its projects. The Act granted the Authority none of the powers conferred by General Law for the purposes of the collection, transportation, processing, disposal and control of domestic, industrial or communal wastes, and the gathering, conducting, directing and controlling of local storm waters, or other local harmful excesses of water. Furthermore, the Authority has no power to levy taxes but is authorized to issue revenue bonds to provide funds for any and all of the purpose set forth in the Act and to collect related rates and costs.

The Authority is comprised of all of the territory contained within Galveston County, Texas, and its boundaries are the same as and coextensive with the boundaries of Galveston County, Texas. However, its operations are not necessarily limited to the confines of these boundaries.

The Authority is a separate self-supporting governmental unit and is administered by a board of ten directors. Five directors are appointed by the Commissioners Court of Galveston County, one of whom represents municipal interests, two of whom represent industrial interests, and two of whom represent the county at large. Two directors are appointed by the Fort Bend County Commissioners Court, one of whom represents municipal interests, and one of whom represents the county at large. Three directors are appointed by the Brazoria County Commissioners Court, one of whom represents agricultural interests, one of whom represents municipal interest, and one of whom represents industrial interests. A director appointed to represent municipal or industrial interests must be a customer of, or represent an entity that is a customer of, the Authority.

Appointees serve two-year terms, staggered five (5) one year and five (5) the next. Term of office coincides with the Authority's fiscal year, beginning September 1st.

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**B. Financial Statement Presentation, Measurement Focus and Basis of Accounting**

As a single purpose government engaging only in business type activities, the Authority follows enterprise fund accounting. Enterprise Funds have a net income or economic resources measurement focus and are accounted for using the accrual basis of accounting, under which revenues are recognized when they are earned including unbilled water which is accrued. Expenses are recognized at the time the liability is incurred. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the Statement of Net Position.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in checking, savings, and money market accounts.

**D. Investments**

Investments with a maturity of less than one year when purchased and local government investment pools are stated at amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

**E. Accounts Receivable**

Accounts receivable consist of balances due from customers of the various activities of the Authority. An allowance for doubtful accounts is established when necessary to provide an estimate of bad debts charged to revenues. Losses are charged against the allowance when management believes the collectability of a receivable is unlikely. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. As of August 31, 2022, no allowance for bad debts is recorded.

**F. Capital Assets**

Depreciation is provided for in amounts sufficient to relate the cost of the depreciable property to operations on a straight-line basis over their estimated useful lives in the Enterprise Funds. The Authority's policy is to capitalize assets with an initial cost exceeding \$5,000 and useful life of three years or greater. The useful lives by the type of assets are as follows:

<b>Asset Class</b>	<b>Useful Life</b>
Automobiles and Light Weight Trailers	5 Years
Heavy Equipment, SCADA System, Pumps, and Other Equipment	10 Years
Variable Frequency Drives and Water Meters	15 Years
Bridges, Pressure Reduction Stations, and Elevated Storage Tanks	20 Years
Booster Pump Stations, Check Structures, Clarifiers, and Underdrains	25 Years
Buildings, Pump Stations, Surface Tanks, Siphons, and Water Treatment Plants	30 Years
	Shorter of useful life or lease term
Right-to-use leased equipment	

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**G. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has two items that qualify for reporting in this category. It is the deferred amounts related to pension and deferred amounts related to OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The Authority has three items that qualify for reporting in this category. The Authority reports deferred amounts related to pension, deferred amounts related to OPEB, and amounts related to future receipt of lease payments.

**H. Pensions and Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net pension and total OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the Fiduciary Net Position of the Texas County and District Retirement System ("TCDRS") and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**I. Unamortized Bond Discounts and Premiums**

Included within long-term debt are unamortized bond discounts and premiums. These discounts and premiums are being amortized over the life of the related obligation on the straight-line method.

**J. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**K. Reclassifications**

Certain reclassifications to prior year balances have been made to conform to current year presentation. Such reclassifications have had no effect on the excess of revenues over expenses.

**L. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows for pension items, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

**M. Date of Management's Review**

Subsequent events have been evaluated through November 30, 2021, which is the date the financial statements were available to be issued.

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**N. Net Position**

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent bond proceeds.

Net position is reported as restricted when there are limitations imposed on its 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.

A summary of net investment in capital assets by division as of August 31, 2022 is as follows:

<b>Division</b>	<b>Capital Assets Net of Depreciation/ Amortization</b>	<b>Unspent Bond Proceeds</b>	<b>Capital Related Bonds/Leases Payable<sup>1</sup></b>	<b>Net Investment In Capital Assets</b>
League City SE Water Purification Plant	\$ 10,157,421	\$ -	\$ (6,546,452)	\$ 3,610,969
Thomas Mackey Water Treatment Plant	14,475,264	-	(944,013)	13,531,251
Canal Division	30,060,981	-	-	30,060,981
Galveston County WCID #12	936,138	-	(1,090,000)	(153,862)
1997 Galveston Projects	1,210,584	-	-	1,210,584
1998 A-B Series South Projects	2,038,458	-	-	2,038,458
Juliff Chocolate Bayou Operations	21,471,862	273	-	21,472,135
Pearland SE Water Purification Plant	12,878,716	-	-	12,878,716
Northline Group	189,676	-	-	189,676
Bayshore Group	8,665	-	-	8,665
Texas City Reservoir	14,707,183	892,600	(5,740,000)	9,859,783
Industrial Pump Station	30,247,206	-	(12,773,026)	17,474,180
Administrative Operations	10,626,410	-	-	10,626,410
	<u>\$ 149,008,564</u>	<u>\$ 892,873</u>	<u>\$ (27,093,491)</u>	<u>\$ 122,807,946</u>

<sup>1</sup> Includes premium and deferred gains/losses on refunding

A summary of net position restricted for debt service as of August 31, 2022 is as follows:

	<b>Restricted Investments for Debt Service</b>	<b>Accrued Interest Payable</b>	<b>Total</b>
League City SE Water Purification Plant	\$ 392,164	\$ (8,922)	\$ 383,242
Galveston County WCID #12	278,278	(1,720)	276,558
1998 A-B South Projects	83,051	-	83,051
Texas City Reservoir	120,950	(6,928)	114,022
Industrial Pump Station	1,508,773	(18,335)	1,490,438
<b>Total</b>	<u>\$ 2,383,216</u>	<u>\$ (35,905)</u>	<u>\$ 2,347,311</u>

A summary of investments restricted by category as of August 31, 2022 is as follows:

<b>Restricted Investments</b>	<b>Amount</b>
Unspent Bond Proceeds	\$ 892,873
Debt Service	2,383,216
Debt Service on Behalf of Customers	97,254
	<u>\$ 3,373,343</u>

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**O. Implementation of New Accounting Standards**

**GASB No. 87, Leases**, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority had agreements in place as the lessee and lessor and the effect is reflected in the financial statements.

**Note 2 - Cash and Cash Equivalents and Investments**

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

The Public Funds Investment Act requires an annual audit of investment practices. Audit procedures in this area conducted as part of the general-purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the Authority adhered to the requirements of the Act. Additionally, investment practices of the Authority were in accordance with bond provisions.

**Deposits**

As authorized in bond provisions, deposits of the Authority are in short-term certificates of deposit, demand accounts and interest-bearing money market accounts. Deposits of \$600,620 are secured as of August 31, 2022 by FDIC coverage and by pledged U.S. Government securities held by an agent of the bank in the name of the depository bank. The carrying value of the Authority's cash and cash equivalents as of August 31, 2022 was \$8.0 million, which includes investments in local government investment pools.

**Investments**

Investments for the Authority are reported at fair value. The Authority categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The Authority's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

U.S. agency securities, commercial paper, and money market mutual funds are reported at fair value using level 1 inputs which are determined using quoted market prices for identical assets. Unrealized gains and losses are included as a component of investment income.

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 2 - Cash and Cash Equivalents and Investments (continued)**

**Investments (continued)**

The Authority's investment policy reflects the requirements of the Texas Public Funds Investment Act. This statute authorizes the Authority to invest in obligations of the U.S. Treasury, certain U.S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, investment pools, qualified commercial paper, and common trust funds.

State law and the Authority's investment policy limits investments in agency securities to be rated AA or better with a stated maturity not to exceed three years. Commercial paper is A1/P1 rated with a stated maturity not to exceed 180 days. As of August 31, 2022, all investments were made in accordance with the Authority's investment policy. Investments that are not represented by specific identifiable investment securities such as mutual fund investment pools are not classified as to credit risk.

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in Authorized short-term, fully-collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer. The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

TexPool uses amortized cost rather than fair value to report net position to compute share prices. The amortized cost of the position in TexPool is the same as the value of TexPool shares. Accordingly, the Authority's investments in TexPool are stated at amortized cost, which approximates fair value.

TexPool and TexPool Prime are currently rated AAAM by Standard and Poor's which indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss. The pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

At year-end, the Authority's investment balances were as follows:

<b>Investment Type</b>	<b>Fair Value / Amortized Cost</b>	<b>Percentage of Portfolio</b>	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-3 Years</b>	<b>Weighted Average Maturity (Days)</b>
TexPool	\$ 1,044,153	2.0%	\$ 1,044,153	\$ -	\$ -	24
TexPool Prime	20,913,562	40.8%	20,913,562	-	-	15
US Agency Securities	15,052,137	29.4%	2,977,947	6,808,915	5,265,275	557
Commercial Paper	4,879,600	9.5%	-	4,879,600	-	225
Money Market Mutual Fund	9,325,936	18.2%	-	9,325,936	-	1
<b>Total</b>	<b>\$ 51,215,388</b>	<b>100%</b>	<b>\$ 24,935,662</b>	<b>\$ 21,014,451</b>	<b>\$ 5,265,275</b>	<b>192</b>



**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 3 - Capital Assets**

The following table summarizes the changes in the components of capital assets:

	Beginning Balance, as Restated	Additions	Retirements	Transfers	Ending Balance
<b>Capital assets not being depreciated:</b>					
Land	\$ 1,987,726	\$ 426	\$ -	\$ 811,642	\$ 2,799,794
Construction in progress	48,608,021	29,282,516	(53,552)	(43,399,348)	34,437,637
<b>Total capital assets not being depreciated</b>	<b>50,595,747</b>	<b>29,282,942</b>	<b>(53,552)</b>	<b>(42,587,706)</b>	<b>37,237,431</b>
<b>Capital assets being depreciated:</b>					
Office furniture, fixtures and equipment	455,297	-	-	258,507	713,804
Other machinery and equipment	6,967,157	-	(88)	328,408	7,295,477
Automobiles and trucks	2,179,395	-	-	-	2,179,395
Buildings	5,951,711	-	(8,258)	92,113	6,035,566
Infrastructure	241,262,839	1,903	(387,334)	41,908,678	282,786,086
Right-to-use assets	3,039,396	-	-	-	3,039,396
<b>Total capital assets being depreciated</b>	<b>259,855,795</b>	<b>1,903</b>	<b>(395,680)</b>	<b>42,587,706</b>	<b>302,049,724</b>
<b>Less accumulated depreciation for:</b>					
Office furniture, fixtures and equipment	(215,767)	(63,066)	-	-	(278,833)
Other machinery and equipment	(4,529,717)	(611,102)	88	-	(5,140,731)
Automobiles and trucks	(1,540,012)	(228,064)	-	-	(1,768,076)
Buildings	(3,601,934)	(308,821)	8,258	-	(3,902,497)
Infrastructure	(170,175,566)	(9,138,197)	365,227	-	(178,948,536)
Right-to-use assets	-	(239,918)	-	-	(239,918)
<b>Total accumulated depreciation</b>	<b>(180,062,996)</b>	<b>(10,589,168)</b>	<b>373,573</b>	<b>-</b>	<b>(190,278,591)</b>
<b>Total capital assets being depreciated, net</b>	<b>79,792,799</b>	<b>(10,587,265)</b>	<b>(22,107)</b>	<b>-</b>	<b>111,771,133</b>
<b>Total Capital Assets, net</b>	<b>\$ 130,388,546</b>	<b>\$ 18,695,677</b>	<b>\$ (75,659)</b>	<b>\$ -</b>	<b>\$ 149,008,564</b>

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 3 - Capital Assets (continued)**

**Construction in Progress**

Construction in progress for the various projects and remaining commitments under these construction contracts as of August 31, 2022, are as follows:

<b>Project Description</b>	<b>Authorized Contract</b>	<b>Contract Expenditures</b>	<b>Remaining Commitment</b>
<b>TM WATER TREATMENT PLANT</b>			
TMWTP Renovations	\$ 1,662,256	\$ 1,552,256	\$ 110,000
Projects Under \$500,000	962,136	2,155,372	(1,193,236)
	<u>2,624,392</u>	<u>3,707,628</u>	<u>(1,083,236)</u>
<b>CANAL DIVISION</b>			
SHANNON INTAKE (FEMA)	8,498,624	4,172,200	4,326,424
SAUER OPERATIONS CENTER	6,808,029	6,723,029	85,000
Projects Under \$500,000	2,754,463	2,376,693	377,770
	<u>18,061,116</u>	<u>13,271,922</u>	<u>4,789,194</u>
<b>1998 A-B SERIES PROJECTS</b>			
Projects Under \$500,000	712,469	612,312	100,157
	<u>712,469</u>	<u>612,312</u>	<u>100,157</u>
<b>CHOCOLATE BAYOU DIVISION</b>			
MUSTANG RESERVOIR	2,619,772	2,478,021	141,751
Saltwater Barrier Improvements			-
Projects Under \$500,000	679,336	664,054	15,282
	<u>3,299,108</u>	<u>3,142,075</u>	<u>157,033</u>
<b>NORTH TRANSMISSION SYSTEM</b>			
Projects Under \$500,000	46,777	6,203	40,574
	<u>46,777</u>	<u>6,203</u>	<u>40,574</u>
<b>TEXAS CITY RESERVOIR</b>			
Drainage Improvement	1,509,542	1,488,983	20,559
Projects Under \$500,000	388,119	304,274	83,845
	<u>1,897,661</u>	<u>1,793,257</u>	<u>104,404</u>
<b>TEXAS CITY INDUSTRIAL</b>			
Projects Under \$500,000	1,517,303	1,465,582	51,721
	<u>1,517,303</u>	<u>1,465,582</u>	<u>51,721</u>
<b>ADMINISTRATION</b>			
GCWA ADMINISTRATION BLDG	11,103,165	9,715,335	1,387,830
Projects Under \$500,000	1245261	723323	
	<u>12,348,426</u>	<u>10,438,658</u>	<u>1,387,830</u>
Total Construction in Progress	<u>\$ 40,507,252</u>	<u>\$ 34,437,637</u>	<u>\$ 5,547,677</u>

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 4 - Long-Term Debt**

**Changes in Long-Term Liabilities**

Total long-term liability activity for the year ended August 31, 2022, is as follows:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Due Within One Year	Due In More Than One Year
<b>Bonds Payable:</b>						
Revenue bonds	\$ 24,368,000	\$ 5,985,000	\$ (6,808,000)	\$ 23,545,000	\$ 2,145,000	\$ 21,400,000
Bond premiums	173,381	741,448	(198,377)	716,452	-	716,452
<b>Total bonds payable</b>	<b>24,541,381</b>	<b>6,726,448</b>	<b>(7,006,377)</b>	<b>24,261,452</b>	<b>2,145,000</b>	<b>22,116,452</b>
Compensated absences	1,420,520	(49,461)	-	1,371,059	457,020	914,039
Leases	3,039,396	-	(207,357)	2,832,039	205,854	2,626,185
<b>Long term liabilities</b>	<b>\$ 29,001,297</b>	<b>\$ 6,676,987</b>	<b>\$ (7,213,734)</b>	<b>\$ 28,464,550</b>	<b>\$ 2,807,874</b>	<b>\$ 25,656,676</b>

Revenue bond long-term activity for the year ended August 31, 2022, is as follows:

Series	Division	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
2016A	Industrial Division	\$ 3,055,000	\$ -	\$ (480,000)	\$ 2,575,000	\$ 495,000
2016B	Industrial Division	3,740,000	-	(575,000)	3,165,000	595,000
2017	Industrial Division	11,615,000	-	(730,000)	10,885,000	755,000
2018	Industrial Division	1,170,000	-	(80,000)	1,090,000	85,000
	<b>Subtotal</b>	<b>19,580,000</b>	<b>-</b>	<b>(1,865,000)</b>	<b>17,715,000</b>	<b>1,930,000</b>
2021	League City Southeast Division	-	5,985,000	(155,000)	5,830,000	215,000
2011A	1998 A-B South Projects	2,370,000	-	(2,370,000)	-	-
2011B	1998 A-B South Projects	365,000	-	(365,000)	-	-
	<b>Subtotal</b>	<b>2,735,000</b>	<b>-</b>	<b>(2,735,000)</b>	<b>-</b>	<b>-</b>
2011C	1998 C Series Texas City Projects	1,445,000	-	(1,445,000)	-	-
2012	2002 Galveston Projects	338,000	-	(338,000)	-	-
2011D	1998 D Series La Marque Projects	270,000	-	(270,000)	-	-
	<b>Total Bonds Payable</b>	<b>\$ 24,368,000</b>	<b>\$ 5,985,000</b>	<b>\$ (6,808,000)</b>	<b>\$ 23,545,000</b>	<b>\$ 2,145,000</b>

In November 2021, the Authority issued \$5,985,000 of Contract Revenue Bonds (City of League City Project – Southeast Transmission Line) Series 2021 with a premium of \$741,448. These bonds are issued to fund a portion of the cost of capacity in a larger diameter water transmission line in order to help ensure sufficient transmission capacity to supply the City's future water needs from the City of Houston's Southeast Water Purification Plant. The bonds are special revenue obligations of the Authority that are equally and ratably payable both as to principal and interest solely from and secured by a first lien on pledged revenues as set forth in a water supply contract dated November 18, 2021 between the Authority and the City of League City. The water supply contract unconditionally obligates the City of League City to pay principal, interest, banking fees, and other charges associated with the bonds.

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 4 - Long-Term Debt (continued)**

**Changes in Long Term Liabilities (continued)**

Future payments due for outstanding bonds are as follows

<b>Fiscal Year(s)</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 2,145,000	\$ 808,769	\$ 2,953,769
2024	2,215,000	738,825	2,953,825
2025	2,290,000	666,490	2,956,490
2026	2,360,000	591,556	2,951,556
2027	2,430,000	514,231	2,944,231
2028 to 2032	8,745,000	1,395,667	10,140,667
2033 to 2037	1,815,000	391,833	2,206,833
2038 to 2042	1,545,000	117,600	1,662,600
<b>Total</b>	<b>\$ 23,545,000</b>	<b>\$ 5,224,971</b>	<b>\$ 28,769,971</b>

**Lease Liabilities**

The authority has two agreements in place to lease equipment (generators). The first agreement in the Industrial Pump Station Division consists of monthly payments of \$8,000 through April 2034 with an interest rate of 0.250%, resulting in a right-to-use the asset of \$2,026,264, which is amortized over the life of the lease. The second agreement in the Thomas S. Mackey Water Treatment Plant consists of monthly payments of \$8,000 through April 2034 with an interest rate of 0.250%, resulting in a right-to-use the asset of \$1,013,132, which is amortized over the life of the lease.

Future payments due for outstanding leases are as follows:

<b>Fiscal Year(s)</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 205,854	\$ 82,146	\$ 288,000
2024	212,115	75,885	288,000
2025	218,567	69,433	288,000
2026	225,215	62,785	288,000
2027	232,065	55,935	288,000
2028 to 2032	1,270,595	169,405	1,440,000
2033 to 2037	467,628	12,372	480,000
<b>Total</b>	<b>\$ 2,832,039</b>	<b>\$ 527,961</b>	<b>\$ 3,360,000</b>

**Note 5 - Compensated Absences**

All full-time employees begin accruing paid sick leave eight (8) hours per month from the date of employment. Employees cannot use sick leave until completing ninety (90) days of service. Full-time employees who have completed five (5) years of service and are separated for non-disciplinary reasons shall be paid for one half of their accrued sick leave up to a maximum of 360 hours. Employees who have completed ten (10) years of service and separate due to death or retirement shall be paid the balance of accumulated sick leave up to a maximum of nine hundred and sixty (960) hours.

Full-time employees will accrue vacation hours each pay period beginning on their hire date. Employees will be able to take vacation upon completion of ninety (90) days of service. The maximum accrued balance an employee may carry is two times their annual accrual limit. The annual accrual limit for each employee is dependent on their years of service and ranges from 80 hours accrued per year for employees with less than 5 years of service to a maximum of 240 hours accrued per year for employees with more than 30 years of service. At August 31, 2022, accrued compensated absences were \$1,371,059 with \$457,020 due within one year.

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 - Defined Benefit Pension Plan**

**Plan Description**

The Authority provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit plan in the state-wide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system, consisting of 677 nontraditional defined benefit pension plans. TCDRS issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available, upon written request, from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas, 78768-2034 or online at [www.tcdrs.org](http://www.tcdrs.org).

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS ("TCDRS Act"). Members can retire at age 60 and above with 5 or more years of service, with 30 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 5 years of service but must leave their accumulated contributions to the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits, with interest. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitments to contribute. At retirement, disability or death, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates, as prescribed by the TCDRS Act.

At the December 31, 2021 measurement date, the following employees were covered by the benefit terms:

Number of inactive employees entitled to but not yet receiving benefits	53
Number of active employees	100
Number of inactive employees receiving benefits	43

**Funding Policy/Contributions**

The employer has chosen a variable rate plan under the provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer for the fiscal year was 9.12% for September 2021 through December 2021 and 10.10% for January 2022 through August 2022. The contribution rate for employees was 7%, as adopted by the governing body of the employer. The contribution rate of the employer is not actuarially determined and is one of the rates that can be adopted in accordance with the TCDRS Act. However, the plan of benefits adopted by the employer at the time of plan inception or when benefit increases were adopted was limited by the TCDRS Act to what the actuary determined could be adequately financed by the commitment of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer with options available in the TCDRS ACT.

If a plan has had adverse experience, the TCDRS Act has provisions which allow the employer to contribute a fixed supplemental contribution rate determined by the system's actuary above the regular rate for 25 years or to reduce benefits earned in the future.

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 - Defined Benefit Pension Plan (continued)**

**Net Pension Liability (Asset)**

The Authority's Net Pension Liability (Asset) ("NPL" or "NPA") was measured as of December 31, 2021, and the Total Pension Liability ("TPL") used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of December 31, 2020.

**Actuarial Assumptions**

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

	Real rate of return	5.00%
	Inflation	2.50%
	Long-term investment return	7.50%
	Growth in membership	0.00%
	Payroll growth	2.00%
Valuation date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.	
Actuarial cost method	Entry Age (level percent of pay) <sup>(1)</sup>	
Amortization method	Straight-Line amortization over Expected Working Life	
Remaining amortization period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)	
Asset valuation method	5-year smoothed market	
Inflation rate	2.50%	
Salary increases	Varies by age and service; 4.7% average over career including inflation.	
Investment rate of return	7.5%, net of administrative and investment expenses, including inflation	
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.	
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.	
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions <sup>1</sup>	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.	
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions <sup>1</sup>	2015: Employer contributions reflect that a 2% flat COLA was adopted. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: Employer contributions reflect that a 100% CPI COLA was adopted 2020: No changes in plan provisions were reflected in the schedule. 2021: Employer contributions reflect that a 100% CPI COLA was adopted	

<sup>1</sup> Only changes that affect the benefit amount and that are effective 2015 and later are shown above.

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 - Defined Benefit Pension Plan (continued)**

**Actuarial Assumptions (continued)**

Actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study over the years 2017-2020, except where required to be different by GASB 68. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS. The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Geometric Real Rate of Return (Expected Minus Inflation)</b>
US Equities	11.50%	3.80%
Global Equities	2.50%	4.10%
Int'l Equities - Developed Markets	5.00%	3.80%
Int'l Equities - Emerging Markets	6.00%	4.30%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	1.77%
Direct Lending	16.00%	6.25%
Distressed Debt	4.00%	4.50%
REIT Equities	2.00%	3.10%
Master Limited Partnerships	2.00%	3.85%
Private Real Estate Partnerships	6.00%	5.10%
Private Equity	25.00%	6.80%
Hedge Funds	6.00%	1.55%
Cash Equivalents	2.00%	-1.05%
<b>Total Assets</b>	<b>100.00%</b>	<b>4.52%</b>

**Changes in Actuarial Assumptions and Methods**

There were two assumptions that changed for the December 31, 2020 actuarial valuation: the investment return assumption and the price inflation assumption. The change in the price inflation assumption also impacted the salary increases assumption and the payroll growth assumption. They were adopted by the TCDRS Board of Trustees in March 2021 and first used in the December 31, 2020 actuarial valuation.

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 - Defined Benefit Pension Plan (continued)**

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	<b>Total Pension Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability/(Asset) (a) - (b)</b>
<b>Balances as of December 31, 2019</b>	\$ 31,252,897	\$ 29,389,082	\$ 1,863,814
Changes for the Year			
Service cost	985,642	-	985,642
Interest on total pension liability	2,395,424	-	2,395,424
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	102,073	-	102,073
Effect of assumptions changes or inputs	(141,895)	-	(141,895)
Refund of contributions	(15,608)	(15,608)	-
Benefit payments	(1,450,851)	(1,450,851)	-
Administrative expenses	-	(19,262)	19,262
Member contributions	-	549,401	(549,401)
Net investment income	-	6,432,203	(6,432,203)
Employer contributions	-	715,791	(715,791)
Other	-	2,393	(2,393)
<b>Balances as of December 31, 2020</b>	<u>\$ 33,127,682</u>	<u>\$ 35,603,149</u>	<u>\$ (2,475,468)</u>

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of the Authority, calculated using the discount rate of 7.60%, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease in Discount Rate 6.60%</b>	<b>Discount Rate 7.60%</b>	<b>1% Increase in Discount Rate 8.60%</b>
Total pension liability	\$ 37,180,389	\$ 33,127,682	\$ 29,686,474
Fiduciary net position	35,603,149	35,603,149	35,603,149
	<u>\$ 1,577,240</u>	<u>\$ (2,475,467)</u>	<u>\$ (5,916,675)</u>



**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 6 - Defined Benefit Pension Plan (continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended August 31, 2022, the Authority recognized pension income of \$227,896.

As of August 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experiences	\$ 287,610	\$ 40,371
Changes in assumptions	1,074,883	113,873
Net difference between projected and actual earnings	-	4,039,948
Contributions made subsequent to the measurement date	560,021	-
	<u>\$ 1,922,514</u>	<u>\$ 4,194,192</u>

The \$560,021 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in the year ending August 31, 2023.

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions subsequent to the measurement date, will be recognized in pension expense as follows:

<b>Year Ended August 31,</b>	<b>Amount</b>
2023	\$ (572,274)
2024	(1,060,003)
2025	(667,522)
2026	(531,900)
	<u>\$ (2,831,699)</u>

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 7 - Post Employment Benefits other than Pensions (OPEB)**

**Plan Description**

The Authority participates in the retiree Group Term Life (GTL) program for the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system described more fully in Note 6. The benefit terms of this program are established under the TCERS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year. The Authority's contribution rate for the retiree GTL program is calculated annually on an actuarial basis and is equal to the cost of providing a one-year death benefit equal to \$5,000. The benefits provided by this program are as follows:

- All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCERS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan.
- The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program.
- The OPEB benefit is a fixed \$5,000 lump-sum benefit.
- No future increases are assumed in the \$5,000 benefit amount.
- Benefit terms are established under the TCERS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year.

**Membership Information**

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Number of inactive employees entitled to but not yet receiving benefits	20
Number of active employees	100
Number of inactive employees receiving benefits	35

"Receiving benefits" indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the \$5,000 lump sum upon the retiree's death.

**Contributions**

Under the GTL program, the employer's benefit payments for the year are treated as being equal to its annual retiree GTL contributions. Employers in the GTL Program make a combined contribution for both the active and retiree coverage; however, only the retiree coverage is considered an OPEB plan and therefore only the contributions associated with retiree covered are included under GASB 75.

The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown on the exhibit on the next page. The contributions for active coverage are not considered an OPEB benefit under GASB 75 and are treated as a current benefit. Contributions made by the employer for retiree GTL benefits have been made at 0.12% for the 2019 and 2020 plan (calendar) years.

Contributions made to the retiree GTL program are held in the GTL fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 7 - Post Employment Benefits other than Pensions (OPEB) (continued)**

**Actuarial Assumptions**

The Authority's Total OPEB Liability ("TOL") was measured as of December 31, 2021 and was determined by an actuarial valuation as of December 31, 2020 using the following actuarial assumptions:

Valuation timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry Age Normal
Amortization method	Straight line amortization over expected working life
Investment rate of return	2.06%; 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2021.
Disability	Custom table based on TCDRS experience
Mortality - depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Mortality - service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Mortality - disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Retirement	Custom table based on TCDRS experience
Other Termination of Employment	Custom table based on TCDRS experience

**Discount Rate**

The TCDRS GTL program is treated as unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.06% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2020.

**Changes in Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balances as of December 31, 2020</b>	\$ 213,083
Changes for the year:	
Service cost	8,579
Interest on total OPEB liability	4,633
Effect of economic/demographic experience	2,034
Effect of assumptions changes or inputs	2,125
Benefit payments	(6,279)
<b>Balances as of December 31, 2021</b>	<b>\$ 224,175</b>

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 7 - Post Employment Benefits other than Pensions (OPEB) (continued)**

**Sensitivity Analysis**

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 2.06%, as well as what total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease 1.06%	Current Discount Rate 2.06%	1% Increase 3.06%
Total OPEB liability	\$ 272,561	\$ 224,175	\$ 187,047

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

For the year ended August 31, 2022, the Authority recognized OPEB expense of \$22,684.

As of August 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 13,536	\$ 3,247
Changes in assumptions	40,248	6,543
Contributions made subsequent to the measurement date	3,882	-
	<u>\$ 57,666</u>	<u>\$ 9,790</u>

The \$3,882 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending August 31, 2023.

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEBs, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year Ended August 31,	Amount
2022	\$ 9,472
2023	9,470
2024	8,964
2025	9,994
2026	5,505
2027	589
	<u>\$ 43,994</u>

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 8 - Long-Term Contracts**

**Customer Contracts**

The Authority has contracted with its customers to sell and deliver water on demand, and the customers have agreed to buy from the GCWA or to pay for whether taken or not, minimum quantities of water as set forth in the contracts.

**Cost Sharing Water Project with City of Houston**

The Authority entered into a long-term cost sharing water project contract with the City of Houston, Texas to jointly finance and operate the Southeast Water Purification Plant (SEWPP) to supply existing and future treated water needs of the City of League City and the City of Pearland, Texas. Terms of the contract provide that the GCWA shall directly reimburse the City of Houston on a periodic basis for the expenses incurred in producing and pumping the water actually delivered to GCWA.

**Brooks Lake Diversion Weir Agreement with City of Sugar Land**

The Authority entered into a long-term agreement to establish a mechanism to fund the design, construction, operation, and maintenance costs of the Brooks Lake Diversion Weir. The City of Sugar Land will finance the project and the Authority will reimburse the City of Sugar Land for fifty percent of the cost of the project over no more than ten years in the manner stated in the agreement. Following the completion and acceptance by the City of Sugar Land of the project, the parties will true up and reconcile the project costs to actual costs to reflect full reimbursement to the City of Sugar Land by the Authority for fifty percent of the project costs.

**Chocolate Bayou Pump Station with INEOS Olefins & Polymers USA**

The Authority entered into a long-term agreement with INEOS Olefins & Polymers USA ("INEOS") to design, construct, and acquire a new Chocolate Bayou Pump Station and ancillary improvements. The estimated total cost of the project is \$8.70 million, of which INEOS agreed to make capital contributions totaling \$4.79 million. At the end of fiscal year 2021, the project was substantially complete and expected to be online by the Spring of fiscal year 2022.

**Note 9 - Employee 401(K) Plan Trust**

The Authority adopted the Gulf Coast Water Authority Employee 401(K) Plan (the "Plan") for the benefit of its employees. The Plan is exempt from tax under section 501(a) of the Internal Revenue Code of 1986, by reason of qualifying under section 401 (a) of the Code. The Plan is self-directed, as each participant directs the trustees as to the investment of the assets for each participant's account. Employer contributions are 4% of gross income for employees hired prior to January 1, 1999, the effective date of the Plan. For employees employed after the effective date of the Plan, the Authority will match on a dollar-for-dollar basis up to a maximum of 4% of employee's gross income from the Authority to the Plan; any employee would be vested in 100% of the Authority's contributions to the Plan who has been employed with the Authority for three (3) years of continuous service, including service prior to the effective date of the Plan. Employees may contribute to the Plan up to the maximum amount permitted under the Internal Revenue Code. Total employer contributions for the year ended August 31, 2022, were \$174,649.

**GULF COAST WATER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Note 10 - Insurance**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries; and natural disasters. Significant losses are covered by insurance as described below. There were no reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years. Risk of loss retained by the Authority is the annual premium plus the related deductibles. No uninsured losses for the year exceeded these amounts.

At August 31, 2022, the Authority had a property and machinery breakdown coverage of \$69,718,440; flood and earth movement coverage of \$5,000,000; general liability coverage with a per occurrence limit of \$1,000,000 and a general aggregate limit of \$3,000,000; umbrella liability of \$1,000,000; director's liability of \$1,000,000; automobile liability of \$1,000,000; and workers compensation with statutory coverage.

All coverages with the exception of automobile and workers compensation are insured with admitted A.M. Best rated A insurance companies. The automobile and workers compensation are placed with Texas Municipal League Intergovernmental Risk Pool. The Authority participates in the Texas Municipal League Intergovernmental Risk Pool. Risk of loss retained by the Authority is the annual premium plus the related deductibles. No uninsured losses for the year exceeded these amounts.

**Note 11 - Financing Agreement (Long-Term Receivable)**

The Authority has entered into multiple agreements to issue revenue bonds in order to finance capital projects on-behalf of municipal customers. The principal and interest for these bonds are paid solely from payments received from the participating customers. The Authority is the legal owner of the assets until the bonds are paid in full. However, the customers have exclusive rights to the water transportation capacity of those assets and the customers become the owner of the assets once the associated bonds are deemed to be paid in full. The customers are responsible for operation and maintenance of the assets at the sole cost and expense to the customer. Therefore, the customers report the associated capital assets in their individual financial statements. As such, the Authority reports a long-term receivable which represents the remaining balance to be paid by the customer over the life of the bonds, less the amount of the current receivable billed and outstanding as of August 31, 2022. The agreements in the following divisions concluded during fiscal year 2022: 1998 C Series Texas City Projects, 1998 D La Marque Projects, and 2002 Galveston Projects. The Authority entered into a new agreement in the League City SE Water Purification Plant Division during fiscal year 2022. Since the customers will fund the remaining portion of the outstanding liability and related costs, there is no net position reported for these divisions.

**Note 12 - Leases**

The Authority has two agreements in place in which payments are received by the Authority in exchange for the right-to-use Authority assets. The first agreement consists of monthly payments of \$1,000 with an interest rate of 3% through July 2044, resulting in a lease receivable of \$430,791 as of August 31, 2022. The second agreement consists of monthly payments of \$1,000 with an interest rate of 3% through July 2038, resulting in a lease receivable of \$165,529 as of August 31, 2022. A deferred inflow of resources for future revenue recognition is reported as of August 31, 2022 for each receivable in the amount of \$419,203 and \$162,662, respectively.

**Note 13 - Subsequent Events**

In September 2022, the Authority issued \$5,210,000 of Contract Revenue Bonds (City of League City Project – Southeast Transmission Line) Series 2022 with a premium of \$269,511. These bonds are issued to fund a portion of the cost of capacity in a larger diameter water transmission line in order to help ensure sufficient transmission capacity to supply the City's future water needs from the City of Houston's Southeast Water Purification Plant. The bonds are special revenue obligations of the Authority that are equally and ratably payable both as to principal and interest solely from and secured by a first lien on pledged revenues as set forth in a water supply contract dated November 18, 2021 between the Authority and the City of League City. The water supply contract unconditionally obligates the City of League City to pay principal, interest, banking fees, and other charges associated with the bonds.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**GULF COAST WATER AUTHORITY**

Page 1 of 2

**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**
**SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS**

For the Last Eight Measurement Years Ended December 31

	2021	2020	2019	2018
<b>Total Pension Liability</b>				
Service cost	\$ 985,642	\$ 715,152	\$ 605,629	\$ 570,662
Interest on total pension liability	2,395,424	2,215,895	2,107,188	1,906,466
Effect of plan changes	-	515,387	-	1,162,542
Effect of economic/demographic gains or losses	102,073	292,206	(80,745)	14,528
Effect of assumptions changes or inputs	(141,895)	1,612,325	-	-
Difference between expected and actual performance	-	-	-	-
Refund of contributions	(15,608)	(47,704)	(61,401)	(41,552)
Benefit payments/refunds of contributions	(1,450,851)	(1,403,340)	(1,288,586)	(1,035,984)
Net change in total pension liability	1,874,785	3,899,921	1,282,085	2,576,662
Total pension liability, beginning	31,252,897	27,352,975	26,070,890	23,494,228
Total pension liability, ending (a)	<u>\$ 33,127,682</u>	<u>\$ 31,252,896</u>	<u>\$ 27,352,975</u>	<u>\$ 26,070,890</u>
<b>Fiduciary Net Position</b>				
Employer contributions	\$ 715,791	\$ 668,565	\$ 509,285	\$ 435,105
Member contributions	549,401	522,316	409,769	351,296
Investment income net of investment expenses	6,432,203	2,778,172	3,859,668	(455,435)
Benefit payments	(1,450,851)	(1,403,340)	(1,288,586)	(1,035,984)
Refunds of contributions	(15,608)	(47,704)	(61,401)	(41,552)
Administrative expenses	(19,262)	(21,504)	(20,497)	(18,876)
Other	2,393	(5,033)	(11,007)	(6,234)
Net change in fiduciary net position	6,214,067	2,491,472	3,397,231	(771,680)
Fiduciary net position, beginning	29,389,082	26,897,610	23,500,379	24,272,059
Fiduciary net position, ending (b)	<u>\$ 35,603,149</u>	<u>\$ 29,389,082</u>	<u>\$ 26,897,610</u>	<u>\$ 23,500,379</u>
Net pension liability / (asset), ending = (a) - (b)	\$ (2,475,467)	\$ 1,863,814	\$ 455,365	\$ 2,570,511
Fiduciary net position as a % of total pension liability	107.47%	94.04%	98.34%	90.14%
Covered payroll	\$ 7,848,586	\$ 7,461,659	\$ 5,853,586	\$ 5,018,511
Net pension liability / (asset) as a % of covered payroll	-31.54%	24.98%	7.78%	51.22%

Note: GASB 68 requires ten years of data to be provided in this schedule. However, because this standard was implemented in fiscal year 2015, data for previous years is unavailable.



**GULF COAST WATER AUTHORITY**

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**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**
**SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS**

For the Last Eight Measurement Years Ended December 31

	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 525,024	\$ 521,896	\$ 446,105	\$ 424,292
Interest on total pension liability	1,793,234	1,705,631	1,600,213	1,451,551
Effect of plan changes	-	-	(50,096)	-
Effect of economic/demographic gains or losses	37,814	(541,362)	(76,245)	-
Effect of assumptions changes or inputs	(2,147)	-	145,422	-
Difference between expected and actual performance	-	-	-	508,957
Refund of contributions	(29,821)	(39,657)	(52,491)	-
Benefit payments/refunds of contributions	(898,838)	(781,376)	(637,742)	(526,744)
Net change in total pension liability	1,425,266	865,132	1,375,166	1,858,056
Total pension liability, beginning	22,068,962	21,203,830	19,828,664	17,970,608
Total pension liability, ending (a)	<u>\$ 23,494,228</u>	<u>\$ 22,068,962</u>	<u>\$ 21,203,830</u>	<u>\$ 19,828,664</u>
<b>Fiduciary Net Position</b>				
Employer contributions	\$ 406,156	\$ 374,433	\$ 332,112	\$ 550,788
Member contributions	327,923	302,310	268,141	242,851
Investment income net of investment expenses	3,116,068	1,511,562	(222,362)	1,283,888
Benefit payments	(898,838)	(781,376)	(637,742)	(526,744)
Refunds of contributions	(29,821)	(39,657)	(52,491)	-
Administrative expenses	(16,142)	(16,435)	(14,817)	(15,246)
Other	(2,760)	(403,097)	23,896	365,134
Net change in fiduciary net position	2,902,586	947,740	(303,263)	1,900,671
Fiduciary net position, beginning	21,369,473	20,421,733	20,724,996	18,824,325
Fiduciary net position, ending (b)	<u>\$ 24,272,059</u>	<u>\$ 21,369,473</u>	<u>\$ 20,421,733</u>	<u>\$ 20,724,996</u>
Net pension liability / (asset), ending = (a) - (b)	\$ (777,831)	\$ 699,489	\$ 782,097	\$ (896,332)
Fiduciary net position as a % of total pension liability	103.31%	96.83%	96.31%	104.52%
Covered payroll	\$ 4,684,610	\$ 4,318,716	\$ 3,830,584	\$ 3,469,295
Net pension liability / (asset) as a % of covered payroll	-16.60%	16.20%	20.42%	-25.84%

Note: GASB 68 requires ten years of data to be provided in this schedule. However, because this standard was implemented in fiscal year 2015, data for previous years is unavailable.

**GULF COAST WATER AUTHORITY**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
*Last Eight Fiscal Years*

<b>Year Ending August 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2015	\$ 332,112	\$ 332,112	\$ -	\$ 3,830,588	8.67%
2016	363,871	363,871	-	4,198,263	8.67%
2017	381,828	381,828	-	4,404,014	8.67%
2018	448,326	448,326	-	5,171,004	8.67%
2019	477,326	477,326	-	5,492,147	8.69%
2020	600,623	600,623	-	6,761,061	8.88%
2021	691,128	691,128	-	7,625,319	9.06%
2022	715,791	715,791	-	7,848,586	9.12%

Note: GASB 68 requires ten years of data to be provided in this schedule. However, because this standard was implemented in fiscal year 2015, data for previous years is unavailable.

**GULF COAST WATER AUTHORITY**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITIES AND RELATED RATIOS**  
**For the Last Five Measurement Years Ended December 31**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>					
Service cost	\$ 8,579	\$ 8,329	\$ 4,888	\$ 5,435	\$ 4,818
Interest on total OPEB liability	4,633	4,886	5,773	4,976	5,162
Effect of economic/demographic experience	2,034	11,669	(4,146)	8,066	(3,071)
Effect of assumptions changes or inputs	2,125	22,707	35,556	(15,263)	6,619
Benefit payments/refunds of contributions	(6,279)	(8,954)	(7,025)	(6,022)	(6,090)
Net change in total OPEB liability	11,092	38,637	35,046	(2,808)	7,438
<b>Total OPEB liability, beginning</b>	<b>213,083</b>	<b>174,446</b>	<b>139,400</b>	<b>142,208</b>	<b>134,770</b>
<b>Total OPEB liability, ending</b>	<b>\$ 224,175</b>	<b>\$ 213,083</b>	<b>\$ 174,446</b>	<b>\$ 139,400</b>	<b>\$ 142,208</b>
Covered-employee payroll	\$ 7,848,586	\$ 7,461,659	\$ 5,853,586	\$ 5,018,511	\$ 4,684,610
Total OPEB liability as a % of covered-employee payroll	2.86%	2.86%	2.98%	2.78%	3.04%

**Notes:**

GASB 75 requires ten years of data to be provided in this schedule. However, because this standard was implemented in fiscal year 2018, data for previous years is unavailable.

No assets are accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

**GULF COAST WATER AUTHORITY**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS**  
**Last Seven Fiscal Years**

<b>Year Ending August 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2016	\$ 5,261	\$ 5,261	\$ -	\$ 4,198,263	0.13%
2017	4,981	4,981	-	4,404,014	0.11%
2018	6,324	6,324	-	5,171,004	0.12%
2019	6,590	6,590	-	5,492,147	0.12%
2020	8,114	8,114	-	6,761,061	0.12%
2021	7,176	7,176	-	7,625,319	0.09%
2022	6,211	6,211	-	7,848,586	0.08%

**Notes:**

GASB 75 requires ten years of data to be provided in this schedule. However, because this standard was implemented in fiscal year 2018, data for previous years is unavailable.

No assets are accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

## **SUPPLEMENTARY INFORMATION**



**GULF COAST WATER AUTHORITY**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**For the Year Ended August 31, 2022**

	Budgeted Amounts		Actual <sup>1</sup>	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Operating Revenues:</b>				
Metered water sales	\$ 72,177,940	\$ 72,177,940	\$ 70,411,530	\$ (1,766,410)
Bond payment revenue	3,894,622	3,894,622	3,221,767	(672,855)
Irrigation sales	3,151,562	3,151,562	521,241	(2,630,321)
Other income	765,500	765,500	838,114	72,614
<b>Total Operating Revenues</b>	<b>79,989,624</b>	<b>79,989,624</b>	<b>74,992,652</b>	<b>(4,996,972)</b>
<b>Operating Expenses:</b>				
Personnel services	12,478,600	12,478,600	11,384,999	1,093,601
Supplies and materials	44,696,900	44,696,900	45,227,105	(530,205)
Contract services	6,950,390	7,291,762	6,993,035	298,727
Other charges	1,102,081	1,709,983	3,099,013	(1,389,030)
Capital	10,643,543	73,056,189	29,184,433	43,871,756
<b>Total Operating Expenses</b>	<b>75,871,514</b>	<b>139,233,434</b>	<b>95,888,585</b>	<b>43,344,849</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment income (loss)	-	-	283,899	283,899
Federal grants and contracts	-	-	9,652,657	9,652,657
Gain(loss) on sale of asset	-	-	(22,107)	(22,107)
Interest expense	(918,637)	(918,637)	(1,102,743)	(184,106)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(918,637)</b>	<b>(918,637)</b>	<b>8,811,706</b>	<b>9,730,343</b>
<b>Income (loss) before capital grants and contributions</b>	<b>3,199,473</b>	<b>(60,162,447)</b>	<b>(12,084,227)</b>	<b>(38,611,478)</b>
<b>Capital contributions</b>	<b>-</b>	<b>-</b>	<b>46,860</b>	<b>46,860</b>
<b>Change in Net Position</b>	<b>3,199,473</b>	<b>(60,162,447)</b>	<b>(12,037,367)</b>	<b>48,125,080</b>
<b>Beginning Net Position</b>	<b>173,001,750</b>	<b>173,001,750</b>	<b>173,001,750</b>	<b>-</b>
<b>Ending Net Position</b>	<b>\$ 176,201,223</b>	<b>\$ 112,839,303</b>	<b>\$ 160,964,383</b>	<b>\$ 48,125,080</b>
Reconciliation to GAAP based Financial Statements				
Net Position budgetary basis			\$ 160,964,383	
Add: Capital outlay			29,184,433	
Add: Amortization of bond premiums			235,972	
Less: Depreciation			(10,589,168)	
Net Position GAAP Basis			<u>\$ 179,795,620</u>	

<sup>1</sup> Metered water sales revenue and supplies and materials expenses does not include reduction for eliminations.

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - NET POSITION**  
**August 31, 2022**

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	League City SE Water Purification Plant	Thomas S. Mackey Water Treatment Plant	Canal Division	Galveston County WCID #12
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 73,984	\$ 207,486	\$ 1,939,369	\$ 96,899
Investments	251,053	8,448,104	9,291,209	44,027
Accounts receivable	971,773	1,050,168	4,351,258	-
Interest receivable	2,274	8,076	642	-
Prepaid items	-	-	411,476	-
Restricted:				
Investments	392,164	-	-	278,278
<b>Total current assets</b>	<b>1,691,248</b>	<b>9,713,834</b>	<b>15,993,954</b>	<b>419,204</b>
<b>Noncurrent assets:</b>				
Accounts receivable - due in more than one year	5,963,019	165,529	430,791	-
Capital assets not being depreciated	-	4,355,387	14,312,515	-
Capital assets, net of accumulated depreciation	10,157,421	10,119,877	15,748,466	936,138
Net pension asset	-	1,039,697	965,432	-
<b>Total noncurrent assets</b>	<b>16,120,440</b>	<b>15,680,490</b>	<b>31,457,204</b>	<b>936,138</b>
<b>Total Assets</b>	<b>17,811,688</b>	<b>25,394,324</b>	<b>47,451,158</b>	<b>1,355,342</b>
<b>Deferred Outflows of Resources</b>				
Pension related	-	807,456	749,780	-
OPEB related	-	24,220	22,489	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>831,676</b>	<b>772,269</b>	<b>-</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	692,242	723,657	841,993	3,774
Accrued liabilities	-	37,583	33,538	-
Accrued wages payable	-	91,137	80,225	-
Accrued interest payable	8,922	-	-	1,720
Unearned revenue	-	8	-	-
Customer deposits	-	1,500,000	-	-
Bonds and leases payable - due within one year	215,000	68,618	-	85,000
Compensated absences - due within one year	-	93,675	127,340	-
<b>Total current liabilities</b>	<b>916,164</b>	<b>2,514,678</b>	<b>1,083,096</b>	<b>90,494</b>
<b>Noncurrent liabilities:</b>				
Due in more than one year:				
Bonds and leases payable	6,331,452	875,395	-	1,005,000
Compensated absences	-	187,350	254,679	-
Net OPEB liability	-	94,154	87,428	-
<b>Total noncurrent liabilities</b>	<b>6,331,452</b>	<b>1,156,899</b>	<b>342,107</b>	<b>1,005,000</b>
<b>Total Liabilities</b>	<b>7,247,616</b>	<b>3,671,577</b>	<b>1,425,203</b>	<b>1,095,494</b>
<b>Deferred Inflows of Resources</b>				
Pension related	-	1,761,561	1,635,735	-
OPEB related	-	4,112	3,818	-
Leases	-	162,662	419,204	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>1,928,335</b>	<b>2,058,757</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	3,610,969	13,531,251	30,060,981	(153,862)
Restricted for:				
Debt service	383,242	-	-	276,558
Unrestricted	6,569,861	7,094,837	14,678,486	137,152
<b>Total Net Position</b>	<b>\$ 10,564,072</b>	<b>\$ 20,626,088</b>	<b>\$ 44,739,467</b>	<b>\$ 259,848</b>



**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - NET POSITION**  
**August 31, 2022**

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	1997 Galveston Projects	South Transmission System	1998 C Series Texas City Projects	1998 D La Marque Projects
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 653,403	\$ 108,311	\$ 83,712	\$ 6,065
Investments	1,584,516	445,276	7	42,576
Accounts receivable	61,858	68,936	-	1,083
Interest receivable	-	-	-	-
Prepaid items	-	-	-	-
Restricted:				
Investments	-	83,051	94,102	-
<b>Total current assets</b>	<b>2,299,777</b>	<b>705,574</b>	<b>177,821</b>	<b>49,724</b>
<b>Noncurrent assets:</b>				
Accounts receivable - due in more than one year	-	-	-	-
Capital assets not being depreciated	-	681,265	-	-
Capital assets, net of accumulated depreciation	1,210,584	1,357,193	-	-
Net pension asset	-	-	-	-
<b>Total noncurrent assets</b>	<b>1,210,584</b>	<b>2,038,458</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>3,510,361</b>	<b>2,744,032</b>	<b>177,821</b>	<b>49,724</b>
<b>Deferred Outflows of Resources</b>				
Pension related	-	-	-	-
OPEB related	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	-	8,826	-	-
Accrued liabilities	-	-	177,821	49,724
Accrued wages payable	-	-	-	-
Accrued interest payable	-	-	-	-
Unearned revenue	-	-	-	-
Customer deposits	-	-	-	-
Bonds and leases payable - due within one year	-	-	-	-
Compensated absences - due within one year	-	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>8,826</b>	<b>177,821</b>	<b>49,724</b>
<b>Noncurrent liabilities:</b>				
Due in more than one year:				
Bonds and leases payable	-	-	-	-
Compensated absences	-	-	-	-
Net OPEB liability	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>-</b>	<b>8,826</b>	<b>177,821</b>	<b>49,724</b>
<b>Deferred Inflows of Resources</b>				
Pension related	-	-	-	-
OPEB related	-	-	-	-
Leases	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	1,210,584	2,038,458	-	-
Restricted for:				
Debt service	-	83,051	-	-
Unrestricted	2,299,777	613,697	-	-
<b>Total Net Position</b>	<b>\$ 3,510,361</b>	<b>\$ 2,735,206</b>	<b>\$ -</b>	<b>\$ -</b>

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - NET POSITION**  
**August 31, 2022**

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	2002 Galveston Projects	Juliff-Chocolate Bayou Operations	Pearland Southeast Water Purification Plant	Northline Group
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ -	\$ 960,896	\$ 50,309	\$ 8,902
Investments	19	4,745,392	35,029	291,741
Accounts receivable	-	1,449,369	425,053	1,626
Interest receivable	-	6,841	-	-
Prepaid items	-	167,193	-	-
Restricted:				
Investments	3,152	273	-	-
<b>Total current assets</b>	<b>3,171</b>	<b>7,329,964</b>	<b>510,391</b>	<b>302,269</b>
<b>Noncurrent assets:</b>				
Accounts receivable - due in more than one year	-	-	-	-
Capital assets not being depreciated	-	3,312,236	-	6,203
Capital assets, net of accumulated depreciation	-	18,159,626	12,878,716	183,473
Net pension asset	-	470,339	-	-
<b>Total noncurrent assets</b>	<b>-</b>	<b>21,942,201</b>	<b>12,878,716</b>	<b>189,676</b>
<b>Total Assets</b>	<b>3,171</b>	<b>29,272,165</b>	<b>13,389,107</b>	<b>491,945</b>
<b>Deferred Outflows of Resources</b>				
Pension related	-	365,278	-	-
OPEB related	-	10,957	-	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>376,235</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	-	422,075	497,438	-
Accrued liabilities	3,171	-	-	-
Accrued wages payable	-	40,426	-	-
Accrued interest payable	-	-	-	-
Unearned revenue	-	-	-	-
Customer deposits	-	-	-	-
Bonds and leases payable - due within one year	-	-	-	-
Compensated absences - due within one year	-	92,440	-	-
<b>Total current liabilities</b>	<b>3,171</b>	<b>554,941</b>	<b>497,438</b>	<b>-</b>
<b>Noncurrent liabilities:</b>				
Due in more than one year:				
Bonds and leases payable	-	-	-	-
Compensated absences	-	184,879	-	-
Net OPEB liability	-	42,593	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>227,472</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>3,171</b>	<b>782,413</b>	<b>497,438</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Pension related	-	796,896	-	-
OPEB related	-	1,860	-	-
Leases	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>798,756</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	-	21,472,135	12,878,716	189,676
Restricted for:				
Debt service	-	-	-	-
Unrestricted	-	6,595,096	12,953	302,269
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ 28,067,231</b>	<b>\$ 12,891,669</b>	<b>\$ 491,945</b>

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - NET POSITION**  
**August 31, 2022**

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	Bayshore Group	Texas City Reservoir	Industrial Pump Station	Capital Improvement
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 14,650	\$ 621,570	\$ 2,340,747	\$ 386,587
Investments	111,513	6,441,438	5,420,679	738,733
Accounts receivable	289	-	768,923	-
Interest receivable	-	45	15,302	-
Prepaid items	-	-	-	-
Restricted:				
Investments	-	1,013,550	1,508,773	-
<b>Total current assets</b>	<b>126,452</b>	<b>8,076,603</b>	<b>10,054,424</b>	<b>1,125,320</b>
<b>Noncurrent assets:</b>				
Accounts receivable - due in more than one year	-	-	-	-
Capital assets not being depreciated	-	2,506,263	1,596,339	-
Capital assets, net of accumulated depreciation	8,665	12,200,920	28,650,867	-
Net pension asset	-	-	-	-
<b>Total noncurrent assets</b>	<b>8,665</b>	<b>14,707,183</b>	<b>30,247,206</b>	<b>-</b>
<b>Total Assets</b>	<b>135,117</b>	<b>22,783,786</b>	<b>40,301,630</b>	<b>1,125,320</b>
<b>Deferred Outflows of Resources</b>				
Pension related	-	-	-	-
OPEB related	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	10,379	223,055	148,890	-
Accrued liabilities	-	-	-	-
Accrued wages payable	-	-	-	-
Accrued interest payable	-	6,928	18,335	-
Unearned revenue	-	-	-	-
Customer deposits	-	125,000	-	-
Bonds and leases payable - due within one year	-	1,090,000	892,236	-
Compensated absences - due within one year	-	-	-	-
<b>Total current liabilities</b>	<b>10,379</b>	<b>1,444,983</b>	<b>1,059,461</b>	<b>-</b>
<b>Noncurrent liabilities:</b>				
Due in more than one year:				
Bonds and leases payable	-	4,650,000	11,880,790	-
Compensated absences	-	-	-	-
Net OPEB liability	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>4,650,000</b>	<b>11,880,790</b>	<b>-</b>
<b>Total Liabilities</b>	<b>10,379</b>	<b>6,094,983</b>	<b>12,940,251</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Pension related	-	-	-	-
OPEB related	-	-	-	-
Leases	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	8,665	9,859,783	17,474,180	-
Restricted for:				
Debt service	-	114,022	1,490,438	-
Unrestricted	116,073	6,714,998	8,396,761	1,125,320
<b>Total Net Position</b>	<b>\$ 124,738</b>	<b>\$ 16,688,803</b>	<b>\$ 27,361,379</b>	<b>\$ 1,125,320</b>

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - NET POSITION**  
**August 31, 2022**

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	Administrative Operations	Eliminations	Total
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 493,790	\$ -	\$ 8,046,680
Investments	1,062,686	-	38,953,998
Accounts receivable	-	-	9,150,336
Interest receivable	-	-	33,180
Prepaid items	-	-	578,669
Restricted:			
Investments	-	-	3,373,343
<b>Total current assets</b>	<b>1,556,476</b>	<b>-</b>	<b>60,136,206</b>
<b>Noncurrent assets:</b>			
Accounts receivable - due in more than one year	-	-	6,559,339
Capital assets not being depreciated	10,467,223	-	37,237,431
Capital assets, net of accumulated depreciation	159,187	-	111,771,133
Net pension asset	-	-	2,475,468
<b>Total noncurrent assets</b>	<b>10,626,410</b>	<b>-</b>	<b>158,043,371</b>
<b>Total Assets</b>	<b>12,182,886</b>	<b>-</b>	<b>218,179,577</b>
<b>Deferred Outflows of Resources</b>			
Pension related	-	-	1,922,514
OPEB related	-	-	57,666
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>1,980,180</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	1,005,326	-	4,577,655
Accrued liabilities	-	-	301,837
Accrued wages payable	137,371	-	349,159
Accrued interest payable	-	-	35,905
Unearned revenue	-	-	8
Customer deposits	-	-	1,625,000
Bonds and leases payable - due within one year	-	-	2,350,854
Compensated absences - due within one year	143,565	-	457,020
<b>Total current liabilities</b>	<b>1,286,262</b>	<b>-</b>	<b>9,697,438</b>
<b>Noncurrent liabilities:</b>			
Due in more than one year:			
Bonds and leases payable	-	-	24,742,637
Compensated absences	287,131	-	914,039
Net OPEB liability	-	-	224,175
<b>Total noncurrent liabilities</b>	<b>287,131</b>	<b>-</b>	<b>25,880,851</b>
<b>Total Liabilities</b>	<b>1,573,393</b>	<b>-</b>	<b>35,578,289</b>
<b>Deferred Inflows of Resources</b>			
Pension related	-	-	4,194,192
OPEB related	-	-	9,790
Leases	-	-	581,866
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>4,785,848</b>
<b>Net Position</b>			
Net investment in capital assets	10,626,410	-	122,807,946
Restricted for:			
Debt service	-	-	2,347,311
Unrestricted	(16,917)	-	54,640,363
<b>Total Net Position</b>	<b>\$ 10,609,493</b>	<b>\$ -</b>	<b>\$ 179,795,620</b>

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION**  
**Year Ended August 31, 2022**

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	League City SE Water Purification Plant	Thomas S. Mackey Water Treatment Plant	Canal Division	Galveston County WCID #12
<b>Operating Revenues</b>				
Charges for sales and services:				
Metered water sales	\$ 3,671,813	\$ 15,979,940	\$ 18,632,080	\$ 82,600
Bond payment revenue	178,841	-	-	122,601
Irrigation sales	-	-	85,953	-
Other income	553,829	19,782	171,518	-
<b>Total Operating Revenues</b>	<b>4,404,483</b>	<b>15,999,722</b>	<b>18,889,551</b>	<b>205,201</b>
<b>Operating Expenses</b>				
Personnel services	-	2,620,415	2,440,894	-
Supplies and materials	3,616,782	10,310,928	7,701,819	2,800
Contractual services	2,536	2,024,916	1,638,141	11,626
Other charges	552,829	96,853	1,423,118	-
Administrative allocation	50,995	451,512	3,342,326	45,717
Depreciation	982,337	1,091,844	1,486,898	46,757
<b>Total Operating Expenses</b>	<b>5,205,479</b>	<b>16,596,468</b>	<b>18,033,196</b>	<b>106,900</b>
<b>Operating income (loss)</b>	<b>(800,996)</b>	<b>(596,746)</b>	<b>856,355</b>	<b>98,301</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment income (loss)	5,167	57,475	55,188	3,172
Amortization of deferred gains/ losses and premiums	24,996	-	-	-
Federal grants and contracts	-	12,138	5,174,850	-
Gain(loss) on sale of asset	-	-	-	-
Interest expense	(147,970)	(26,881)	-	(42,604)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(117,807)</b>	<b>42,732</b>	<b>5,230,038</b>	<b>(39,432)</b>
<b>Income (Loss) before Capital Grants, Contributions, and Transfers</b>	<b>(918,803)</b>	<b>(554,014)</b>	<b>6,086,393</b>	<b>58,869</b>
Capital contributions	-	-	46,860	-
Transfers in	-	-	2,938,344	-
Transfers out	-	(2,245,323)	(1,475,746)	-
<b>Income (loss) after Capital Grants, Contributions, and Transfers</b>	<b>(918,803)</b>	<b>(2,799,337)</b>	<b>7,595,851</b>	<b>58,869</b>
Changes in Net Position	(918,803)	(2,799,337)	7,595,851	58,869
<b>Beginning Net Position</b>	<b>11,482,875</b>	<b>23,425,425</b>	<b>37,143,616</b>	<b>200,979</b>
<b>Ending Net Position</b>	<b>\$ 10,564,072</b>	<b>\$ 20,626,088</b>	<b>\$ 44,739,467</b>	<b>\$ 259,848</b>

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION**  
**Year Ended August 31, 2022**

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	1997 Galveston Projects	South Transmission System	1998 C Series Texas City Projects	1998 D La Marque Projects
<b>Operating Revenues</b>				
Charges for sales and services:				
Metered water sales	\$ 742,300	\$ 122,690	\$ -	\$ 6,500
Bond payment revenue	-	285,895	184,452	-
Irrigation sales	-	-	-	-
Other income	-	59,805	-	-
<b>Total Operating Revenues</b>	<u>742,300</u>	<u>468,390</u>	<u>184,452</u>	<u>6,500</u>
<b>Operating Expenses</b>				
Personnel services	-	-	-	-
Supplies and materials	19,300	131,373	-	-
Contractual services	51,463	23,700	-	-
Other charges	327	-	177,821	10,977
Administrative allocation	77,916	68,519	-	500
Depreciation	78,138	1,377,930	-	-
<b>Total Operating Expenses</b>	<u>227,144</u>	<u>1,601,522</u>	<u>177,821</u>	<u>11,477</u>
<b>Operating income (loss)</b>	<u>515,156</u>	<u>(1,133,132)</u>	<u>6,631</u>	<u>(4,977)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment income (loss)	7,392	7,482	6,756	1,594
Amortization of deferred gains/ losses and premiums	-	160,954	57,908	15,731
Federal grants and contracts	-	-	-	-
Gain(loss) on sale of asset	-	-	-	-
Interest expense	-	(103,615)	(71,295)	(18,348)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>7,392</u>	<u>64,821</u>	<u>(6,631)</u>	<u>(1,023)</u>
<b>Income (Loss) before Capital Grants, Contributions, and Transfers</b>	<u>522,548</u>	<u>(1,068,311)</u>	<u>-</u>	<u>(6,000)</u>
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Income (loss) after Capital Grants, Contributions, and Transfers</b>	<u>522,548</u>	<u>(1,068,311)</u>	<u>-</u>	<u>(6,000)</u>
Changes in Net Position	522,548	(1,068,311)	-	(6,000)
<b>Beginning Net Position</b>	<u>2,987,813</u>	<u>3,803,517</u>	<u>-</u>	<u>6,000</u>
<b>Ending Net Position</b>	<u>\$ 3,510,361</u>	<u>\$ 2,735,206</u>	<u>\$ -</u>	<u>\$ -</u>

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION**  
**Year Ended August 31, 2022**

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	2002 Galveston Projects	Juliff-Chocolate Bayou Operations	Pearland Southeast Water Purification Plant	Northline Group
<b>Operating Revenues</b>				
Charges for sales and services:				
Metered water sales	\$ -	\$ 3,512,924	\$ 1,957,037	\$ 61,400
Bond payment revenue	37,395	-	-	-
Irrigation sales	-	435,288	-	-
Other income	-	32,180	1,000	-
<b>Total Operating Revenues</b>	<b>37,395</b>	<b>3,980,392</b>	<b>1,958,037</b>	<b>61,400</b>
<b>Operating Expenses</b>				
Personnel services	-	1,144,546	-	-
Supplies and materials	-	1,358,387	1,901,492	1,094
Contractual services	-	563,025	1,714	-
Other charges	3,171	366,031	-	-
Administrative allocation	-	1,112,905	50,994	58,516
Depreciation	-	803,792	1,391,826	16,219
<b>Total Operating Expenses</b>	<b>3,171</b>	<b>5,348,686</b>	<b>3,346,026</b>	<b>75,829</b>
<b>Operating income (loss)</b>	<b>34,224</b>	<b>(1,368,294)</b>	<b>(1,387,989)</b>	<b>(14,429)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment income (loss)	1,326	36,607	240	1,829
Amortization of deferred gains/ losses and premiums	(23,617)	-	-	-
Federal grants and contracts	-	4,465,669	-	-
Gain(loss) on sale of asset	-	-	-	-
Interest expense	(11,933)	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(34,224)</b>	<b>4,502,276</b>	<b>240</b>	<b>1,829</b>
<b>Income (Loss) before Capital Grants, Contributions, and Transfers</b>	<b>-</b>	<b>3,133,982</b>	<b>(1,387,749)</b>	<b>(12,600)</b>
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(935,544)	-	-
<b>Income (loss) after Capital Grants, Contributions, and Transfers</b>	<b>-</b>	<b>2,198,438</b>	<b>(1,387,749)</b>	<b>(12,600)</b>
Changes in Net Position	-	2,198,438	(1,387,749)	(12,600)
<b>Beginning Net Position</b>	<b>-</b>	<b>25,868,793</b>	<b>14,279,418</b>	<b>504,545</b>
<b>Ending Net Position</b>	<b>\$ -</b>	<b>\$ 28,067,231</b>	<b>\$ 12,891,669</b>	<b>\$ 491,945</b>

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION**  
**Year Ended August 31, 2022**

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	<b>Bayshore Group</b>	<b>Texas City Reservoir</b>	<b>Industrial Pump Station</b>	<b>Capital Improvement</b>
<b>Operating Revenues</b>				
Charges for sales and services:				
Metered water sales	\$ 53,958	\$ 13,346,172	\$ 11,647,334	\$ 594,782
Bond payment revenue	-	1,243,779	1,168,804	-
Irrigation sales	-	-	-	-
Other income	-	-	-	-
<b>Total Operating Revenues</b>	<b>53,958</b>	<b>14,589,951</b>	<b>12,816,138</b>	<b>594,782</b>
<b>Operating Expenses</b>				
Personnel services	-	-	-	-
Supplies and materials	15,454	11,562,868	7,668,110	-
Contractual services	-	61,830	1,443,137	-
Other charges	-	74,803	14,050	-
Administrative allocation	49,316	873,360	1,483,246	-
Depreciation	5,490	758,574	2,505,172	-
<b>Total Operating Expenses</b>	<b>70,260</b>	<b>13,331,435</b>	<b>13,113,715</b>	<b>-</b>
<b>Operating income (loss)</b>	<b>(16,302)</b>	<b>1,258,516</b>	<b>(297,577)</b>	<b>594,782</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment income (loss)	698	40,978	46,830	4,503
Amortization of deferred gains/ losses and premiums	-	-	-	-
Federal grants and contracts	-	-	-	-
Gain(loss) on sale of asset	-	-	(22,107)	-
Interest expense	-	(186,133)	(493,964)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>698</b>	<b>(145,155)</b>	<b>(469,241)</b>	<b>4,503</b>
<b>Income (Loss) before Capital Grants, Contributions, and Transfers</b>	<b>(15,604)</b>	<b>1,113,361</b>	<b>(766,818)</b>	<b>599,285</b>
Capital contributions	-	-	-	-
Transfers in	-	-	239,614	-
Transfers out	-	(52,627)	(2,419,259)	(239,614)
<b>Income (loss) after Capital Grants, Contributions, and Transfers</b>	<b>(15,604)</b>	<b>1,060,734</b>	<b>(2,946,463)</b>	<b>359,671</b>
Changes in Net Position	(15,604)	1,060,734	(2,946,463)	359,671
<b>Beginning Net Position</b>	<b>140,342</b>	<b>15,628,069</b>	<b>30,307,842</b>	<b>765,649</b>
<b>Ending Net Position</b>	<b>\$ 124,738</b>	<b>\$ 16,688,803</b>	<b>\$ 27,361,379</b>	<b>\$ 1,125,320</b>



**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION**  
**Year Ended August 31, 2022**

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	Administrative Operations	Eliminations	Total
<b>Operating Revenues</b>			
Charges for sales and services:			
Metered water sales	\$ -	\$ (25,982,218)	\$ 44,429,312
Bond payment revenue	-	-	3,221,767
Irrigation sales	-	-	521,241
Other income	-	-	838,114
<b>Total Operating Revenues</b>	-	(25,982,218)	49,010,434
<b>Operating Expenses</b>			
Personnel services	5,179,144	-	11,384,999
Supplies and materials	936,698	(25,982,218)	19,244,887
Contractual services	1,170,947	-	6,993,035
Other charges	379,033	-	3,099,013
Administrative allocation	(7,665,822)	-	-
Depreciation	44,191	-	10,589,168
<b>Total Operating Expenses</b>	44,191	(25,982,218)	51,311,102
<b>Operating income (loss)</b>	(44,191)	-	(2,300,668)
<b>Nonoperating Revenues (Expenses)</b>			
Investment income (loss)	6,662	-	283,899
Amortization of deferred gains/ losses and premiums	-	-	235,972
Federal grants and contracts	-	-	9,652,657
Gain(loss) on sale of asset	-	-	(22,107)
Interest expense	-	-	(1,102,743)
<b>Total Nonoperating Revenues (Expenses)</b>	6,662	-	9,047,678
<b>Income (Loss) before Capital Grants, Contributions, and Transfers</b>	(37,529)	-	6,747,010
Capital contributions	-	-	46,860
Transfers in	4,190,155	-	7,368,113
Transfers out	-	-	(7,368,113)
<b>Income (loss) after Capital Grants, Contributions, and Transfers</b>	4,152,626	-	6,793,870
Changes in Net Position	4,152,626	-	6,793,870
<b>Beginning Net Position</b>	6,456,867	-	173,001,750
<b>Ending Net Position</b>	\$ 10,609,493	\$ -	\$ 179,795,620

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - CASH FLOWS**  
**Year Ended August 31, 2022**

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	League City SE Water Purification Plant	Thomas S. Mackey Water Treatment Plant	Canal Division	Galveston County WCID #12
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 4,325,434	\$ 18,112,426	\$ 17,223,619	\$ 240,468
Payments to intragovernmental users	(50,995)	(451,512)	(3,342,326)	(45,717)
Payments to suppliers	(4,133,515)	(12,023,748)	(10,654,864)	(10,652)
Payments to employees	-	(3,021,929)	(2,908,566)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>140,924</b>	<b>2,615,237</b>	<b>317,863</b>	<b>184,099</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Intragovernmental transfers in (out)	-	(2,245,323)	1,462,598	-
Payments received on long-term receivable	(75,431)	-	-	-
Intergovernmental payment for long-term receivable	(6,085,505)	-	-	-
Proceeds from sale of noncapital bonds	6,726,448	-	-	-
Principal paid on noncapital bonds	(155,000)	-	-	-
Interest paid on noncapital bonds	81,705	-	-	-
Payment of bond issuance costs	(220,753)	-	-	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>271,464</b>	<b>(2,245,323)</b>	<b>1,462,598</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	-	(2,046,191)	(13,838,313)	-
Principal paid on bonds	-	-	-	(80,000)
Principal paid on leases	-	(69,119)	-	-
Interest paid on bonds	-	-	-	(42,615)
Interest paid on leases	-	(26,881)	-	-
Lease payments received	-	11,999	19,476	-
Grants for capital projects	-	12,138	5,174,850	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(2,118,054)</b>	<b>(8,643,987)</b>	<b>(122,615)</b>
<b>Cash Flows from Investing Activities</b>				
Maturity (purchase) of investments	(470,019)	1,828,363	6,705,889	(3,445)
Interest received	2,893	44,752	42,610	3,172
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(467,126)</b>	<b>1,873,115</b>	<b>6,748,499</b>	<b>(273)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(54,738)</b>	<b>124,975</b>	<b>(115,027)</b>	<b>61,211</b>
<b>Beginning Cash and Cash Equivalents</b>	<b>128,722</b>	<b>82,511</b>	<b>2,054,396</b>	<b>35,688</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 73,984</b>	<b>\$ 207,486</b>	<b>\$ 1,939,369</b>	<b>\$ 96,899</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ (800,996)	\$ (596,746)	\$ 856,355	\$ 98,301
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization	982,337	1,091,844	1,486,898	46,757
Interest on lease receivable	-	4,647	11,936	-
(Increase) decrease in:				
Accounts receivable	(79,049)	608,049	(1,677,868)	35,267
Prepaid items	-	-	(299,990)	-
Increase (decrease) in:				
Accounts payable	38,632	419,168	427,331	3,774
Accrued liabilities	-	-	-	-
Wages payable	-	28,003	11,164	-
Compensated absences payable	-	15,472	(74,995)	-
Unearned revenue	-	8	-	-
Customer deposits	-	1,500,000	-	-
Deferred inflows - leases	-	(10,219)	(19,127)	-
Pension/OPEB related amounts	-	(444,989)	(403,841)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 140,924</b>	<b>\$ 2,615,237</b>	<b>\$ 317,863</b>	<b>\$ 184,099</b>
<b>Noncash Investing, Capital, and Financing Activities</b>				
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -
Contribution of capital assets	-	-	46,860	-

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - CASH FLOWS**  
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	1997 Galveston Projects	South Transmission System	1998 C Series Texas City Projects	1998 D La Marque Projects
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 742,266	\$ 676,280	\$ 235,111	\$ 26,383
Payments to intragovernmental users	(77,916)	(68,519)	-	(500)
Payments to suppliers	(71,090)	(146,247)	-	-
Payments to employees	-	-	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>593,260</b>	<b>461,514</b>	<b>235,111</b>	<b>25,883</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Intragovernmental transfers in (out)	-	-	-	-
Payments received on long-term receivable	-	-	820,093	-
Intergovernmental payment for long-term receivable	-	-	-	-
Proceeds from sale of noncapital bonds	-	-	-	-
Principal paid on noncapital bonds	-	-	(1,445,000)	(270,000)
Interest paid on noncapital bonds	-	-	(74,305)	(18,910)
Payment of bond issuance costs	-	-	-	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>-</b>	<b>-</b>	<b>(699,212)</b>	<b>(288,910)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	51,130	(245,543)	-	-
Principal paid on bonds	-	(2,735,000)	-	-
Principal paid on leases	-	-	-	-
Interest paid on bonds	-	(109,160)	-	-
Interest paid on leases	-	-	-	-
Lease payments received	-	-	-	-
Grants for capital projects	-	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>51,130</b>	<b>(3,089,703)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>				
Maturity (purchase) of investments	(565,921)	2,481,714	541,057	238,036
Interest received	7,392	7,482	6,756	1,594
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(558,529)</b>	<b>2,489,196</b>	<b>547,813</b>	<b>239,630</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>85,861</b>	<b>(138,993)</b>	<b>83,712</b>	<b>(23,397)</b>
<b>Beginning Cash and Cash Equivalents</b>	<b>567,542</b>	<b>247,304</b>	<b>-</b>	<b>29,462</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 653,403</b>	<b>\$ 108,311</b>	<b>\$ 83,712</b>	<b>\$ 6,065</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 515,156	\$ (1,133,132)	\$ 6,631	\$ (4,977)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization	78,138	1,377,930	-	-
Interest on lease receivable	-	-	-	-
(Increase) decrease in:				
Accounts receivable	(34)	207,890	50,659	19,883
Prepaid items	-	-	-	-
Increase (decrease) in:				
Accounts payable	-	8,826	-	-
Accrued liabilities	-	-	177,821	10,977
Wages payable	-	-	-	-
Compensated absences payable	-	-	-	-
Unearned revenue	-	-	-	-
Customer deposits	-	-	-	-
Deferred inflows - leases	-	-	-	-
Pension/OPEB related amounts	-	-	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 593,260</b>	<b>\$ 461,514</b>	<b>\$ 235,111</b>	<b>\$ 25,883</b>
<b>Noncash Investing, Capital, and Financing Activities</b>				
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -
Contribution of capital assets	-	-	-	-

**GULF COAST WATER AUTHORITY**  
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	2002 Galveston Projects	Juliff-Chocolate Bayou Operations	Pearland Southeast Water Purification Plant	Northline Group
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 106,620	\$ 5,688,920	\$ 1,892,959	\$ 65,047
Payments to intragovernmental users	-	(1,112,905)	(50,994)	(58,516)
Payments to suppliers	-	(2,494,621)	(1,838,128)	(15,562)
Payments to employees	-	(1,273,491)	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>106,620</b>	<b>807,903</b>	<b>3,837</b>	<b>(9,031)</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Intragovernmental transfers in (out)	-	(935,544)	-	-
Payments received on long-term receivable	168,788	-	-	-
Intergovernmental payment for long-term receivable	-	-	-	-
Proceeds from sale of noncapital bonds	-	-	-	-
Principal paid on noncapital bonds	(338,000)	-	-	-
Interest paid on noncapital bonds	(12,253)	-	-	-
Payment of bond issuance costs	-	-	-	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(181,465)</b>	<b>(935,544)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	-	(5,861,918)	-	(6,203)
Principal paid on bonds	-	-	-	-
Principal paid on leases	-	-	-	-
Interest paid on bonds	-	-	-	-
Interest paid on leases	-	-	-	-
Lease payments received	-	-	-	-
Grants for capital projects	-	4,465,669	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(1,396,249)</b>	<b>-</b>	<b>(6,203)</b>
<b>Cash Flows from Investing Activities</b>				
Maturity (purchase) of investments	73,519	2,410,135	24,761	8,171
Interest received	1,326	29,766	240	1,829
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>74,845</b>	<b>2,439,901</b>	<b>25,001</b>	<b>10,000</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>-</b>	<b>916,011</b>	<b>28,838</b>	<b>(5,234)</b>
<b>Beginning Cash and Cash Equivalents</b>	<b>-</b>	<b>44,885</b>	<b>21,471</b>	<b>14,136</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ -</b>	<b>\$ 960,896</b>	<b>\$ 50,309</b>	<b>\$ 8,902</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 34,224	\$ (1,368,294)	\$ (1,387,989)	\$ (14,429)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization	-	803,792	1,391,826	16,219
Interest on lease receivable	-	-	-	-
(Increase) decrease in:				
Accounts receivable	69,225	1,708,528	(65,078)	3,647
Prepaid items	-	(141,733)	-	-
Increase (decrease) in:				
Accounts payable	-	(65,445)	65,078	(14,468)
Accrued liabilities	3,171	-	-	-
Wages payable	-	7,944	-	-
Compensated absences payable	-	49,778	-	-
Unearned revenue	-	-	-	-
Customer deposits	-	-	-	-
Deferred inflows - leases	-	-	-	-
Pension/OPEB related amounts	-	(186,667)	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 106,620</b>	<b>\$ 807,903</b>	<b>\$ 3,837</b>	<b>\$ (9,031)</b>
<b>Noncash Investing, Capital, and Financing Activities</b>				
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -
Contribution of capital assets	-	-	-	-

**GULF COAST WATER AUTHORITY**  
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	Bayshore Group	Texas City Reservoir	Industrial Pump Station	Capital Improvement
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 61,504	\$ 14,600,877	\$ 14,287,250	\$ 641,958
Payments to intragovernmental users	(49,316)	(873,360)	(1,483,246)	-
Payments to suppliers	(5,075)	(11,495,656)	(8,982,061)	-
Payments to employees	-	-	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>7,113</b>	<b>2,231,861</b>	<b>3,821,943</b>	<b>641,958</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Intragovernmental transfers in (out)	-	(52,627)	(2,179,645)	(239,614)
Payments received on long-term receivable	-	-	-	-
Intergovernmental payment for long-term receivable	-	-	-	-
Proceeds from sale of noncapital bonds	-	-	-	-
Principal paid on noncapital bonds	-	-	-	-
Interest paid on noncapital bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>-</b>	<b>(52,627)</b>	<b>(2,179,645)</b>	<b>(239,614)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	-	(297,111)	(242,298)	-
Principal paid on bonds	-	(1,055,000)	(730,000)	-
Principal paid on leases	-	-	(138,238)	-
Interest paid on bonds	-	(186,936)	(440,209)	-
Interest paid on leases	-	-	(53,762)	-
Lease payments received	-	-	-	-
Grants for capital projects	-	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(1,539,047)</b>	<b>(1,604,507)</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>				
Maturity (purchase) of investments	(698)	(444,483)	2,216,548	(404,503)
Interest received	698	40,933	31,528	4,503
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>-</b>	<b>(403,550)</b>	<b>2,248,076</b>	<b>(400,000)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>7,113</b>	<b>236,637</b>	<b>2,285,867</b>	<b>2,344</b>
<b>Beginning Cash and Cash Equivalents</b>	<b>7,537</b>	<b>384,933</b>	<b>54,880</b>	<b>384,243</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 14,650</b>	<b>\$ 621,570</b>	<b>\$ 2,340,747</b>	<b>\$ 386,587</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ (16,302)	\$ 1,258,516	\$ (297,577)	\$ 594,782
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization	5,490	758,574	2,505,172	-
Interest on lease receivable	-	-	-	-
(Increase) decrease in:				
Accounts receivable	7,546	10,926	1,471,112	47,176
Prepaid items	-	-	-	-
Increase (decrease) in:				
Accounts payable	10,379	203,845	143,236	-
Accrued liabilities	-	-	-	-
Wages payable	-	-	-	-
Compensated absences payable	-	-	-	-
Unearned revenue	-	-	-	-
Customer deposits	-	-	-	-
Deferred inflows - leases	-	-	-	-
Pension/OPEB related amounts	-	-	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 7,113</b>	<b>\$ 2,231,861</b>	<b>\$ 3,821,943</b>	<b>\$ 641,958</b>
<b>Noncash Investing, Capital, and Financing Activities</b>				
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ (22,107)	\$ -
Contribution of capital assets	-	-	-	-

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - CASH FLOWS**  
**Year Ended August 31, 2022**

Page 5 of 5

	Administrative Operations	Eliminations	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ -	\$ (25,982,218)	\$ 52,944,904
Payments to intragovernmental users	7,665,822	-	-
Payments to suppliers	(1,671,073)	25,982,218	(27,560,074)
Payments to employees	(5,187,161)	-	(12,391,147)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>807,588</b>	<b>-</b>	<b>12,993,683</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Intragovernmental transfers in (out)	4,190,155	-	-
Payments received on long-term receivable	-	-	913,450
Intergovernmental payment for long-term receivable	-	-	(6,085,505)
Proceeds from sale of noncapital bonds	-	-	6,726,448
Principal paid on noncapital bonds	-	-	(2,208,000)
Interest paid on noncapital bonds	-	-	(23,763)
Payment of bond issuance costs	-	-	(220,753)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>4,190,155</b>	<b>-</b>	<b>(898,123)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(6,697,986)	-	(29,184,433)
Principal paid on bonds	-	-	(4,600,000)
Principal paid on leases	-	-	(207,357)
Interest paid on bonds	-	-	(778,920)
Interest paid on leases	-	-	(80,643)
Lease payments received	-	-	31,475
Grants for capital projects	-	-	9,652,657
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(6,697,986)</b>	<b>-</b>	<b>(25,167,221)</b>
<b>Cash Flows from Investing Activities</b>			
Maturity (purchase) of investments	1,993,337	-	16,632,461
Interest received	6,662	-	234,136
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>1,999,999</b>	<b>-</b>	<b>16,866,597</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>299,756</b>	<b>-</b>	<b>3,794,936</b>
<b>Beginning Cash and Cash Equivalents</b>	<b>194,034</b>	<b>-</b>	<b>4,251,744</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 493,790</b>	<b>\$ -</b>	<b>\$ 8,046,680</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ (44,191)	\$ -	\$ (2,300,668)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation/amortization	44,191	-	10,589,168
Interest on lease receivable	-	-	16,583
(Increase) decrease in:			
Accounts receivable	-	-	2,417,879
Prepaid items	-	-	(441,723)
Increase (decrease) in:			
Accounts payable	815,605	-	2,055,961
Accrued liabilities	-	-	191,969
Wages payable	31,699	-	78,810
Compensated absences payable	(39,716)	-	(49,461)
Unearned revenue	-	-	8
Customer deposits	-	-	1,500,000
Deferred inflows - leases	-	-	(29,346)
Pension/OPEB related amounts	-	-	(1,035,497)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 807,588</b>	<b>\$ -</b>	<b>\$ 12,993,683</b>
<b>Noncash Investing, Capital, and Financing Activities</b>			
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ (22,107)
Contribution of capital assets	-	-	46,860

**UNAUDITED STATISTICAL SECTION**  
(Unaudited)

This section of the Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Authority's overall financial health.

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b>	64
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	68
These schedules contain information to help the reader assess the Authority's most significant local revenue source, the water and sewer service.	
<b>Debt Capacity</b>	71
These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	74
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.	
<b>Operating Information</b>	78
These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

**GULF COAST WATER AUTHORITY***Page 1 of 2***NET POSITION BY COMPONENT****BUSINESS-TYPE ACTIVITIES****Last Ten Fiscal Years**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Net Position</b>					
Net investment					
in capital assets	\$ 122,807,946	\$ 106,207,914	\$ 89,866,949	\$ 81,101,796	\$ 98,374,073
Restricted	2,347,311	4,033,640	5,268,075	7,277,707	5,608,342
Unrestricted	54,640,363	62,760,196	63,098,832	59,209,358	50,768,488
<b>Total Net Position</b>	<b>\$ 179,795,620</b>	<b>\$ 173,001,750</b>	<b>\$ 158,233,856</b>	<b>\$ 147,588,861</b>	<b>\$ 154,750,903</b>

Note: The Authority does not currently have any governmental activities.



**GULF COAST WATER AUTHORITY***Page 2 of 2***NET POSITION BY COMPONENT****BUSINESS-TYPE ACTIVITIES****Last Ten Fiscal Years**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Net Position</b>					
Net investment					
in capital assets	\$ 89,007,877	\$ 86,052,697	\$ 89,164,201	\$ 89,968,160	\$ 82,210,275
Restricted	5,758,363	3,593,830	3,660,154	4,402,858	4,613,439
Unrestricted	43,619,949	45,764,902	40,682,653	39,492,731	45,079,354
<b>Total Net Position</b>	<b>\$ 138,386,189</b>	<b>\$ 135,411,429</b>	<b>\$ 133,507,008</b>	<b>\$ 133,863,749</b>	<b>\$ 131,903,068</b>

Note: The Authority does not currently have any governmental activities.

**GULF COAST WATER AUTHORITY**
**CHANGE IN NET POSITION**
*Last Ten Fiscal Years*
*Page 1 of 2*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Operating Revenues</b>					
Metered water sales	\$ 44,429,312	\$ 44,812,284	\$ 45,677,779	\$ 39,863,810	\$ 41,417,047
Bond payment revenue	3,221,767	5,444,033	5,683,620	7,335,248	6,963,593
Irrigation sales and other	1,359,355	5,166,696	3,581,928	5,064,731	6,855,674
<b>Total Operating Revenues</b>	<b>49,010,434</b>	<b>55,423,013</b>	<b>54,943,327</b>	<b>52,263,789</b>	<b>55,236,314</b>
<b>Operating Expenses</b>					
Personnel services	11,384,999	11,171,554	9,969,928	9,421,184	7,147,241
Supplies and materials	19,244,887	20,417,661	22,513,296	15,456,251	14,272,990
Contractual services	6,993,035	3,368,146	2,090,848	2,099,216	1,929,804
Other charges	3,099,013	4,324,141	3,812,115	2,537,911	1,626,799
Depreciation	10,589,168	8,141,008	8,025,410	11,258,769	13,135,192
<b>Total Operating Expenses</b>	<b>51,311,102</b>	<b>47,422,510</b>	<b>46,411,597</b>	<b>40,773,331</b>	<b>38,112,026</b>
<b>Operating Income (Loss)</b>	<b>(2,300,668)</b>	<b>8,000,503</b>	<b>8,531,730</b>	<b>11,490,458</b>	<b>17,124,288</b>
<b>Nonoperating Revenues (Expenses)</b>					
Investment earnings	283,899	85,850	1,147,767	1,595,974	1,150,390
Other revenues and (expenses)	213,865	82,516	183,850	196,834	110,959
Interest expense	(1,102,743)	(1,133,390)	(1,358,352)	(1,589,504)	(1,886,153)
Federal grants and contracts	9,652,657	6,755,027	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>9,047,678</b>	<b>5,790,003</b>	<b>(26,735)</b>	<b>203,304</b>	<b>(624,804)</b>
<b>Income (Loss) before Capital Contributions</b>	<b>6,747,010</b>	<b>13,790,506</b>	<b>8,504,995</b>	<b>11,693,762</b>	<b>16,499,484</b>
Capital contributions	46,860	977,388	2,140,000	2,650,000	-
Change in Net Position	6,793,870	14,767,894	10,644,995	14,343,762	16,499,484
<b>Beginning Net Position</b>	<b>173,001,750</b>	<b>158,233,856</b>	<b>149,842,265</b>	<b>154,750,903</b>	<b>138,386,189</b>
Prior period adjustment	-	-	(2,253,404)	(19,252,400)	(134,770)
<b>Ending Net Position</b>	<b>\$ 179,795,620</b>	<b>\$ 173,001,750</b>	<b>\$ 158,233,856</b>	<b>\$ 149,842,265</b>	<b>\$ 154,750,903</b>

**GULF COAST WATER AUTHORITY**
**CHANGE IN NET POSITION**
*Last Ten Fiscal Years*
*Page 2 of 2*

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Operating Revenues</b>					
Metered water sales	\$ 35,155,368	\$ 33,425,561	\$ 25,230,737	\$ 25,858,256	\$ 24,612,505
Bond payment revenue	7,948,943	6,725,417	5,788,454	5,498,227	6,901,675
Irrigation sales and other	3,948,022	3,704,218	949,941	520,201	2,855,535
<b>Total Operating Revenues</b>	<b>47,052,333</b>	<b>43,855,196</b>	<b>31,969,132</b>	<b>31,876,684</b>	<b>34,369,715</b>
<b>Operating Expenses</b>					
Personnel services	8,214,064	6,501,190	4,988,132	5,272,420	4,900,543
Supplies and materials	15,554,551	14,283,436	12,071,554	13,133,355	11,595,411
Contractual services	1,285,284	1,660,523	1,620,916	1,916,074	3,382,054
Other charges	1,163,632	1,377,152	1,141,508	879,053	114,604
Depreciation	17,285,453	15,026,000	13,446,858	11,521,295	9,506,366
<b>Total Operating Expenses</b>	<b>43,502,984</b>	<b>38,848,301</b>	<b>33,268,968</b>	<b>32,722,197</b>	<b>29,498,978</b>
<b>Operating Income (Loss)</b>	<b>3,549,349</b>	<b>5,006,895</b>	<b>(1,299,836)</b>	<b>(845,513)</b>	<b>4,870,737</b>
<b>Nonoperating Revenues (Expenses)</b>					
Investment earnings	311,266	132,478	68,494	88,724	132,077
Other revenues and (expenses)	450,668	(1,507,389)	927,631	3,805,305	7,139,601
Interest expense	(1,336,523)	(951,519)	(1,105,019)	(1,087,835)	(1,443,992)
Federal grants and contracts	-	-	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(574,589)</b>	<b>(2,326,430)</b>	<b>(108,894)</b>	<b>2,806,194</b>	<b>5,827,686</b>
<b>Income (Loss) before Capital Contributions</b>	<b>2,974,760</b>	<b>2,680,465</b>	<b>(1,408,730)</b>	<b>1,960,681</b>	<b>10,698,423</b>
Capital contributions	-	-	-	-	-
<b>Change in Net Position</b>	<b>2,974,760</b>	<b>2,680,465</b>	<b>(1,408,730)</b>	<b>1,960,681</b>	<b>10,698,423</b>
<b>Beginning Net Position</b>	<b>135,411,429</b>	<b>133,507,008</b>	<b>134,915,738</b>	<b>132,955,057</b>	<b>122,256,634</b>
Prior period adjustment	-	(776,044)	-	-	-
<b>Ending Net Position</b>	<b>\$ 138,386,189</b>	<b>\$ 135,411,429</b>	<b>\$ 133,507,008</b>	<b>\$ 134,915,738</b>	<b>\$ 132,955,057</b>

**GULF COAST WATER AUTHORITY****WATER SALES*****Last Ten Fiscal Years***

<b>Fiscal Year</b>	<b>Water Fees</b>		<b>Raw Water Rates<sup>1</sup></b>		<b>Treated Water Rates<sup>1</sup></b>		<b>Irrigation &amp; Other</b>	
2013	\$	24,612,505	\$0.10	\$0.35	\$0.61	\$0.12	\$	2,855,535
2014		25,858,256	0.12	0.38	0.66	1.15		520,201
2015		25,230,737	0.14	0.35	0.69	1.53		949,941
2016		33,425,561	0.19	0.37	1.05	2.22		3,704,218
2017		35,155,368	0.20	0.38	1.11	2.09		3,948,022
2018		41,417,047	0.20	0.38	1.11	2.09		6,855,674
2019		39,863,810	0.24	0.42	1.18	2.28		7,714,731
2020		45,677,779	0.25	0.44	1.20	2.41		5,721,928
2021		44,812,284	0.25	0.44	1.22	2.50		12,899,111
2022		44,429,312	0.26	0.46	1.42	2.45		11,012,012

<sup>1</sup> Rates based on per thousand gallons. Price varies by customer.

Note: This schedule does not include interruptible water.

**GULF COAST WATER AUTHORITY**

**PRINCIPAL WATER FEE PAYERS**

*Current Year and Nine Years Ago*

Customer	2022			2013		
	Revenue Base Attributable	Rank	% Base of The total Revenue Base	Revenue Base Attributable	Rank	% Base of The total Revenue Base
City of Galveston	\$ 7,347,496	1	13%	\$ 4,154,447	2	15%
Blanchard Refining (BP Amoco)	6,544,667	2	12%	5,541,609	1	20%
City of League City	4,432,049	3	8%	2,784,798	3	10%
City of Texas City	3,756,775	4	7%	1,875,062	4	7%
INEOS	3,461,214	5	6%	1,128,790	7	4%
Union Carbide Corp./DOW	2,313,056	6	4%	1,459,009	5	5%
City of Pearland	2,148,156	7	4%	1,476,842	6	5%
City of Missouri City	1,974,097	8	4%	947,929	8	3%
Ascend	1,707,261	9	3%	-		0%
Eastman (Sterling) Chemical	1,562,406	10	3%	901,233	9	3%
Galveston County WCID #1	-		0%	827,079	10	3%
Totals	<u>\$ 35,247,177</u>		<u>64%</u>	<u>\$ 21,096,798</u>		<u>75%</u>

	2022	2013
Revenue base amounts	\$ 55,441,324	\$ 27,468,040

## **GULF COAST WATER AUTHORITY**

### ***LIST OF PRINCIPAL CUSTOMERS***

***August 31, 2022***

#### **Industrial Customers**

Blanchard Refining  
Ashland Performance Chemicals  
Eastman Chemical  
Valero Refining  
Union Carbide Corp./DOW  
City of Texas City  
Topaz

#### **Municipal Customers**

City of League City  
Bacliff MUD  
Bayview MUD  
Galveston WCID #1  
City of Lamarque  
City of Texas City  
San Leon MUD  
Galveston County WCID #12  
City of Hitchcock  
Galveston County WCID #8  
Galveston County FWD #6  
Galveston County MUD #12  
City of Galveston

#### **Canal Division**

City of Missouri City  
City of Sugar Land  
Riverbend Country Club  
Ascend Performance Material  
Underground Storage  
First Colony Commons Shopping Center  
Fort Bend MUD #2  
City of Pearland  
Mainland Concrete  
Diamond K  
First Colony Community Association  
Pecan Grove MUD  
Southwyck  
Sugar Creek Country Club  
Magnolia Creek Country Club

#### **Chocolate Bayou**

INEOS

Note: The above customers represent the Authority's principal customers. Because of the long term nature of Authority's contracts, the majority of these customers have been customers of the Authority for ten years or more.

**GULF COAST WATER AUTHORITY**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
*Last Ten Fiscal Years*

<b>Fiscal Year</b>	<b>Water Revenue Bonds <sup>1</sup></b>	<b>Percentage of Revenue <sup>2</sup></b>
2013	\$ 41,080,000	119.52%
2014	36,750,000	115.29%
2015	36,750,000	114.95%
2016	28,939,556	65.99%
2017	47,290,250	100.51%
2018	43,114,284	78.05%
2019	37,153,318	71.09%
2020	30,952,352	56.34%
2021	24,541,381	48.83%
2022	24,261,452	49.50%

<sup>1</sup> Excludes lease liabilities and includes premium on bonds.

<sup>2</sup> Based on operating revenues.

The Authority has no taxation authority, therefore relating the Authority's debt to personal income or population is not applicable. Further, certain of the Authority's customers are industrial or other non-municipal users such that the Authority's debt to personal income or population is not applicable.

Note: Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.





**GULF COAST WATER AUTHORITY**  
**PLEDGE – REVENUE COVERAGE BY DIVISION**  
**Fiscal Year Ended August 31, 2022**

Division	Water Revenue Bonds					
	Revenue	Less Operating Expenses <sup>3</sup>	Net Available for Debt Service	Debt Service Due Within One Year		Coverage Ratio
				Principal	Interest	
Galveston County WCID #12	\$ 208,373	\$ 60,143	\$ 148,230	\$ 85,000	\$ 38,695	1.20
Texas City Reservoir <sup>1</sup>	14,630,929	12,572,861	2,058,068	1,090,000	156,782	1.65
Industrial Pump Station <sup>1</sup>	12,862,968	10,608,543	2,254,425	755,000	412,542	1.93
League City SE Water Purification Plant <sup>2</sup>	4,155,378	4,223,142	(67,764)	215,000	200,750	-0.16

<sup>1</sup> Revenue includes operating revenues and investment income.

<sup>2</sup> Revenue includes investment income and payments received from municipalities relating to the long-term receivable. See note 11 for more information.

<sup>3</sup> Operating expenses do not include depreciation.

Source: Current and prior year audited financial statements.

The GCWA's boundaries stretch across three counties including Fort Bend, Brazoria and Galveston. GCWA provides water for industry, agriculture, municipalities and irrigation. The GCWA's services include water sales, distribution, water treatment and irrigation for farmers and recreation.

The tables below and on the following page portray the population and economic base within GCWA's boundaries.

<b><u>County/City</u></b>	<b><u>Population</u></b>
Fort Bend County	858,527
Brazoria County	379,689
Galveston County	355,062
City of Pearland	125,990
City of League City	115,595
City of Sugar Land	109,373
City of Missouri City	74,850
City of Galveston	53,219
City of Texas City	52,247
City of La Marque	18,697

*Source US Census Bureau, Quick Facts*

**Educational Attainment**

<b><u>County/City</u></b>	<b><u>High School</u></b>	<b><u>College</u></b>
City of League City	96%	49%
City of Pearland	95%	49%
City of Sugar Land	95%	60%
City of Missouri City	91%	44%
Fort Bend County	91%	48%
Galveston County	90%	33%
Brazoria County	89%	31%
City of Galveston	86%	30%
City of La Marque	85%	19%
City of Texas City	85%	17%

*Source US Census Bureau, Quick Facts*

*High school graduate or higher, percent of persons age 25+, 2017-2021*

*Bachelor's degree or higher, percent of persons age 25+, 2017-2021*

Note: Information not available as of the report date.

<u>County/City</u>	<u>Median Age</u>	<u>Largest Employers</u>
Galveston County	38	UTMB
Fort Bend County	35	Fort Bend ISD
Brazoria County	35	Dow Chemical Co
City of League City	34	Clear Creek ISD
City of La Marque	38	Wal-Mart
City of Texas City	35	Marathon-Galveston Bay Refinery
City of Pearland	34	Pearland ISD
City of Galveston	38	UTMB
City of Missouri City	38	Fort Bend ISD
City of Sugar Land	41	Methodist Sugar Land Hospital

Source <http://suburbanstats.org/population/texas/>

Source Annual Comprehensive Financial Report for each entity

<u>County/City</u>	<u>Median Household Income (\$)</u>
City of Sugar Land	\$ 123,733
City of League City	112,273
City of Pearland	107,941
Fort Bend County	102,590
City of Missouri City	88,426
Brazoria County	87,958
Galveston County	79,328
City of La Marque	60,042
City of Texas City	56,906
City of Galveston	52,899

Source US Census Bureau, Quick Facts

<u>County/City</u>	<u>Unemployment Rate</u>
City of Pearland	3.7%
City of League City	3.8%
City of Sugar Land	3.8%
City of La Marque	4.1%
Fort Bend County	4.2%
City of Galveston	4.5%
Galveston County	4.9%
City of Missouri City	5.0%
Brazoria County	5.1%
City of Texas City	6.9%

Source <http://texaslmi.com/LMIbyCategory/LAUS> @ August 2022



**GULF COAST WATER AUTHORITY****NUMBER OF EMPLOYEES BY DIVISION***Last Ten Fiscal Years*

Division	Full-Time Equivalent Employees by Division									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Administrative	30	29	24	11	8	10	10	11	10	9
Industrial	-	-	-	-	-	1	2	2	2	2
Texas City Reservoir	-	-	-	1	1	-	-	-	-	-
Texas City Industrial	-	-	-	5	2	-	-	-	-	-
Water treatment plant	23	24	22	24	24	21	19	17	12	14
Canal	34	34	35	31	28	27	26	22	22	20
Chocolate Bayou	6	6	5	6	5	6	4	5	5	4
<b>Total</b>	<u>93</u>	<u>93</u>	<u>86</u>	<u>78</u>	<u>68</u>	<u>65</u>	<u>61</u>	<u>57</u>	<u>51</u>	<u>49</u>

Note: This table reports the number of filled, full-time employees positions based on the division in which they are employed. Table does not include budgeted, unfilled positions. Employees in the Administration Division provide centralized services to all four operating divisions, and their time and salary costs are allocated to each division based on time worked.

Source: From final FY22 payroll register. Part time and full time position replacements are not included in count.

**GULF COAST WATER AUTHORITY****OPERATING STATISTICS****Last Ten Fiscal Years****Page 1 of 2**

<b>Annual Acre Feet</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Industrial	71,703	58,820	73,178	62,469	49,935
Irrigation	54,698	44,376	42,920	48,422	45,136
Municipal	75,617	64,373	55,765	49,963	39,517
<b>Total Pumpage</b>	<b>202,018</b>	<b>167,569</b>	<b>171,863</b>	<b>160,854</b>	<b>134,588</b>

Source: Annual Report to Texas Commission on Environmental Quality.

**Brazos River Water Rights held by GCWA**

<b>Authorized Diversion Points</b>	<b>TCEQ Water Rights Certificate of Adjudication</b>	<b>Diversion Amount Acre Feet per Year</b>	<b>Senior Right Priority Date</b>
Shannon & Briscoe Pump Stations (A & B Canals)	CA 12-5168	99,932	1/15/1926
Shannon & Briscoe Pump Stations (A & B Canals)	CA 12-5171	75,000	2/1/1939
Shannon & Briscoe Pump Stations (A & B Canals)	CA 12-5171	50,000	12/12/1950
Jones & Oyster Creeks Storage	CA 11-5169	12,000	5/14/1985
May Pump Station (Juliff Canal)	CA 12-5322	40,000	2/8/1929
May Pump Station (Juliff Canal)	CA 12-5322	40,000	3/14/1955
May Pump Station (Juliff Canal)	CA 12-5322	75,000	7/25/1983
Chocolate Bayou, Halls Bayou, & Mustang Bayou	CA 11-5357	57,500	8/3/1937

**GULF COAST WATER AUTHORITY**  
**OPERATING STATISTICS**  
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<b>Annual Acre Feet</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Industrial	54,292	77,500	77,032	116,816	61,266
Irrigation	46,451	82,037	21,091	23,864	50,929
Municipal	43,110	67,367	54,648	29,795	47,574
<b>Total Pumpage</b>	<b>143,853</b>	<b>226,904</b>	<b>152,771</b>	<b>170,475</b>	<b>159,769</b>

Source: Annual Report to Texas Commission on Environmental Quality.

**GULF COAST WATER AUTHORITY**  
**SCHEDULE OF CAPITAL ASSET ADDITIONS**  
**Last Ten Fiscal Years**

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	2022	2021	2020	2019	2018
<b>Industrial Division</b>					
Office furniture, fixtures and equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Other machinery and equipment	-	-	-	-	-
Automobiles and trucks	-	-	-	-	-
Buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Texas City Reservoir Division</b>					
Buildings	-	-	-	25,512	-
Infrastructure	297,111	107,115	160,662	11,515,777	2,701,916
<b>Texas City Industrial Division</b>					
Office furniture, fixtures and equipment	-	3,144	-	-	-
Buildings	-	199,249	-	-	-
Infrastructure	237,294	3,039,887	3,702,085	2,337,562	6,447,948
<b>League City Southeast Division</b>					
Office furniture, fixtures and equipment	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
Automobiles and trucks	-	-	-	-	-
Buildings	-	-	-	-	-
Infrastructure	-	-	-	3,273,042	2,286,456
<b>Water Treatment Plant</b>					
Office furniture, fixtures and equipment	145,199	87,270	-	-	-
Other machinery and equipment	-	15,705	-	75,184	-
Automobiles and trucks	-	-	45,146	-	-
Buildings	-	1,330,151	-	403,433	-
Infrastructure	1,900,993	531,629	1,195,183	2,651,734	4,830,763
<b>Canal Division</b>					
Land	447,964	-	-	-	-
Office furniture, fixtures and equipment	-	11,595	-	-	-
Other machinery and equipment	328,413	341,558	-	212,635	-
Automobiles and trucks	-	82,675	113,512	159,448	-
Buildings	-	-	141,723	-	-
Infrastructure	13,108,799	5,199,961	3,155,825	1,012,457	2,830,294
<b>Galveston County WCID #12</b>					
Infrastructure	-	-	-	1,057,743	931,267
<b>1998 A-B South Projects</b>					
Land	68,953	-	-	-	-
Infrastructure	176,591	50,803	-	262,570	789,436



**GULF COAST WATER AUTHORITY**  
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	2017	2016	2015	2014	2013
<b>Industrial Division</b>					
Office furniture, fixtures and equipment	\$ -	\$ -	\$ -	\$ 6,159	\$ 10,152
Other machinery and equipment	-	61,713	5,758	-	3,128
Automobiles and trucks	34,302	-	-	3,921	22,636
Buildings	31,139	-	-	-	132,908
Infrastructure	7,006,745	1,624,938	4,059,378	4,278,111	3,033,669
<b>Texas City Reservoir Division</b>					
Buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Texas City Industrial Division</b>					
Office furniture, fixtures and equipment	-	-	-	-	-
Buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>League City Southeast Division</b>					
Office furniture, fixtures and equipment	-	-	-	302	416
Other machinery and equipment	-	-	-	-	128
Automobiles and trucks	-	-	-	192	140
Buildings	-	-	-	980	1,066
Infrastructure	1,077,525	110,591	76,941	2,672,018	16,900
<b>Water Treatment Plant</b>					
Office furniture, fixtures and equipment	32,228	38,607	-	121,377	19,999
Other machinery and equipment	-	5,159	15,205	67,924	70,529
Automobiles and trucks	82,347	33,095	32,885	33,445	6,723
Buildings	572,268	200,519	65,404	168,524	365,709
Infrastructure	2,410,859	3,082,780	1,714,354	2,663,309	1,767,842
<b>Canal Division</b>					
Land	-	-	-	-	-
Office furniture, fixtures and equipment	-	-	-	23,021	21,759
Other machinery and equipment	314,979	332,343	57,250	766,934	576,821
Automobiles and trucks	46,770	102,464	209,334	82,211	167,857
Buildings	28,403	112,303	79,435	286,642	141,007
Infrastructure	1,534,180	453,388	762,469	1,425,510	2,345,951
<b>Galveston County WCID #12</b>					
Infrastructure	93,269	-	-	-	-
<b>1998 A-B South Projects</b>					
Office furniture, fixtures and equipment	-	-	-	-	-
Infrastructure	263,881	269,326	-	-	-

**GULF COAST WATER AUTHORITY**  
**SCHEDULE OF CAPITAL ASSET ADDITIONS**  
**Last Ten Fiscal Years**

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	2022	2021	2020	2019	2018
<b>2002 Galveston Projects</b>					
Infrastructure	\$ -	\$ 110,216	\$ -	\$ -	\$ -
<b>Chocolate Bayou</b>					
Land	143,686	-	-	-	-
Office furniture, fixtures and equipment	47,520	49,294	-	-	-
Other machinery and equipment	24,580	-	-	98,524	-
Automobiles and trucks	-	37,490	65,789	37,245	-
Buildings	-	-	1,062,062	-	-
Infrastructure	5,646,133	6,031,254	3,642,954	346,172	1,535,450
<b>Pearland Southeast Plant</b>					
Office furniture, fixtures and equipment	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
Automobiles and trucks	-	-	-	-	-
Buildings	-	-	-	-	-
Infrastructure	-	-	-	1,027,515	1,027,515
<b>1997 Galveston Projects</b>					
Office furniture, fixtures and equipment	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
Automobiles and trucks	-	-	-	-	-
Buildings	-	-	-	-	-
Infrastructure	(50,803)	-	415,383	149,019	29,865
<b>1998D Series La Marque Projects</b>					
Infrastructure	-	-	337,073	-	-
<b>Northline Group</b>					
Infrastructure	6,203	-	51,977	-	-
<b>Bayshore Group</b>					
Infrastructure	-	-	-	-	-
<b>Administrative</b>					
Land	426	28,139	-	-	-
Office furniture, fixtures and equipment	800,992	-	78,100	-	-
Automobiles and trucks	-	-	37,106	-	-
Buildings	5,896,572	3,818,763	-	-	-
Infrastructure	-	-	-	-	1,367,721
<b>Total Capital Assets</b>	<u>\$ 29,226,626</u>	<u>\$ 21,075,898</u>	<u>\$ 14,204,580</u>	<u>\$ 24,645,572</u>	<u>\$ 24,778,631</u>

**GULF COAST WATER AUTHORITY**  
**SCHEDULE OF CAPITAL ASSET ADDITIONS**  
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	2017	2016	2015	2014	2013
<b>2002 Galveston Projects</b>					
Infrastructure	\$ -	\$ -	\$ -	\$ 274,779	\$ 1,216,421
<b>Chocolate Bayou</b>					
Land	-	-	-	-	-
Office furniture, fixtures and equipment	-	-	-	6,832	10,425
Other machinery and equipment	-	-	-	167,071	3,212
Automobiles and trucks	33,405	32,248	-	28,486	50,000
Buildings	41,972	273,689	30,774	35,772	26,741
Infrastructure	661,001	734,486	740,258	1,555,893	892,215
<b>Pearland Southeast Plant</b>					
Office furniture, fixtures and equipment	-	-	-	302	416
Other machinery and equipment	-	-	-	-	128
Automobiles and trucks	-	-	-	192	140
Buildings	-	-	-	980	1,066
Infrastructure	-	-	-	-	-
<b>1997 Galveston Projects</b>					
Office furniture, fixtures and equipment	-	-	-	418	1,786
Other machinery and equipment	-	-	-	-	550
Automobiles and trucks	-	-	-	266	600
Buildings	-	-	-	1,357	4,582
Infrastructure	163,512	42,371	-	39,483	37,212
<b>1998D Series La Marque Projects</b>					
Infrastructure	-	-	-	-	-
<b>Northline Group</b>					
Infrastructure	13,674	100,765	-	-	-
<b>Bayshore Group</b>					
Infrastructure	43,354	12,159	-	-	-
<b>Administrative</b>					
Land	-	-	-	-	-
Office furniture, fixtures and equipment	10,128	7,739	22,598	-	-
Automobiles and trucks	32,869	31,453	28,825	-	-
Buildings	-	9,299	-	-	-
Infrastructure	-	-	19,160	-	-
<b>Total Capital Assets</b>	<u>\$ 14,528,810</u>	<u>\$ 7,671,435</u>	<u>\$ 7,920,028</u>	<u>\$ 14,712,411</u>	<u>\$ 10,950,834</u>

