

Gulf Coast Water Authority

**Serving Industrial, Municipal and Agricultural interests
across Galveston, Brazoria and Fort Bend counties.**



Gulf Coast Water Authority

Offices in Texas City and Alvin, Texas

APPROVED OPERATING BUDGETS

**FOR FISCAL YEAR ENDING AUGUST 31, 2017
AS PRESENTED TO THE BOARD OF DIRECTORS**



Gulf Coast Water Authority - Board of Directors

As of June 16, 2016

| | | |
|--------------------------------|----------------|---|
| Mr. James McWhorter | President | Galveston County Municipal Position No. 1 |
| Mr. Russell C. Jones | Vice President | Fort Bend County Municipal Position No. 1 |
| Mr. Eric Wilson | Secretary | Brazoria County Municipal Position No. 1 |
| Mr. Bennie Jones, Jr. | Treasurer | Brazoria County Industrial Position No. 1 |
| Mrs. Connie Bradley | Director | Galveston County Industrial Position No. 1 |
| Mr. C.B. "Bix" Rathburn, Ph.D. | Director | Galveston County Industrial Position No. 2 |
| Mr. Shane Hamilton | Director | Galveston County At-Large Position No. 1 |
| Mr. Brad Matlock | Director | Galveston County At-Large Position No. 2 |
| Mr. Cliff Mock | Director | Brazoria County Agricultural Position No. 1 |
| Mr. Mike O'Connell | Director | Fort Bend County At-Large Position No. 1 |

GULF COAST WATER AUTHORITY

Operating Budget

For Fiscal Year September 1, 2016 to August 31, 2017

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Profile of the Government Agency

The Gulf Coast Water Authority (then named 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 8280-1, enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution.

The Authority provides surface water from the Brazos River for industry, agriculture and municipalities in Brazoria, Fort Bend and Galveston counties.

The Authority is governed by a ten (10) member Board of Directors. They are appointed in the following manner:

- Five (5) by 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) members by 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) members by Fort Bend County Commissioners Court with one (1) being a representative of Municipalities and one being a representative at-large.

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

Three Operating Divisions

The Authority's operations are divided in three (3) separate divisions as described below:

Canal Operations – The Authority's Canal Operations is headquartered in Alvin, Texas. Canal Operations are further divided into two separate systems or Operating Funds, as designated by customer contracts. The American/Briscoe Canal System and the Juliff/Chocolate Bayou System. Combined, these two systems include approximately 400 miles of main-line canals and laterals, and 380,000 acre-feet of surface water rights on the lower basin of the Brazos River. Historically, surface water is delivered to:

- Approximately 16,000 acres of commercial and hybrid seed rice are irrigated annually in Brazoria and Galveston counties as well as a Rice Research Facility located outside Alvin, Texas, providing world-wide technology for the rice industry when not in drought conditions,
- Industrial customers served directly by the Canal Operations including INEOS Olefins and Polymers (INEOS), Ascend Performance Materials (Ascend) and Underground Storage,
- Municipal customers directly served include the cities of Sugar Land and Missouri City, as well as Fort Bend WCID #2 and Pecan Grove MUD with the City of Pearland to come online in 2019,
- The Industrial and Municipal customers in Galveston County, who are further identified in the Industrial and Thomas Mackey Water Treatment Plant Operations below.

Galveston County Industrial Operations System – 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 in Texas City following World War II. Through acquisitions and exchanges, the Galveston County Industrial Operations System was acquired by the Authority in 1971. Galveston County Industrial Operations System operates an 8,700 acre-feet off-channel reservoir, the industrial/municipal canal delivery system and an industrial pump station contracted for 60 million gallons of surface water per day to Texas City industries. Industrial customers served include DOW/Union Carbide Corp., Marathon Galveston Bay Refinery, Marathon Texas Refining Division, Valero Texas City Refinery, Eastman Chemical Company, Ashland Specialty Chemicals, and the City of Texas City raw water system. The Thomas S. Mackey Water Treatment Plant facility is also a customer of the Galveston County Industrial Operations System as further described below.

Thomas S. Mackey Water Treatment Plant – The Authority owns and operates the Thomas S. Mackey Water Treatment Plant located in Texas City. The plant was originally constructed by the City of Texas City in 1978, acquired by the Authority in 1983, and expanded in 2000 to its present capacity. This 50 million gallon per day (MGD) conventional surface water plant serves (13) thirteen water utilities in Galveston County. Those customers include the cities of Texas City, La Marque, Galveston, Hitchcock, League City, Galveston County WCID #1 (Dickinson), Galveston County WCID #8 (Santa Fe), Galveston County WCID #12 (Kemah/Clear Lake Shores), Galveston County MUD #12 (Bayou Vista), Galveston County Fresh Water District #6 (Tiki Island), 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.

General Statement of Economic Conditions and Outlook

The Texas Economy. According to the Texas Comptroller of Public Accounts June 2016 issue of "The Texas Economy-Economic Outlook," Texas added jobs in 7 of 11 major industries. "Pre-recession Texas employment peaked at 10,638,100 in August 2008, a level that was surpassed in November 2011, and by January 2016 Texas added an additional 1,322,600 jobs. The U.S. recovered all recession-hit jobs by April 2016 and by January 2016 added an additional 4,856,000 jobs...Texas' unemployment was 4.4 percent for February 2016, equal to the 4.4 percent rate in February 2015. The Texas unemployment rate has been at or below the national rate for 110 consecutive months."

The Local & Regional Economy. The Authority and its customers are part of the Greater Houston Metropolitan Area. According to the Texas Workforce Commission, the Houston Metro Area added 6,000 jobs in April '16. Local unemployment has been gradually rising over the last year (4.8%), up seven-tenths of a percentage from April 2015 and currently higher than the nation's rate for the first time since November 2006. The overall outlook for 2016 is for continued weakness in sectors supporting the energy industry, which will spread to other sectors as consumers are forced to reduce discretionary spending. As part of The Houston-Galveston Area Council (HGAC), Our Great Region 2040 plan, as many as 2.0 million jobs will be added to the 13 counties and 134 cities and towns by 2040. Continued population growth within the Authority's service area will necessitate the demand for more water.

GCWA's Revenue Source

The Authority does not receive money from the State of Texas, any Regional, or County

government; nor does it collect any type of taxes. Income is derived from the sale of surface water. This revenue covers the cost of operation, maintenance, and capital improvements as well as repayment of outstanding bond 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.

Impact of the Texas Drought and Recovery

No budget report on any Texas surface water provider would be complete without a discussion of the recent Texas drought and recovery. For the Authority, recognition of the drought began in 2009. Each year following, the Authority has struggled with securing enough stored water commitments from the Brazos River Authority to insure a reliable water supply for its customers whenever the Authority's 'run of the river' water rights were not available due to extreme low flows in the lower Brazos River. Purchase of that additional stored water supply as insurance against low river flows has sustained the Authority's ability to meet customer's demands for decades past. In 2016, the Brazos River Authority revised and substantially reduced its calculation of available short-term stored water they would have available; thus putting more pressure on the Authority to look at other opportunities to insure against the next drought.

According to the National Center of Environmental Information (formerly the National Climate Data Center), in 2015 precipitation totals for the contiguous U.S. was the third wettest year on record, with only 1973 and 1983 recording more precipitation. State wide, Texas experienced its ninth wettest April with nearly 180 percent of average rainfall. As of June 2016, less than 1.50 percent of the state of Texas remains in an Abnormally Dry condition. None-the-less, the Authority must continue to seek additional firm water supplies to insure against the next drought.

Budget Construction

The Texas Water Code Section 49.057(b) requires the Board of Directors of the Gulf Coast Water Authority (GCWA) to adopt an annual operating budget. By contract with its customers, the Authority is required to adopt a budget and water rates no less than 60 days before the beginning of the next fiscal year. This budget document contains the summaries and details of the operating & maintenance funds, and capital improvement funds, and bond funds for Fiscal Year 2017 (FY2017) for the fourteen (14) active Funds and two (2) inactive Funds within GCWA. These funds are identified as:

Operation & Maintenance Funds:

- **Fund 02 - Texas City Industrial Operations** - includes raw water storage, pump station, and raw water distribution system to serve the Industrial and Municipal customers in Texas City. Participants are all Texas City industrial customers as well as the Thomas S. Mackey Water Treatment Plant (TMWTP) customers.
- **Fund 04 - League City Southeast Water Purification Plant (SEWPP)** – the Authority is the City of League City's *agent* as a co-participant in the Southeast Water Purification Plant located near Ellington Field, in Houston; currently contracting for 21.5 MGD.
- **Fund 06 - Thomas S. Mackey Water Treatment Plant (TMWTP)** - includes a 50 MGD water treatment plant and a potable water distribution system to 13 participating communities across Galveston County.

- Fund 08 - **American/Briscoe (A & B) Canal Operations** - includes water rights, pump stations and two parallel open channel, clay lined canals stretching across three counties from the Brazos River to Texas City. Participants are all of the Authority's customers with the one exception of INEOS and certain rice farmers.
- Fund 21 - **Juliff/Chocolate Bayou Operations** – this fund was originally designated to finance the purchase of this system, including water rights, two pump stations and two separate open channel, clay lined canals stretching across Fort Bend and Brazoria counties. Participants in the purchase are cities of Texas City, Galveston, and Pearland, as well as INEOS. Participants in the O&M of this system are INEOS and interruptible, annual contracts with rice farmers.
- Fund 22 - **Pearland Southeast Water Purification Plant (SEWPP)** – the Authority is the City of Pearland's *agent* as a co-participant in the Southeast Water Purification Plant located near Ellington Field, in Houston; currently contracting for 10 MGD.

Bond Funds:

- Fund 15 - **1998 C Series Texas City Projects** - financed construction of potable water distribution lines within Texas City; the City of Texas City being the only participant.
- Fund 16 - **1998 D Series La Marque Projects** - financed the construction of potable water distribution lines within La Marque; the City of La Marque being the only participant.
- Fund 19 - **2002 Galveston Projects** - financed the construction of potable water distribution lines on Galveston Island; the City of Galveston being the only participant.

Bond/Capital Improvement/Maintenance Funds:

- Fund 10 - **Galveston County WCID #12** - originally a bond fund since retired and is now used for O&M of the transmission line north of Bacliff to Kemah Only WCID#12 is a participant.
- Fund 12 - **1997 Galveston Projects** - originally designated to finance the construction of various potable water distribution lines on Galveston Island including the new causeway crossing line constructed in 2000; and now includes to operation and maintenance of the causeway line; the City of Galveston is the only participant.
- Fund 14 - **1998 A-B Series South Projects** - originally designated to finance the construction of the expansion of the Thomas Mackey WTP and potable water transmission lines running southward to connect to existing lines on Galveston Island and Hwy 6; and but now includes the O&M cost of the South Project Lines. Participants include all TMWTP customers except San Leon MUD, Bacliff MUD, Bayview MUD, and WCID#12.
- Fund 23 - **TMWTP Northline Group** - a new fund for O&M of the transmission line from the TMWTP to Dickinson Bayou; established per customer contracts. Participants include La Marque, Texas City, WCID#1, WCID#12, Bacliff MUD, San Leon MUD and Bayview MUD.
- Fund 24 - **TMWTP Bayshore Group** - a new fund for O&M of the transmission line from the Dickinson Bayou to Bacliff; established per customer contracts. Participants include WCID#1, San Leon, Bayview MUD, Bacliff MUD, and WCID#12.

Other Special Funds (Inactive):

- Fund 01 - **Administrative Special Projects Fund** - originally created to separately track administrative costs for startup of new funds and projects; is now established as a self-insurance reserve fund. (not active)
- Fund 20 - **Thomas Mackey Water Treatment Plant Expansion** - originally created to expand the water plant to 70 MGD in 2011, however the participants withdrew due to the economic downturn in 2009. Fund to be closed out with Board approval.

Administrative Office Cost Allocation:

The Authority's Administrative Office costs are allocated amongst seven (7) funds: Industrial Operations (11.32%), League City Southeast Water Purification Plant (1.07%), Water Treatment Plant (35.51%), Canal Operations (35.67%), 1997 Galveston Projects (1.26%), Chocolate Bayou Operations (14.27%), and Pearland Southeast Water Purification Plant (0.90%). The allocation methodology is based on three (3) categories: number of employees, number of purchase orders and number of invoices for the current fiscal year as it pertains to each of the above mentioned funds.

Each Fund's Budget Notes section provides additional details of revenues and expenses for FY2017. Detailed schedules, worksheets, notes and other documentation support the summary budget presented here and are included as elements of the budgets by reference.

The summary and detailed schedules within this report are presented using the cash basis of accounting.

General Elements of the Budget

The Authority has projected Total Revenues for all Divisions of \$60,720,933 for FY2017, of which there are two classifications: Operating Revenue and Other Revenue. (*Note; these totals include charges between funds*)

Total O&M Expenses for all Funds are projected to total \$40,288,309 and Total Capital Expenditures are projected to total \$32,553,600. Non-debt funded capital improvements total \$12,543,600 and debt funded capital improvements total \$20,010,000. The Industrial Operations has two debt funded projects for FY2017: Reservoir Intake & Discharge Pipe and Gate Improvement (\$6,500,000) and Industrial Pump Station (\$11,715,000). The Water Treatment Plant Operations has one debt funded project for FY2017: River Sediment Basin and Mono-Fill (\$1,300,000). The 2002 Galveston Projects (Fund 19) has one debt funded project for FY2017: City-wide water projects (\$495,000). GCWA wide bond payments and other uses total \$10,003,056. The Authority projects to utilize Other Sources totaling \$22,485,694.

Key assumptions for budgeted wages, salaries and employee benefits are stated below:

- Salaries and wages were budgeted with 3% for continuation of the Board approved Pay for Performance Plan, which allows for promotions, market equalizations and performance based salary increases, as well as a COLA of 0.40%.
- The Authority continues to expand its wellness program to improve the overall health of GCWA employees and limit future health insurance costs increases to GCWA. The proposed FY2017 budget includes an increase of 15% in group health insurance rates.

- Group retirement expenses were budgeted at a rate of 12.67% of payroll. This is the same rate utilized by staff for the FY2017 budget.

Summary of Each Major Fund Water Contracts, Revenues and Water Rates

American/Briscoe Canal Operations Fund

The American/Briscoe Canal Operations Fund includes contracts for delivery of 161.5804 MGD-wholesale surface water supply.



(Shannon Pumping Plant – Richmond, TX: Following Brazos River Flooding June 2016)

The American/Briscoe Canal Operations Fund water contracts, by County, they are:

- Galveston County-
 - Galveston County Industrial Operations - 110.762 MGD,
- Brazoria County-
 - Ascend Performance Materials - 17.866 MGD,
- Fort Bend County -

| | |
|--------------------------|------------|
| ○ Fort Bend WCID #2 | 4.000 MGD |
| ○ Missouri City | 15.000 MGD |
| ○ Pecan Grove MUD | 2.354 MGD |
| ○ The City of Sugar Land | 10.000 MGD |
| ○ Underground Storage | 1.600 MGD |

The Authority also has Option Water Agreements; by County, they are:

- Galveston County –
 - Future Thomas Mackey Water Treatment Plant Expansion – 8.00 MGD
- Brazoria County –
 - City of Pearland - 10.000 MGD,

- Fort Bend County –
 - City of Sugar Land – 10.000 MGD
 - Fort Bend WCID #2 - 6.500 MGD

There are three (3) key elements to the American/Briscoe Canal Operations Fund FY2017 budget, as highlighted below:

- Increases to the wholesale water rates for FY2017; an increase of 2.10%,
- Increase to Capital Improvement cost; an increase of 75.80%, and
- Increases to the total Full Time Equivalent (FTE) number of employees; an increase of 28.86%.

As budgeted, Total Operating Revenues will increase for FY2017, an increase of \$1,101,775. Metered Water Sales are projected to increase \$828,180, while Irrigation Income is projected to increase \$273,597 or 107.53%.

The FY2017 wholesale water rate charged to the customers is budgeted to increase to \$204.35 per MG for all customers with the exception of Pecan Grove MUD. The wholesale water rate for Pecan Grove MUD is budgeted to increase to \$384.71 per MG. Pecan Grove MUD has their own stored water contract, managed by GCWA, with BRA and is thus entitled to 3,100 acre feet of stored water of the American/Briscoe Canal Operations Fund's 73,270 acre feet of stored water; (firm and interruptible).

Budgeted Operations & Maintenance (O&M) expenses total \$5,651,664, Raw Water totaling \$5,231,881 and Capital Improvements totaling \$3,240,000.

- Raw Water cost expenses total \$5,231,881 less Pecan Grove MUD Raw Water costs of \$223,200 and the recently acquired BRA stored water 5-year contract for Agricultural Water cost of \$207,844. Additionally, the Authority has applied \$175,000 in cash reserves to the Raw Water cost. The net Raw Water Cost of \$4,625,837. Based on 159.228 MGD, yields a Raw Water Rate \$79.59 per MG; a decrease of 2.55%.
- O&M rates are based on 161.5804 MGD, at a rate of \$80.00 per MG; an increase of 1.21%.
- Capital Improvements rates are based on 161.5804 MGD, at a rate of \$44.76 per MG; an increase of 40.99%.

Galveston County Industrial (and Municipal) Operations Fund

The Galveston County Industrial (and Municipal) Operations Fund provides 110.762 (MGD) wholesale surface water supply to their customer base in Texas City:

- | | |
|--|------------|
| • Marathon Galveston Bay Refinery (GBR) | 28.600 MGD |
| • DOW/Union Carbide Corp. | 12.931 MGD |
| • Eastman Chemical Company | 8.542 MGD |
| • Valero Refining Texas | 6.510 MGD |
| • Marathon Texas Refining | 4.000 MGD |
| • City of Texas City | 0.019 MGD |
| • Thomas S. Mackey Water Treatment Plant | 49.700 MGD |
| • Ashland Specialty Chemicals | 1.000 MGD |



(Industrial - Terminal Reservoir-Texas City, TX)

There are five (5) elements to the Galveston County Industrial Operations Fund FY2017 Budget, highlighted as follows:

- Budgeted decrease in electrical power cost of 2.00%,
- Raw Water cost from the American/Briscoe Canal Operations Fund of 6.17%,
- Increase to O&M of 35.55%,
- Increase to Capital Improvement cost of 40.14%,
- Decrease to Applied cash to offset expenses from \$898,223 to \$369,317, and

As budgeted, Total Operating Revenues will increase to \$15,837,907, an increase of \$552,187. Metered Water Sales are projected to increase \$635,337, while Bond Payment Revenue is projected to decrease \$83,150.

Budgeted Power Cost expenses total \$719,988. Raw Water cost expenses total \$8,261,606. Operations & Maintenance (O&M) expenses total \$946,276 at the Texas City Reservoir and \$229,000.00 at the Industrial Pump Station. Related Capital Improvements of \$7,289,000 for the Texas City Reservoir and \$14,071,000 for the Industrial Pump Station, which are offset with Bond Proceeds of \$18,215,000. Anticipated Bond Payments totaling \$2,905,376 are offset with \$362,717 cash applied from FY2016 Bond Revenue.

- Power cost at the Industrial Pump Station is based on 42.792 MGD, \$46.10 per MG based on Estimated Metered Sales; a decrease of \$0.94 per MG for FY2016. The City of Texas City, the Thomas S. Mackey Water Treatment Plant and Ashland Specialty Chemicals do not pay power costs as they are not fed off the Industrial Pump Station.
- Raw water cost is based on 110.762 MGD, \$204.35 per MG; an increase of \$11.88 per

MG for FY2016.

- O&M costs are split amongst the Texas City Reservoir is based on 110.762 MGD and Industrial Pump Station based on 60.062 MGD:
 - Reservoir costs are \$23.24 per MG; an increase of \$7.41 per MG,
 - Industrial Pump Station costs are \$10.45 per MG; an increase of \$0.10 per MG.
- Capital improvement costs are split amongst the Texas City Reservoir and Industrial Pump Station less any cash reserves or bond proceeds:
 - Reservoir costs are based on 110.762 MGD, at a rate of \$19.52 per MG; a decrease of \$23.82 per MG.
 - Industrial Pump Station costs are based on 60.062 MGD, at a rate of \$107.47 per MG; an increase of \$37.91 per MG. During FY2016, the Authority applied \$800,000 in cash reserves to the Industrial Pump Station Capital Projects. The Thomas S. Mackey Water Treatment Plant and Ashland Specialty Chemicals do not pay for Capital Improvement costs associated with the Industrial Pump Station.
- Bond cost are split in same manner as the Capital Improvements. Additionally, the Thomas S. Mackey Water Treatment Plant is receiving a \$362,717 cash credit to offset bond costs receipts in FY2016.
 - Reservoir Bond costs are based on 110.762 MGD, at a rate of \$13.47 per MG for Water Treatment Plant customers and \$4.75 per MG for Ashland based on a 11-Year Bond payment and \$37.39 per MG for Industrial customers based on a 19-Year Bond payment.
 - Industrial Pump Station Bond costs are based on 60.062 MGD, at a rate of \$67.37 per MG. The Thomas S. Mackey Water Treatment Plant and Ashland Specialty Chemicals do not pay for Bond Costs associated with the Industrial Pump Station.

Thomas S. Mackey Water Treatment Plant Fund

The Thomas S. Mackey Water Treatment Plant (WTP) is contracted to provide 49.70 MGD treated water supply to the following Galveston County customers:

- | | |
|-----------------------------|-------------|
| • City of Texas City | 11.5050 MGD |
| • City of La Marque | 2.7800 MGD |
| • Galveston County WCID #1 | 4.1650 MGD |
| • Bacliff MUD | 1.1900 MGD |
| • Bayview MUD | 0.3880 MGD |
| • Galveston County WCID #12 | 1.0430 MGD |
| • San Leon MUD | 1.7850 MGD |
| • City of League City | 2.5440 MGD |
| • City of Galveston | 20.9900 MGD |
| • City of Hitchcock | 1.5000 MGD |
| • Gal. County WCID #8 | 1.0000 MGD |
| • Galveston County MUD #12 | 0.4500 MGD |
| • Gal. County FWD #6 | 0.3600 MGD |

There are four (4) key elements to the WTP FY2017 budget highlighted as follows:

- Decrease to Raw Water cost of 4.07%,
- Increase to Capital Revenue requirements of 22.45%,
- Decrease to Notes Payable for Capital Improvement cost of 49.38%, and
- Increase to O&M of 5.88%.

As budgeted, Total Operating Revenues will increase to \$14,889,159, an increase of \$449,327 or 3.11%. The FY2017 Reserved Capacity Water Rate (Raw Water-\$26.06 per MG, Capital-\$19.13 per MG & Note Payment-\$16.03 per MG) charged to customers is \$467.95 per MG, an increase of \$8.38 per MG. The Operations & Maintenance (O&M) Rate, based on estimated water usage, is \$574.60 per MG, an increase of \$18.21 per MG.



(Thomas S. Mackey Water Treatment Plant – Texas City, TX)

Budgeted Operations & Maintenance (O&M) expenses total \$6,461,727, Raw Water totaling \$4,726,995, a 5-Year Note Payable \$270,832 and Capital Improvements totaling \$4,771,000. Capital Improvements will be offset by \$1,300,000 in note proceeds.

- Raw water cost is based on 49.700 MGD, at a rate of \$260.58 per MG, a decrease of \$11.05 per MG.
- Capital Improvements rates are based on 49.700 MGD, at a rate of \$191.34 per MG, an increase of \$35.08 per MG. The Capital Improvements rate excludes \$1,300,000 in capital projects for which the Authority will secure a 5-Year Note.
- The 5-Year Note rates are based on 49.700 MGD, at a rate of \$16.03 per MG, a decrease of \$15.64 per MG. The annual debt service on this note is estimated to be \$290,832, which is a \$1,300,000 less than the Authority budgeted for FY2016.

- O&M rates are based on estimated usage of 30.517 MGD, at a rate of \$574.60 per MG, an increase of \$18.21 per MG. O&M expenses are based on anticipated usage with a true-up adjustment of actual expenses and actual customer usage at the end of the fiscal year.

Juliff/Chocolate Bayou Operations Fund

The Juliff/Chocolate Bayou Operations provide 15.00 MGD of wholesale surface water supply in Brazoria County to INEOS. INEOS has an Option Water Agreement for an additional 9.00 MGD. When available, the Authority has the ability to provide Interruptible Water for Agricultural Customers in Brazoria and Fort Bend counties; until the recent drought, this equated to 85,000 ac-ft diverted per year based on a 5-year average as self-reported to TCEQ.

There are four (4) key elements to the Chocolate Bayou Operations FY2017 budget, highlighted as follows:

- Increase to O&M cost of 13.50%,
- Increase to capital improvement cost of 42.82%,
- Increase to raw water cost 0.98% and
- Increase to Interruptible Water, Irrigation revenues of 1,206%.

As budgeted, Total Operating Revenues will increase to \$4,177,033, an increase of \$1,241,948. Metered Water Sales are projected to increase \$267,512, while Irrigation Income is projected to increase \$974,436 from \$80,764 in FY2016.



(Chocolate Bayou Pumping Plant – Alvin, TX)

The FY2017 wholesale water rate charged to the customers is proposed to increase to \$507.31 per MG, an increase of \$42.07 per MG. The FY2017 Option Water Agreement water rate is proposed to increase to \$101.46 per MG, an increase of \$8.41 per MG.

Budgeted Operations and Maintenance (O&M) expenses of \$2,293,014, an increase of \$272,714. O&M expenses are offset by cash applied of \$685,000 and revenues from other water supply agreements of \$876,846, net O&M of \$731,268. Capital Improvements of \$1,521,000. Raw Water cost expenses total \$525,261.

- Raw water cost is based on 15.00 MGD, \$95.94 per MG, an increase of \$0.94 per MG.
- O&M rates are based on 15.00 MGD, at a rate of \$133.57 per MG, a decrease of \$38.94 per MG.
- Capital Improvements rates are based on 15.00 MGD, at a rate of \$277.81 per MG, an increase of \$80.09 per MG.

1997 Galveston Projects Fund

Galveston Projects provides wholesale water supply to the City of Galveston. There is one (1) key element to the Galveston Projects FY2016 budget, as highlighted below:

- Capital improvements remain flat.

As budgeted, Total Operating Revenues will increase to \$324,922, an increase of \$12,756.

Budgeted Operations and Maintenance (O&M) expenses \$72,884, an increase of \$12,756 and Capital Improvements of \$250,000. The City of Galveston is the sole participant.

League City Southeast Water Purification Plant

The Authority has a contract with the City of Houston, Southeast Water Purification Plant (SEWPP) located near Ellington Field, on behalf of the City of League City. The Authority is a co-participant of 21.50 MGD of the capacity of SEWPP's 200.00 MGD facility.

The City of League City receives their water from the SEWPP from two (2) transmission lines:

- 42" Transmission Line adjacent to State Highway 3 for 16.50 MGD, and
- 36" Transmission Line adjacent to Beamer Road for 5.00 MGD.

As budgeted, Total Operating Revenues will increase to \$3,774,701, an increase of \$193,147.

Budgeted water cost from City of Houston and City of South Houston total \$3,282,469, an increase of 40.22%. Budgeted Operations and Maintenance (O&M) expenses \$30,232, an increase of 9.41%. Capital Improvements of \$462,000, which includes \$462,000 for an engineering study for the replacement of the Highway 3 Line. General and Administrative (G&A) expenses represent their pro-rata share of 1.07%.

Pearland Southeast Water Purification Plant

The Authority has a contract with the City of Houston, Southeast Water Purification Plant (SEWPP) located near Ellington Field, on behalf of the City of Pearland. The Authority is a co-participant of 10.00 MGD of the capacity of SEWPP's 200.00 MGD facility.

The City of Pearland receives their water from the SEWPP from one (1) 96" transmission line west of the SEWPP.

As proposed, Total Operating Revenues will increase to \$1,311,430, an increase of \$254,752.

Budgeted water cost from City of Houston total \$1,290,207, an increase of 23.92%. Budgeted Operations and Maintenance (O&M) expenses \$21,224, an increase of 48.97%. General and Administrative (G&A) expenses represent their pro-rata share of 0.90%

Northline Group, Bayshore Group, WCID #12 and 1998 A-B Series South Projects

Thomas S. Mackey Water Treatment Plant customers benefit from these distribution lines for the delivery of treated water for their customers. In a change from prior years the maintenance cost, (capitalized cost) is now divided in to separate funds as noted earlier as required by their contracts with the Authority. This capitalized maintenance cost to each group for FY2017 budget, is highlighted as follows:

- Increase to capital improvements.

As proposed, Total Water Sales will decrease to \$90,000.00 for the Northline Group, remain flat at \$40,000.00 for the Bayshore Group, remain flat at \$25,000.00 for WCID #12 and decrease to \$250,000.00 for 1998 A-B Series South Projects.

Budgeted Capital Improvements for the Northline Group is \$83,800.00, the Bayshore Group is \$36,800.00, WCID #12 is \$22,000 and the 1998 A-B Series South Projects is \$312,000.00.

**GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET**

| | Budget Year 2015-2016 | Budget Year 2016-2017 |
|--|-----------------------------|------------------------------|
| OPERATING REVENUES | \$ 50,376,007 | \$ 54,056,899 |
| OTHER REVENUES | 5,918,861 | 6,664,034 |
| TOTAL REVENUES | <u>\$ 56,294,868</u> | <u>\$ 60,720,933</u> |
| SALARIES & WAGES | \$ 3,527,417 | \$ 3,931,265 |
| PROFESSIONAL FEES | 1,121,000 | 955,000 |
| PURCHASED & CONTRACTED SERVICES | 22,528,490 | 24,561,371 |
| SUPPLIES, MATERIALS & UTILITIES | 4,899,784 | 5,162,262 |
| MAINTENANCE, REPAIRS & PARTS | 1,386,020 | 1,297,400 |
| EMPLOYEE BENEFITS | 1,999,690 | 2,177,290 |
| GENERAL & ADMINISTRATIVE EXPENSES | 1,774,746 | 2,203,720 |
| TOTAL EXPENSES | <u>\$ 37,237,148</u> | <u>\$ 40,288,309</u> |
| NET REVENUES OVER EXPENSES | <u>\$ 19,057,720</u> | <u>\$ 20,432,624</u> |
| LESS: CAPITAL IMPROVEMENTS | \$ 25,172,500 | \$ 32,553,600 |
| LESS: OTHER USES | 9,120,152 | 10,003,056 |
| ADD: OTHER SOURCES | 15,333,617 | 22,485,694 |
| NET CASH BASIS SOURCES (USES) | <u><u>\$ 98,684</u></u> | <u><u>\$ 361,662</u></u> |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

| | 2016 - 2017 Budget | | | | | | | |
|--|--------------------|-----------|------------|------------|---------|---------|-----------|---------|
| | FUND 02 | FUND 04 | FUND 06 | FUND 08 | FUND 10 | FUND 12 | FUND 14 | FUND 15 |
| OPERATING REVENUES | 15,837,918 | 3,775,076 | 14,889,159 | 13,336,045 | 25,000 | 324,922 | 250,000 | - |
| OTHER REVENUES | 73,975 | 271,557 | 40,929 | 79,804 | - | 250,193 | 3,128,204 | 624,079 |
| TOTAL REVENUES | 15,911,893 | 4,046,633 | 14,930,089 | 13,415,849 | 25,000 | 575,115 | 3,378,204 | 624,079 |
| SALARIES & WAGES | 318,263 | - | 1,474,315 | 1,471,850 | - | 23,837 | - | - |
| PROFESSIONAL FEES | 15,000 | 5,000 | 85,000 | 750,000 | - | - | - | - |
| PURCHASED & CONTRACTED SERVICES | 8,316,595 | 3,282,469 | 4,827,000 | 5,634,881 | 3,000 | - | 6,000 | - |
| SUPPLIES, MATERIALS & UTILITIES | 797,852 | 2,027 | 2,771,273 | 1,047,438 | - | 4,788 | - | - |
| MAINTENANCE, REPAIRS & PARTS | 281,650 | - | 444,000 | 382,050 | - | 3,500 | - | - |
| EMPLOYEE BENEFITS | 178,039 | - | 804,599 | 811,260 | - | 15,030 | - | - |
| GENERAL & ADMINISTRATIVE EXPENSES | 249,461 | 23,580 | 782,541 | 786,067 | - | 27,767 | - | - |
| TOTAL EXPENSES | 10,156,860 | 3,313,076 | 11,188,727 | 10,883,545 | 3,000 | 74,922 | 6,000 | - |
| NET REVENUES OVER EXPENSES | 5,755,033 | 733,557 | 3,741,361 | 2,532,304 | 22,000 | 500,193 | 3,372,204 | 624,079 |
| LESS: NON-OPERATING EXPENSES | - | - | - | - | - | - | - | - |
| LESS: CAPITAL IMPROVEMENTS | 21,360,000 | 462,000 | 4,771,000 | 3,240,000 | 22,000 | 250,000 | 312,000 | - |
| LESS: OTHER USES | 2,905,376 | 272,906 | 290,832 | - | - | 818,297 | 2,926,400 | 624,354 |
| ADD: OTHER SOURCES | 18,584,317 | - | 1,361,400 | 787,500 | - | 572,477 | - | - |
| NET CASH BASIS SOURCES (USES) | 73,975 | (1,349) | 40,929 | 79,804 | - | 4,373 | 133,804 | (275) |

| 2016 - 2017 Budget | | | | | | | |
|--------------------------------------|----------------|----------------|------------------|------------------|---------------|---------------|-------------------|
| | FUND 16 | FUND 19 | FUND 21 | FUND 22 | FUND 23 | FUND 24 | TOTAL |
| OPERATING REVENUES | - | - | 4,177,033 | 1,311,745 | 90,000 | 40,000 | 54,056,899 |
| OTHER REVENUES | 251,552 | 860,215 | 1,083,525 | - | - | - | 6,664,034 |
| TOTAL REVENUES | 251,552 | 860,215 | 5,260,558 | 1,311,745 | 90,000 | 40,000 | 60,720,933 |
| SALARIES & WAGES | - | - | 643,001 | - | - | - | 3,931,265 |
| PROFESSIONAL FEES | - | - | 100,000 | - | - | - | 955,000 |
| PURCHASED & CONTRACTED SERVICES | - | - | 1,191,819 | 1,290,207 | 6,200 | 3,200 | 24,561,371 |
| SUPPLIES, MATERIALS & UTILITIES | - | - | 537,180 | 1,705 | - | - | 5,162,262 |
| MAINTENANCE, REPAIRS & PARTS | - | - | 186,200 | - | - | - | 1,297,400 |
| EMPLOYEE BENEFITS | - | - | 368,363 | - | - | - | 2,177,290 |
| GENERAL & ADMINISTRATIVE EXPENSES | - | - | 314,471 | 19,833 | - | - | 2,203,720 |
| TOTAL EXPENSES | - | - | 3,341,033 | 1,311,745 | 6,200 | 3,200 | 40,288,309 |
| NET REVENUES OVER EXPENSES | 251,552 | 860,215 | 1,919,525 | - | 83,800 | 36,800 | 20,432,624 |
| LESS: NON-OPERATING EXPENSES | - | - | - | - | - | - | - |
| LESS: CAPITAL IMPROVEMENTS | - | 495,000 | 1,521,000 | - | 83,800 | 36,800 | 32,553,600 |
| LESS: OTHER USES | 249,392 | 856,784 | 1,058,716 | - | - | - | 10,003,056 |
| ADD: OTHER SOURCES | - | 495,000 | 685,000 | - | - | - | 22,485,694 |
| NET CASH BASIS SOURCES (USES) | 2,160 | 3,431 | 24,809 | - | - | - | 361,662 |

CANAL OPERATIONS

(08)

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

CANAL OPERATIONS (08)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ 9,850,518 | \$ 12,731,187 | \$ 12,234,270 | \$ 13,336,045 | \$ 14,295,333 |
| OTHER REVENUES | 34,203 | 143,079 | 54,985 | 79,804 | 79,804 |
| TOTAL REVENUES | \$ 9,884,721 | \$ 12,874,266 | \$ 12,289,256 | \$ 13,415,849 | \$ 14,375,138 |
| SALARIES & WAGES | \$ 1,125,160 | \$ 1,175,913 | \$ 1,363,676 | \$ 1,471,850 | \$ 1,530,724 |
| PROFESSIONAL FEES | 555,558 | 389,103 | 864,372 | 750,000 | 750,000 |
| PURCHASED & CONTRACTED SERVICES | 4,253,355 | 5,465,344 | 5,271,349 | 5,634,881 | 5,744,750 |
| SUPPLIES, MATERIALS & UTILITIES | 843,291 | 939,700 | 1,030,016 | 1,047,438 | 1,013,693 |
| MAINTENANCE, REPAIRS & PARTS | 365,726 | 376,750 | 454,484 | 382,050 | 399,050 |
| EMPLOYEE BENEFITS | 688,017 | 625,442 | 792,708 | 811,260 | 896,307 |
| GENERAL & ADMINISTRATIVE EXPENSES | 688,175 | 600,453 | 637,666 | 786,067 | 817,809 |
| TOTAL EXPENSES | \$ 8,519,281 | \$ 9,572,704 | \$ 10,414,270 | \$ 10,883,545 | \$ 11,152,333 |
| NET REVENUES OVER EXPENSES | \$ 1,365,440 | \$ 3,301,562 | \$ 1,874,985 | \$ 2,532,304 | \$ 3,222,804 |
| LESS: NON-OPERATING EXPENSES | \$ 1,392,226 | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | 1,108,488 | 1,097,500 | 1,820,000 | 3,240,000 | 3,143,000 |
| LESS: OTHER USES | - | - | - | - | - |
| ADD: OTHER SOURCES | - | - | - | 787,500 | - |
| NET CASH BASIS SOURCES (USES) | <u>\$ (1,135,275)</u> | <u>\$ 2,204,062</u> | <u>\$ 54,985</u> | <u>\$ 79,804</u> | <u>\$ 79,804</u> |

GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET

CANAL OPERATIONS (08)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|----------------------|----------------------|---------------------------------|
| OPERATING REVENUES | | | | | |
| METERED WATER SALES | \$ 9,481,669 | \$ 11,979,823 | \$ 11,979,823 | \$ 12,808,002 | \$ 13,511,070 |
| IRRIGATION INCOME | 368,849 | 751,364 | 254,447 | 528,043 | 784,263 |
| TOTAL OPERATING REVENUES | \$ 9,850,518 | \$ 12,731,187 | \$ 12,234,270 | \$ 13,336,045 | \$ 14,295,333 |
| OTHER REVENUES | | | | | |
| OTHER INCOME | \$ 23,282 | \$ 129,967 | \$ 40,000 | \$ 40,000 | \$ 40,000 |
| INTEREST INCOME-GENERAL FUND | 10,422 | 13,112 | 14,985 | 39,804 | 39,804 |
| INTEREST INCOME-GENERAL SWEEP | 500 | - | - | - | - |
| TOTAL OTHER REVENUES | \$ 34,203 | \$ 143,079 | \$ 54,985 | \$ 79,804 | \$ 79,804 |
| SALARIES & WAGES | | | | | |
| OPERATIONS | \$ 229,927 | \$ 220,523 | \$ 215,690 | \$ 252,635 | \$ 262,740 |
| MAINTENANCE | 577,892 | 640,097 | 724,792 | 762,320 | 792,813 |
| OFFICE MANAGEMENT | 317,340 | 315,293 | 423,194 | 456,895 | 475,170 |
| SALARIES & WAGES | \$ 1,125,160 | \$ 1,175,913 | \$ 1,363,676 | \$ 1,471,850 | \$ 1,530,724 |
| PURCHASED & CONTRACTED SERVICES | | | | | |
| CONTRACT WATER COST | \$ 3,933,990 | \$ 5,107,844 | \$ 4,917,737 | \$ 5,231,881 | \$ 5,341,750 |
| SERVICE AGREEMENTS | 7,771 | 7,500 | 8,500 | 8,000 | 8,000 |
| CONTRACT SERVICE OPERATIONS | 311,594 | 350,000 | 345,112 | 395,000 | 395,000 |
| PURCHASED & CONTRACTED SERVICES | 4,253,355 | 5,465,344 | 5,271,349 | 5,634,881 | 5,744,750 |
| SUPPLIES, MATERIALS & UTILITIES | | | | | |
| POWER - ELECTRIC | \$ 482,429 | \$ 550,000 | \$ 578,313 | \$ 547,210 | \$ 547,210 |
| MISCELLANEOUS CHEMICALS | 89,606 | 100,000 | 100,000 | 70,000 | 70,000 |
| SUPPLIES OPERATIONS | 2,883 | 3,000 | 5,000 | 5,000 | 5,000 |
| RIGHT OF WAY EASEMENT | 22,988 | 15,000 | 60,000 | 60,000 | 60,000 |
| DATA PROCESSING | 26,827 | 42,950 | 42,950 | 103,171 | 69,110 |
| RECORDS MANAGEMENT | 8,073 | 7,294 | 7,294 | 10,451 | 12,913 |
| MANAGEMENT EXPENSE | 15,349 | 8,000 | 7,000 | 16,000 | 16,000 |
| CONTRIBUTIONS/DONATIONS | - | - | - | - | - |
| INSURANCE EXPENSE | 47,371 | 50,458 | 50,458 | 57,105 | 59,960 |
| JANITORIAL SERVICES & SUPPLIES | 4,848 | 2,000 | 2,000 | 2,000 | 2,000 |
| STATIONERY & OFFICE SUPPLIES | 8,466 | 8,000 | 5,000 | 8,000 | 8,000 |
| TELEPHONE | 7,984 | 8,500 | 14,000 | 8,500 | 8,500 |
| DUES/SUBSCRIPTIONS | 533 | 150 | - | - | - |
| TCEQ PERMITS | 43,168 | 88,348 | 113,000 | 90,000 | 90,000 |
| TRAINING | 54,571 | 25,000 | 20,000 | 40,000 | 35,000 |
| SAFETY EQUIPMENT | 23,543 | 25,000 | 20,000 | 25,000 | 25,000 |
| HEAT, LIGHT & WATER | 4,650 | 6,000 | 5,000 | 5,000 | 5,000 |
| SUPPLIES, MATERIALS & UTILITIES | 843,291 | 939,700 | 1,030,016 | 1,047,438 | 1,013,693 |
| MAINTENANCE, REPAIRS & PARTS | | | | | |
| SHOP SUPPLIES | \$ 16,806 | \$ 12,000 | \$ 10,000 | \$ 12,000 | \$ 14,000 |
| RESERVOIRS & CANALS | 44,905 | 47,000 | 50,000 | 50,000 | 50,000 |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

CANAL OPERATIONS (08)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| FEE TO BRA OVER 180,500 ACRE FEET | | | | | |
| UNDER CONTRACT | - | - | 76,908 | - | - |
| BUILDINGS - MAINT | 18,407 | 15,000 | 15,000 | 15,000 | 15,000 |
| VEHICLES - REPAIRS & MAINT | 41,688 | 40,000 | 40,000 | 40,000 | 40,000 |
| EQUIPMENT - HEAVY | 58,191 | 55,000 | 40,000 | 50,000 | 50,000 |
| EQUIPMENT - LIGHT | 3,787 | 9,000 | 5,000 | 5,000 | 5,000 |
| EQUIPMENT GROUNDS - MAINT | - | - | - | - | - |
| GROUNDS - MAINTENANCE | 4,465 | 3,500 | 5,000 | 5,000 | 5,000 |
| MECHANICAL | 7,407 | 10,000 | 7,000 | 7,000 | 7,000 |
| ELECTRICAL | 5,396 | 7,000 | 8,000 | 8,000 | 8,000 |
| PIPING (DISTRIBUTION) | 690 | 10,000 | 6,000 | 6,000 | 6,000 |
| INSTRUMENTS | 15,725 | 12,000 | 15,000 | 15,000 | 15,000 |
| PAINT & INSULATION | 862 | 750 | 1,000 | 750 | 750 |
| ROAD REPAIRS | - | - | - | - | - |
| MAINT - OFFICE BLDG & GROUNDS | 2,222 | 1,000 | 1,500 | 1,500 | 1,500 |
| RADIO/COMMUNICATIONS | 28,341 | 22,000 | 22,576 | 28,800 | 28,800 |
| MAINT - TOOLS | 26,046 | 29,000 | 17,000 | 25,000 | 25,000 |
| OFFICE EQUIPMENT | 3,119 | 3,500 | 2,500 | 3,000 | 3,000 |
| GASOLINE & OIL EXPENSE | 87,669 | 100,000 | 132,000 | 110,000 | 125,000 |
| MAINTENANCE, REPAIRS & PARTS | 365,726 | 376,750 | 454,484 | 382,050 | 399,050 |
| EMPLOYEE BENEFITS | | | | | |
| PAYROLL TAXES | \$ 90,800 | \$ 86,873 | \$ 104,321 | \$ 112,597 | \$ 117,100 |
| EMPLOYEE BENEFITS - HEALTH INS | 331,233 | 358,470 | 453,019 | 441,619 | 507,861 |
| EMPLOYEE BENEFITS DENTAL | 6,844 | 11,466 | 14,645 | 14,868 | 17,098 |
| EMPLOYEE BENEFITS VISION | 2,647 | 2,467 | 5,033 | 4,721 | 5,429 |
| EMPLOYEE BENEFITS - LIFE INS | 13,564 | 4,917 | 8,643 | 16,946 | 19,488 |
| EMPLOYEE BENEFITS - TC&DRS | 174,130 | 100,650 | 118,231 | 127,609 | 132,714 |
| EMPLOYEE BENEFITS-401(K) | 35,949 | 34,793 | 54,547 | 58,874 | 61,229 |
| WORKERS COMPENSATION INSURANCE | 32,849 | 25,806 | 34,268 | 34,027 | 35,388 |
| EMPLOYEE BENEFITS | 688,017 | 625,442 | 792,708 | 811,260 | 896,307 |
| GENERAL & ADMINISTRATIVE EXPENSES | | | | | |
| ADMIN EXPENSES | \$ 688,175 | \$ 600,453 | \$ 637,666 | \$ 786,067 | \$ 817,809 |
| GENERAL & ADMINISTRATIVE EXPENSES | 688,175 | 600,453 | 637,666 | 786,067 | 817,809 |
| PROFESSIONAL FEES | | | | | |
| ENGINEERING | \$ 492,491 | \$ 250,000 | \$ 350,000 | \$ 350,000 | \$ 350,000 |
| LEGAL EXPENSE | 52,772 | 125,000 | 500,000 | 400,000 | 400,000 |
| AUDITING EXPENSE (OUTSIDE) | 10,295 | 14,103 | 14,372 | - | - |
| PROFESSIONAL FEES | 555,558 | 389,103 | 864,372 | 750,000 | 750,000 |
| MISCELLANEOUS EXPENSES | | | | | |
| BAD DEBT EXPENSE | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL MISCELLANEOUS EXPENSES | - | - | - | - | - |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

CANAL OPERATIONS (08)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--------------------------------------|---------------------------------|-----------------------|----------------------|----------------------|---------------------------------|
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ 1,392,226 | \$ - | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | 1,392,226 | - | - | - | - |
| CAPITAL IMPROVEMENTS | | | | | |
| CAPITAL | \$ 1,108,488 | \$ 1,097,500 | \$ 1,820,000 | \$ 3,240,000 | \$ 3,143,000 |
| TOTAL CAPITAL IMPROVEMENTS | 1,108,488 | 1,097,500 | 1,820,000 | 3,240,000 | 3,143,000 |
| TOTAL EXPENSES | \$ 11,019,996 | \$ 10,670,204 | \$ 12,234,270 | \$ 14,123,545 | \$ 14,295,333 |
| OTHER SOURCES | | | | | |
| CASH APPLIED | \$ - | \$ - | \$ - | \$ 787,500 | \$ - |
| TOTAL OTHER SOURCES | - | - | - | 787,500 | - |
| NET CASH BASIS SOURCES (USES) | \$ (1,135,275) | \$ 2,204,062 | \$ 54,985 | \$ 79,804 | \$ 79,804 |

**FY2017 Budget Notes –Canal Operations
June 16, 2016**

1. Operating Revenues – Operating Revenues for FY2017 for Canal Operations are projected to total \$13,336,045, based on fees collected for the following:
 - Firm Contract Customers- All Firm Contract customers pay \$204.35 per MG with the exception of Pecan Grove MUD, which pays \$384.71 per MG. Based on projected water use, the estimated revenue is \$12,206,949.
 - Option Water Agreement Customers- All Option Water Contract Customers pay \$40.87 per MG. Based on projected water use, the estimated revenue is \$395,321.
 - Interruptible Water Agreement Customers- All Interruptible Water Contract Customers pay varying rates based on availability. Based on projected water use, the estimated revenue is \$525,949.
2. Salaries & Wages – Staffing for FY2017 includes 25.63 Full Time Employees (FTE's) as follows:
 - Canal Operations Staff- Utilizes 25.63 FTE's for a total cost of \$1,471,851, which is a 2.26 FTE increase from FY2016 due to the addition of (1) Canal Rider and (1) Maintenance Technician positions.
3. Professional Fees- Include expenses such as attorneys, engineers, etc., for a total of \$750,000. Legal Fee are projected to be \$400,000. Engineering fees are projected to be \$350,000 for non-capital related engineering and other professional services to support the Canal Operations.
4. Purchased & Contracted Services – Services purchased and contracted from third party providers totaling \$5,634,881. Included in the total is \$5,231,881 for expenses related to contract water cost purchases from the Brazos River Authority. Contract water cost purchases includes the additional interruptible agricultural water which will be offset by irrigation sales at a cost of \$207,844. Additionally, \$395,000 for expenses related to contract mowing, clearing and mechanical services.
5. Supplies, Materials & Utilities – Includes expenses for supplies for: office, employees, facilities, and equipment, in addition to electric, water, gas, telephone and other utilities, totaling \$1,047,438. The single largest expense is power costs in the amount of \$547,210. Additionally, \$103,171 for pro-rata share of data processing associated with the purchase of asset management software and other software needs and \$90,000 for various permits.
6. Maintenance, Repairs & Parts – Includes expenses for routine maintenance, building and grounds maintenance, and security monitoring, totaling \$382,050. Also included in the total is \$50,000 for reservoirs and canals, \$110,000 for gasoline and oil expense and \$50,000 for repairs and maintenance-heavy equipment.

7. Employee Benefits – Includes expenses for payroll taxes, group health insurance, TCDRS retirement, 401(k) retirement savings, and Worker's compensation insurance for the staff previously noted, totaling \$811,260.
8. General & Administration Expenses – Includes \$786,067 for expenses incurred by General & Administration (G&A) staff to support the Canal Operations. These costs include such operational expense items as professional fees, purchased & contracted services, supplies, materials, utilities, rentals, maintenance repairs & parts, capital improvements and salaries & employee benefits associated with the support provided by G&A staff previously noted. Staffing for FY2017 includes 3.73 FTE's, allocated by time, to support the management and implementation of the Canal Operations for a total cost of \$364,627.
9. Capital Improvements – Costs totaling \$3,240,000. Major projects include:
 - Algoa/Friendswood Check-2 & Bridge-6 Site #8 (\$500,000),
 - Lateral 10 Land Purchase (\$200,000),
 - Recondition Intake & Discharge Pipes at Shannon Plant (\$350,000)
 - Purchase Excavator (\$230,000) and
 - SCADA Improvements (\$200,000).
10. Cash Used-Utilized \$787,500 from FY2016 carryforward of cash funds.

**INDUSTRIAL
DIVISION
(02)**

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

INDUSTRIAL DIVISION (02)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ 9,703,222 | \$ 13,022,640 | \$ 15,285,731 | \$ 15,837,918 | \$ 16,063,454 |
| OTHER REVENUES | 671,501 | 24,848 | 26,181 | 73,975 | 73,975 |
| TOTAL REVENUES | \$ 10,374,723 | \$ 13,047,488 | \$ 15,311,913 | \$ 15,911,893 | \$ 16,137,428 |
| SALARIES & WAGES | \$ 201,093 | \$ 176,379 | \$ 189,297 | \$ 318,263 | \$ 330,993 |
| PROFESSIONAL FEES | 11,641 | 36,952 | 24,952 | 15,000 | 15,000 |
| PURCHASED & CONTRACTED SERVICES | 5,777,952 | 7,829,555 | 7,832,055 | 8,316,595 | 8,851,524 |
| SUPPLIES, MATERIALS & UTILITIES | 987,294 | 751,954 | 783,836 | 797,852 | 799,413 |
| MAINTENANCE, REPAIRS & PARTS | 63,251 | 283,610 | 268,510 | 281,650 | 279,650 |
| EMPLOYEE BENEFITS | 117,473 | 114,207 | 108,928 | 178,039 | 196,964 |
| GENERAL & ADMINISTRATIVE EXPENSES | 262,597 | 165,112 | 175,345 | 249,461 | 259,535 |
| TOTAL EXPENSES | \$ 7,421,301 | \$ 9,357,769 | \$ 9,382,923 | \$ 10,156,860 | \$ 10,733,078 |
| NET REVENUES OVER EXPENSES | \$ 2,953,422 | \$ 3,689,720 | \$ 5,928,990 | \$ 5,755,033 | \$ 5,404,350 |
| LESS: NON-OPERATING EXPENSES | \$ 623,796 | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | 3,620,638 | 4,102,965 | 15,242,000 | 21,360,000 | 14,625,000 |
| LESS: OTHER USES | - | - | 2,724,032 | 2,905,376 | 2,905,376 |
| ADD: OTHER SOURCES | 4,625,000 | 898,223 | 12,063,223 | 18,584,317 | 12,200,000 |
| NET CASH BASIS SOURCES (USES) | <u>\$ 3,333,989</u> | <u>\$ 484,978</u> | <u>\$ 26,181</u> | <u>\$ 73,975</u> | <u>\$ 73,975</u> |

GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET

INDUSTRIAL DIVISION (02)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|----------------------|----------------------|---------------------------------|
| OPERATING REVENUES | | | | | |
| METERED WATER SALES | \$ 9,703,222 | \$ 12,659,923 | \$ 12,659,923 | \$ 13,295,260 | \$ 13,158,078 |
| BOND PAYMENT REVENUE | - | 362,717 | 2,625,809 | 2,542,658 | 2,905,376 |
| TOTAL OPERATING REVENUES | \$ 9,703,222 | \$ 13,022,640 | \$ 15,285,731 | \$ 15,837,918 | \$ 16,063,454 |
| OTHER REVENUES | | | | | |
| OTHER INCOME | \$ 652,762 | \$ 6,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 |
| INTEREST INCOME-GENERAL FUND | 18,267 | 18,848 | 24,181 | 71,975 | 71,975 |
| INTEREST INCOME-GENERAL SWEEP | 472 | - | - | - | - |
| TOTAL OTHER REVENUES | \$ 671,501 | \$ 24,848 | \$ 26,181 | \$ 73,975 | \$ 73,975 |
| SALARIES & WAGES | | | | | |
| OPERATIONS - LABOR | \$ 100,470 | \$ 105,383 | \$ 105,246 | \$ 116,778 | \$ 121,449 |
| MAINTENANCE - LABOR | 27,903 | 36,643 | 49,699 | 72,982 | 75,902 |
| OFFICE MANAGEMENT - LABOR | 72,719 | 34,352 | 34,352 | 128,503 | 133,643 |
| SALARIES & WAGES | \$ 201,093 | \$ 176,379 | \$ 189,297 | \$ 318,263 | \$ 330,993 |
| PURCHASED & CONTRACTED SERVICES | | | | | |
| CONTRACT WATER COST | \$ 5,733,677 | \$ 7,781,171 | \$ 7,781,171 | \$ 8,261,595 | \$ 8,796,524 |
| SERVICE AGREEMENTS | 3,695 | 2,500 | 5,000 | 5,000 | 5,000 |
| CONTRACT SERVICE OPERATIONS | 40,580 | 45,884 | 45,884 | 50,000 | 50,000 |
| PURCHASED & CONTRACTED SERVICES | 5,777,952 | 7,829,555 | 7,832,055 | 8,316,595 | 8,851,524 |
| SUPPLIES, MATERIALS & UTILITIES | | | | | |
| POWER - ELECTRIC | \$ 928,222 | \$ 700,000 | \$ 734,682 | \$ 719,988 | \$ 719,988 |
| MISCELLANEOUS CHEMICALS | 222 | 4,500 | 5,000 | 5,000 | 5,000 |
| SUPPLIES OPERATIONS | 1,671 | 5,000 | 700 | 2,000 | 2,000 |
| RIGHT OF WAY EASEMENT | 1,873 | 1,873 | 1,873 | 1,873 | 1,873 |
| DATA PROCESSING | 17,320 | 14,350 | 14,350 | 36,402 | 36,275 |
| RECORDS MANAGEMENT | 3,100 | 2,006 | 2,006 | 3,317 | 4,098 |
| MANAGEMENT EXPENSE | 310 | 750 | 750 | 750 | 750 |
| CONTRIBUTIONS/DONATIONS | - | - | - | - | - |
| INSURANCE EXPENSE | 18,262 | 13,875 | 13,875 | 18,123 | 19,029 |
| JANITORIAL - SUPPLIES | 261 | 100 | 100 | 200 | 200 |
| STATIONERY & OFFICE SUPPLIES | 241 | 200 | 500 | 200 | 200 |
| TELEPHONE | 479 | 500 | 1,100 | 1,100 | 1,100 |
| DUES/SUBSCRIPTIONS | 250 | 300 | 400 | 400 | 400 |
| TRAINING | 9,978 | 5,000 | 5,000 | 5,000 | 5,000 |
| SAFETY EQUIPMENT | 5,104 | 3,500 | 3,500 | 3,500 | 3,500 |
| SUPPLIES, MATERIALS & UTILITIES | 987,294 | 751,954 | 783,836 | 797,852 | 799,413 |
| MAINTENANCE, REPAIRS & PARTS | | | | | |
| SHOP SUPPLIES | \$ 351 | \$ 200 | \$ 100 | \$ 400 | \$ 400 |
| RESERVOIRS & CANALS | 21,799 | 40,000 | 22,000 | 30,000 | 30,000 |
| BUILDING - PUMP STATION | 3,431 | - | 3,000 | 3,000 | 3,000 |
| VEHICLES - REPAIRS & MAINT | 4,495 | 3,000 | 3,000 | 5,000 | 3,000 |
| EQUIPMENT - LIGHT | 543 | 1,000 | 1,000 | 1,000 | 1,000 |
| GROUNDS - MAINTENANCE | 1,740 | 1,000 | 1,000 | 2,000 | 2,000 |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

INDUSTRIAL DIVISION (02)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| MECHANICAL | 6,893 | 5,000 | 5,000 | 6,000 | 6,000 |
| ELECTRICAL | 3,003 | 10,000 | 10,000 | 10,000 | 10,000 |
| PIPING (PUMP STATION) | 2,378 | 1,000 | 1,000 | 1,000 | 1,000 |
| PIPING (DISTRIBUTION) | 1,893 | 6,000 | 6,000 | 7,000 | 7,000 |
| INSTRUMENTS | 1,419 | 10,000 | 10,000 | 10,000 | 10,000 |
| PAINT & INSULATION | 35 | 250 | 250 | 250 | 250 |
| RADIO/COMMUNICATIONS | 2,543 | 2,160 | 2,160 | 3,000 | 3,000 |
| MAINTENANCE - TOOLS | 7,346 | 4,000 | 3,000 | 4,000 | 4,000 |
| RENTAL - EQUIPMENT | - | 191,000 | 192,000 | 192,000 | 192,000 |
| OFFICE EQUIPMENT | 227 | 1,000 | 1,000 | 1,000 | 1,000 |
| GASOLINE & OIL EXPENSE | 5,156 | 8,000 | 8,000 | 6,000 | 6,000 |
| MAINTENANCE, REPAIRS & PARTS | 63,251 | 283,610 | 268,510 | 281,650 | 279,650 |
| EMPLOYEE BENEFITS | | | | | |
| PAYROLL TAXES FICA | \$ 17,274 | \$ 15,971 | \$ 14,481 | \$ 24,347 | \$ 25,321 |
| EMPLOYEE BENEFITS - HEALTH INS | 53,438 | 62,790 | 61,321 | 99,846 | 114,823 |
| EMPLOYEE BENEFITS DENTAL | 737 | 1,837 | 2,058 | 3,089 | 3,553 |
| EMPLOYEE BENEFITS VISION | 368 | 464 | 690 | 1,050 | 1,208 |
| EMPLOYEE BENEFITS - LIFE INS | 2,125 | 1,150 | 1,093 | 3,315 | 3,813 |
| EMPLOYEE BENEFITS - TC&DRS | 30,316 | 19,117 | 16,412 | 27,593 | 28,697 |
| EMPLOYEE BENEFITS-401(K) | 8,076 | 8,594 | 7,572 | 12,731 | 13,240 |
| WORKERS COMPENSATION INSURANCE | 5,140 | 4,286 | 5,301 | 6,067 | 6,310 |
| EMPLOYEE BENEFITS | 117,473 | 114,207 | 108,928 | 178,039 | 196,964 |
| GENERAL & ADMINISTRATIVE EXPENSES | | | | | |
| ADMIN EXPENSES | \$ 262,597 | \$ 165,112 | \$ 175,345 | \$ 249,461 | \$ 259,535 |
| GENERAL & ADMINISTRATIVE EXPENSES | 262,597 | 165,112 | 175,345 | 249,461 | 259,535 |
| PROFESSIONAL FEES | | | | | |
| ENGINEERING | \$ 1,595 | \$ 25,000 | \$ 16,000 | \$ 10,000 | \$ 10,000 |
| LEGAL EXPENSE | 6,010 | 8,000 | 5,000 | 5,000 | 5,000 |
| AUDITING EXPENSE (OUTSIDE) | 4,036 | 3,952 | 3,952 | - | - |
| PROFESSIONAL FEES | 11,641 | 36,952 | 24,952 | 15,000 | 15,000 |
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ 623,796 | \$ - | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | 623,796 | - | - | - | - |
| CAPITAL IMPROVEMENTS | | | | | |
| CAPITAL | \$ 3,620,638 | \$ 4,102,965 | \$ 15,242,000 | \$ 21,360,000 | \$ 14,625,000 |
| TOTAL CAPITAL IMPROVEMENTS | 3,620,638 | 4,102,965 | 15,242,000 | 21,360,000 | 14,625,000 |
| OTHER USES | | | | | |
| PROPOSED BOND PAYMENT | \$ - | \$ - | \$ 2,724,032 | \$ 2,905,376 | \$ 2,905,376 |
| TOTAL OTHER USES | - | - | 2,724,032 | 2,905,376 | 2,905,376 |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

INDUSTRIAL DIVISION (02)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--------------------------------------|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| TOTAL EXPENSES | \$ 11,665,734 | \$ 13,460,734 | \$ 27,348,954 | \$ 34,422,236 | \$ 28,263,454 |
| OTHER SOURCES | | | | | |
| CASH APPLIED | \$ 4,625,000 | \$ 898,223 | \$ 898,223 | \$ 369,317 | \$ - |
| BOND PROCEEDS | - | - | 11,165,000 | 18,215,000 | 12,200,000 |
| TOTAL OTHER SOURCES | \$ 4,625,000 | \$ 898,223 | \$ 12,063,223 | \$ 18,584,317 | \$ 12,200,000 |
| NET CASH BASIS SOURCES (USES) | <u>\$ 3,333,989</u> | <u>\$ 484,978</u> | <u>\$ 26,181</u> | <u>\$ 73,975</u> | <u>\$ 73,975</u> |

FY2017 Budget Notes –Industrial Operations
June 16, 2016

1. Operating and Bond Payment Revenues - Operating Revenues for Industrial totals \$13,295,260 and Bond Payment Revenues total \$2,542,658. Revenues are based on fees collected from Industrial participants for the following:
 - GBR is contracted for 28.600 MGD with a revenue total of \$5,306,950;
 - Union Carbide is contracted for 12.391 MGD with a revenue total of \$2,304,939;
 - Eastman Chemical is contracted for 8.542 MGD with a revenue total of \$1,494,527;
 - Valero is contracted for 6.510 MGD with a revenue total of \$1,152,705;
 - Marathon Petroleum is contracted for 4.000 MGD with a revenue total of \$756,609;
 - Texas City is contracted for 0.019 MGD with a revenue total of \$3,258;
 - Water Treatment Plant is contracted for 49.700 MGD with a revenue total of \$4,727,000;
 - Ashland is contracted for 1.000 MGD with a revenue total of \$91,931.
2. Salaries & Wages – Staffing for FY2017 includes 4.10 Full Time Equivalents (FTEs) as follows:
 - Industrial Operations Staff – utilize 4.10 FTEs (Operations, Maintenance & Office Management) at a total cost of \$318,263.
3. Professional Fees – Professional Fees for FY2017 total \$15,000, including the following highlighted expenses:
 - Legal Services - \$5,000;
 - Engineering - \$10,000.00 for non-capital related engineering and other professional services to support the Industrial Operations.
4. Purchased & Contracted Services – Services purchased and contracted from third party providers totaling \$8,316,595. Included in the total is \$8,261,595 for expenses related to contract water cost purchases from the Canal A & B System. Additionally, \$50,000 for expenses related to contract mowing and mechanical services.
5. Supplies, Materials & Utilities – Includes expenses for supplies for: office, employees, facilities, and equipment, in addition to electric, water, gas, telephone and other utilities, totaling \$797,852. Included in the total is \$719,988 for expenses for electricity. Additionally, \$36,402 for expenses for data processing with the majority of this expense related to the purchase of asset management software.
6. Maintenance, Repairs & Parts – Includes expenses for routine maintenance, building and grounds maintenance, and security monitoring, totaling \$281,650. Included in the total is \$192,000 for Rental Equipment related annual generator rental expenses and \$30,000 for expenses related to Reservoirs and Canals.

7. Employee Benefits – Includes \$178,039 for payroll taxes, group health insurance, TCDRS retirement, 401(k) retirement savings, and Worker's Compensation expenses for the staff previously identified.
8. General & Administration Expenses – Includes \$249,461 for expenses incurred by General & Administration (G&A) staff to support the Industrial Operations. These costs include such operational expense items as professional fees, purchased & contracted services, supplies, materials, utilities, maintenance repairs & parts, capital improvements and salaries & employee benefits associated with the support provided by G&A staff previously noted. Staffing for FY2017 includes 1.18 FTEs to support the management and implementation of the Industrial Operations for a total cost of \$115,716.
9. Capital Improvements – Costs totaling \$21,360,000. Major projects include:
 - Drainage Improvements East Levee (\$150,000),
 - Reservoir Intake & Discharge Pipe and Gate Improvements (\$6,500,000),
 - Industrial Pump Station (\$11,715,000-anticipated capital expenditure for year 1 of this project),
 - Rehabilitate and Replace 1951 18-inch Raw Water Line (\$1,100,000),
 - Canal Levee Improvements (\$200,000) and
 - Transmission System Valves, Piping and Cathodic Protection (\$700,000)
10. Bond Principal – Payment of \$2,905,376 for the Reservoir Intake & Discharge Pipe and Gate Improvements (\$11,500,000) and Industrial Pump Station (\$20,000,000).
11. Cash Used-Utilized \$369,317 from FY2016, of which \$362,717 is from Bond Payment Revenue collected from Thomas Mackey Water Treatment Plant for the Reservoir Intake & Discharge Pipe and Gate Improvements.

WATER TREATMENT
PLANT OPERATIONS
(06)

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

WATER TREATMENT PLANT (06)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ 10,474,602 | \$ 14,439,833 | \$ 14,439,833 | \$ 14,889,159 | \$ 15,059,898 |
| OTHER REVENUES | 105,850 | (1,496,557) | 17,840 | 40,929 | 40,929 |
| TOTAL REVENUES | \$ 10,580,452 | \$ 12,943,276 | \$ 14,457,673 | \$ 14,930,089 | \$ 15,100,827 |
| SALARIES & WAGES | \$ 1,093,094 | \$ 1,281,308 | \$ 1,299,825 | \$ 1,474,315 | \$ 1,533,288 |
| PROFESSIONAL FEES | 99,535 | 88,108 | 118,108 | 85,000 | 95,175 |
| PURCHASED & CONTRACTED SERVICES | 3,279,442 | 4,990,898 | 5,027,882 | 4,827,000 | 5,456,169 |
| SUPPLIES, MATERIALS & UTILITIES | 2,515,178 | 2,637,995 | 2,854,007 | 2,771,273 | 2,837,976 |
| MAINTENANCE, REPAIRS & PARTS | 285,717 | 372,794 | 456,901 | 444,000 | 460,130 |
| EMPLOYEE BENEFITS | 594,802 | 591,162 | 723,429 | 804,599 | 888,688 |
| GENERAL & ADMINISTRATIVE EXPENSES | 649,785 | 547,644 | 581,584 | 782,541 | 814,141 |
| TOTAL EXPENSES | \$ 8,517,552 | \$ 10,509,909 | \$ 11,061,737 | \$ 11,188,727 | \$ 12,085,566 |
| NET REVENUES OVER EXPENSES | \$ 2,062,900 | \$ 2,433,367 | \$ 3,395,936 | \$ 3,741,361 | \$ 3,015,261 |
| LESS: NON-OPERATING EXPENSES | \$ 1,506,427 | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | 1,807,861 | 3,360,605 | 5,403,500 | 4,771,000 | 2,683,500 |
| LESS: OTHER USES | - | 574,595 | 574,595 | 290,832 | 290,832 |
| ADD: OTHER SOURCES | 3,004,000 | - | 2,600,000 | 1,361,400 | - |
| NET CASH BASIS SOURCES (USES) | <u>\$ 1,752,612</u> | <u>\$ (1,501,833)</u> | <u>\$ 17,840</u> | <u>\$ 40,929</u> | <u>\$ 40,929</u> |

GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET

WATER TREATMENT PLANT OPERATIONS (06)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|----------------------|----------------------|---------------------------------|
| OPERATING REVENUES | | | | | |
| METERED WATER SALES | \$ 10,474,602 | \$ 14,439,833 | \$ 14,439,833 | \$ 14,889,159 | \$ 15,059,898 |
| TOTAL OPERATING REVENUES | \$ 10,474,602 | \$ 14,439,833 | \$ 14,439,833 | \$ 14,889,159 | \$ 15,059,898 |
| OTHER REVENUES | | | | | |
| OTHER INCOME | \$ 93,695 | \$ (1,513,397) | \$ 1,000 | \$ 1,000 | \$ 1,000 |
| INTEREST INCOME-GENERAL FUND | 11,849 | 16,840 | 16,840 | 39,929 | 39,929 |
| INTEREST INCOME-GENERAL SWEEP | 307 | - | - | - | - |
| TOTAL OTHER REVENUES | \$ 105,850 | \$ (1,496,557) | \$ 17,840 | \$ 40,929 | \$ 40,929 |
| SALARIES & WAGES | | | | | |
| OPERATIONS - LABOR | \$ 633,406 | \$ 642,941 | \$ 596,336 | \$ 735,237 | \$ 764,646 |
| MAINTENANCE - LABOR | 257,893 | 343,367 | 378,315 | 340,403 | 354,020 |
| OFFICE MANAGEMENT - LABOR | 201,794 | 295,000 | 325,174 | 398,675 | 414,622 |
| SALARIES & WAGES | \$ 1,093,094 | \$ 1,281,308 | \$ 1,299,825 | \$ 1,474,315 | \$ 1,533,288 |
| PURCHASED & CONTRACTED SERVICES | | | | | |
| CONTRACT WATER COST | \$ 3,168,906 | \$ 4,927,550 | \$ 4,927,550 | \$ 4,727,000 | \$ 5,356,169 |
| SERVICE AGREEMENTS | 18,678 | 23,254 | 25,000 | 25,000 | 25,000 |
| CONTRACT SERVICE OPERATIONS | 91,858 | 40,094 | 75,332 | 75,000 | 75,000 |
| PURCHASED & CONTRACTED SERVICES | 3,279,442 | 4,990,898 | 5,027,882 | 4,827,000 | 5,456,169 |
| SUPPLIES, MATERIALS & UTILITIES | | | | | |
| POWER - ELECTRIC | \$ 1,012,173 | 885,382 | \$ 820,183 | \$ 803,780 | \$ 803,780 |
| PHOSPHATE | 107,755 | 108,000 | 130,000 | 120,000 | 124,200 |
| CHLORINE | 90,896 | 102,590 | 130,000 | 110,000 | 113,850 |
| CATIONIC POLYMER | 316,302 | 283,073 | 356,000 | 325,000 | 336,375 |
| POWDERED ACTIVATED CARBON | 60,336 | 81,312 | 180,000 | 90,000 | 93,150 |
| GRANULAR ACTIVATED CARBON | - | 160,000 | 160,000 | 160,000 | 165,600 |
| FLUORIDE | 63,085 | 41,000 | 60,000 | 60,000 | 62,100 |
| AMMONIA | 68,629 | 113,584 | 80,000 | 120,000 | 124,200 |
| MISCELLANEOUS CHEMICALS | 514 | 1,825 | 4,000 | 3,500 | 3,623 |
| COPPER SULFATE | 154,350 | 192,700 | 190,000 | 190,000 | 196,650 |
| FERRIC SULFATE | 103,262 | 77,205 | 160,000 | 160,000 | 165,600 |
| SODIUM CHLORITE | 135,369 | 168,967 | 190,000 | 180,000 | 186,300 |
| SUPPLIES OPERATIONS | 10,230 | 20,220 | 6,000 | 10,000 | 10,350 |
| LAB SUPPLIES | 79,373 | 75,540 | 92,000 | 85,000 | 87,975 |
| LABORATORY GASES | 5,555 | 5,494 | 6,500 | 6,500 | 6,728 |
| RIGHT OF WAY EASEMENTS | 1,055 | - | 755 | 1,055 | 1,055 |
| SEDIMENT | 122,672 | 150,000 | 85,000 | 50,000 | 50,000 |
| PUBLIC COMMUNICATIONS | - | - | - | - | - |
| DATA PROCESSING | 23,646 | 18,101 | 45,797 | 108,085 | 111,868 |
| RECORDS MANAGEMENT | 7,638 | 6,685 | 6,652 | 10,404 | 10,769 |
| MANAGEMENT EXPENSE | 17,468 | 20,000 | 8,000 | 14,000 | 14,490 |
| CONTRIBUTIONS/DONATIONS | 25,836 | 26,000 | 28,000 | 28,000 | 28,980 |
| INSURANCE EXPENSE | 44,998 | 24,308 | 46,020 | 56,849 | 59,691 |
| JANITORIAL - SUPPLIES | 3,393 | 2,875 | 6,000 | 6,000 | 6,210 |
| STATIONERY & OFFICE SUPPLIES | 2,325 | 14,495 | 8,000 | 8,000 | 8,280 |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

WATER TREATMENT PLANT OPERATIONS (06)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| TELEPHONE | 5,526 | 7,613 | 6,000 | 6,000 | 6,210 |
| DUES/SUBSCRIPTIONS | 992 | 1,443 | 2,500 | 2,500 | 2,588 |
| TCEQ ASSESSMENT | 100 | 639 | 100 | 100 | 104 |
| TRAINING | 32,111 | 25,000 | 25,000 | 35,000 | 35,000 |
| SAFETY EQUIPMENT | 19,366 | 21,941 | 20,000 | 20,000 | 20,700 |
| HEAT, LIGHT & WATER | 224 | 2,000 | 1,500 | 1,500 | 1,553 |
| SUPPLIES, MATERIALS & UTILITIES | 2,515,178 | 2,637,995 | 2,854,007 | 2,771,273 | 2,837,976 |
| MAINTENANCE, REPAIRS & PARTS | | | | | |
| SHOP SUPPLIES | \$ 5,500 | 3,000 | \$ 5,000 | \$ 5,000 | \$ 5,175 |
| RESERVOIRS & CANALS | 1,250 | - | - | - | - |
| BUILDINGS - MAINTENANCE | 24,215 | 16,000 | 30,000 | 30,000 | 31,050 |
| VEHICLES - REPAIRS & MAINT | 4,756 | 7,357 | 10,000 | 10,000 | 10,350 |
| EQUIPMENT - LIGHT - REPAIRS & | 3,655 | 1,332 | 5,000 | 5,000 | 5,175 |
| GROUPS - MAINTENANCE | 8,568 | 3,122 | 10,000 | 10,000 | 10,350 |
| MECHANICAL | 65,420 | 85,000 | 120,000 | 110,000 | 114,000 |
| ELECTRICAL | 27,834 | 41,785 | 50,000 | 50,000 | 51,750 |
| PIPE - MAINTENANCE | 1,458 | 6,145 | 3,000 | 6,000 | 6,210 |
| PIPING (DISTRIBUTION) | 25,672 | 16,627 | 9,000 | - | - |
| INSTRUMENTS | 66,899 | 59,305 | 53,000 | 55,000 | 56,925 |
| PAINT & INSULATION | 1,083 | 626 | 5,000 | 10,000 | 10,350 |
| ROAD REPAIRS | 2,500 | - | 8,000 | 10,000 | 10,350 |
| RADIO/COMMUNICATIONS | 10,889 | 13,204 | 11,901 | 12,000 | 12,420 |
| MAINT - TOOLS | 18,332 | 9,207 | 17,000 | 16,000 | 16,630 |
| RENTAL - EQUIPMENT | - | 96,000 | 96,000 | 96,000 | 99,360 |
| OFFICE EQUIPMENT | 512 | - | 1,000 | 1,000 | 1,035 |
| GASOLINE & OIL EXPENSE | 17,174 | 14,083 | 23,000 | 18,000 | 19,000 |
| MAINTENANCE, REPAIRS & PARTS | 285,717 | 372,794 | 456,901 | 444,000 | 460,130 |
| EMPLOYEE BENEFITS | | | | | |
| PAYROLL TAXES | \$ 87,871 | \$ 87,504 | \$ 99,437 | \$ 112,785 | \$ 117,297 |
| EMPLOYEE BENEFITS - HEALTH INS | 253,018 | 288,911 | 400,356 | 437,749 | 503,411 |
| EMPLOYEE BENEFITS DENTAL | 4,654 | 8,792 | 13,033 | 14,273 | 16,414 |
| EMPLOYEE BENEFITS VISION | 1,696 | 1,387 | 4,230 | 4,259 | 4,898 |
| EMPLOYEE BENEFITS - LIFE INS | 11,826 | 33,274 | 7,721 | 15,583 | 17,921 |
| EMPLOYEE BENEFITS - TC&DRS | 162,728 | 102,646 | 112,695 | 127,823 | 132,936 |
| EMPLOYEE BENEFITS-401(K) | 39,219 | 41,736 | 51,993 | 58,973 | 61,332 |
| WORKERS COMPENSATION INSURANCE | 33,791 | 26,912 | 33,965 | 33,154 | 34,480 |
| EMPLOYEE BENEFITS | 594,802 | 591,162 | 723,429 | 804,599 | 888,688 |
| GENERAL & ADMINISTRATIVE EXPENSES | | | | | |
| ADMIN EXPENSES | \$ 649,785 | \$ 547,644 | \$ 581,584 | \$ 782,541 | \$ 814,141 |
| GENERAL & ADMINISTRATIVE EXPENSES | 649,785 | 547,644 | 581,584 | 782,541 | 814,141 |
| PROFESSIONAL FEES | | | | | |
| ENGINEERING | 81,869 | 75,000 | 100,000 | \$ 80,000 | \$ 90,000 |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

WATER TREATMENT PLANT OPERATIONS (06)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--------------------------------------|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| LEGAL EXPENSE | 7,814 | - | 5,000 | 5,000 | 5,175 |
| AUDITING EXPENSE (OUTSIDE) | 9,852 | 13,108 | 13,108 | - | - |
| PROFESSIONAL FEES | 99,535 | 88,108 | 118,108 | 85,000 | 95,175 |
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ 1,506,427 | \$ - | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | 1,506,427 | - | - | - | - |
| CAPITAL IMPROVEMENTS | | | | | |
| CAPITAL | \$ 1,807,861 | \$ 3,360,605 | \$ 5,403,500 | \$ 4,771,000 | \$ 2,683,500 |
| TOTAL CAPITAL IMPROVEMENTS | 1,807,861 | 3,360,605 | 5,403,500 | 4,771,000 | 2,683,500 |
| OTHER USES | | | | | |
| CURRENT NOTES | \$ - | \$ 574,595 | \$ 574,595 | \$ 290,832 | \$ 290,832 |
| TOTAL OTHER USES | - | 574,595 | 574,595 | 290,832 | 290,832 |
| TOTAL EXPENSES | 11,831,840 | 14,445,109 | 17,039,833 | 16,250,559 | 15,059,898 |
| OTHER SOURCES | | | | | |
| CASH APPLIED | \$ 3,004,000 | \$ - | \$ - | \$ 61,400 | \$ - |
| NOTE PROCEEDS | - | - | 2,600,000 | 1,300,000 | - |
| TOTAL OTHER SOURCES | 3,004,000 | - | 2,600,000 | 1,361,400 | - |
| NET CASH BASIS SOURCES (USES) | 1,752,612 | (1,501,833) | 17,840 | 40,929 | 40,929 |

**FY2017 Budget Notes – Thomas S. Mackey Water Treatment Plant
June 16, 2016**

1. Operating Revenues - Operating Revenues for the Water Treatment Plant (WTP) are projected to be \$14,889,159 based on fees collected from WTP participants for the following:
 - Mainland Customer Group – Based on water use, the estimated revenue is \$7,045,438. Estimated revenue by customer is as follows:
 - Texas City (\$3,193,169)
 - La Marque (\$846,700)
 - WCID #1 (\$1,000,561)
 - Bacliff (\$314,409)
 - Bayview (\$91,438)
 - WCID #12 (\$324,955)
 - San Leon (\$420,231)
 - League City (\$853,974)
 - South Project Customer Group – Based on water use, the estimated revenue is \$7,843,722. Estimated revenue by customer is as follows:
 - Galveston (\$6,576,776)
 - Hitchcock (\$423,984)
 - WCID #8 (\$281,957)
 - MUD #12 (\$139,779)
 - La Marque (\$134,591)
 - FWSD #6 (\$105,531)
 - Texas City (\$51,240)
 - WCID #1 (\$129,863)
2. Salaries & Wages – Staff salaries for FY2017 includes 20.66 Full Time Equivalents (FTEs) as follows:
 - WTP Operations Staff – utilizes 20.66 FTEs for a total cost of \$1,474,315, which is a 1.81 FTE increase from FY2016 due to the addition of (1) SCADA Programmer and (2) Operator/Maintenance positions.
3. Professional Fees – Include expenses such as attorneys, engineers, etc., for a total of \$85,000. Legal Fee are projected to be \$5,000. Engineering fees are projected to be \$80,000 for non-capital related engineering and other professional services to support the WTP Operations.
4. Purchased & Contracted Services – Services purchased and contracted from third party providers totaling \$4,827,000. Included in the total is \$4,727,000 for expenses related to contract water cost purchases from the Texas City Industrial Operations. Additionally, \$75,000 for expenses related to contract mowing and mechanical services.
5. Supplies, Materials & Utilities – Includes expenses for supplies for: office, employees, facilities, and equipment, in addition to electric, water, gas, telephone and other utilities, totaling \$2,771,273. The single largest expense is power costs in the amount of \$803,780. Data Processing of \$108,085 for pro-rata share of data processing

associated with the purchase of asset management software and other software needs. Other large expenses are associated with the various chemicals needed to treat the water for consumption, which range in cost from \$60,000 to \$325,000 annually.

6. Maintenance, Repairs & Parts – Includes expenses for routine maintenance, building and grounds maintenance, and security monitoring, totaling \$444,000. Also included in the total is \$96,000 for rental equipment related to annual generator rental expenses, \$110,000 for mechanical repairs, and \$55,000 for instruments.
7. Employee Benefits – Includes expenses for payroll taxes, group health insurance, TCDRS retirement, 401(k) retirement savings, and Worker's compensation insurance for the staff previously noted, totaling \$804,599.
8. General & Administration Expenses – Includes \$782,541 for expenses incurred by General & Administration (G&A) staff to support the WTP Operations. These costs include such operational expense items as professional fees, purchased & contracted services, supplies, materials, utilities, rentals, maintenance repairs & parts, capital improvements and salaries & employee benefits associated with the support provided by G&A staff previously noted. Staffing for FY2017 includes 3.71 FTEs to support the management and implementation of the WTP Operations for a total cost of \$362,991.
9. Capital Improvements – Costs totaling \$4,771,000. Major projects include:
 - Control Building Roof Replacement and Caulking (\$540,000),
 - Chlorine Building Improvements (\$250,000),
 - Distribution Pump Station (\$300,000),
 - Renovation of Operators Control Room and Equipment Upgrade (\$200,000) and
 - Additionally, the Authority is planning to issue \$1,300,000 of bank debt with a 5-year term at 4.50% for the River Sediment Basin and Mono-Fill (\$1,300,000).
10. Debt Service – Payment of \$290,832 for anticipated debt issued for the River Sediment Basin and Mono-Fill project (\$1,300,000). This debt service is anticipated to be repaid on a 5-year term at 4.50%.
11. Cash Used-Utilized \$61,400 from FY2016 carryforward of cash funds.

1997 GALVESTON PROJECTS

(12)

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

1997 GALVESTON PROJECTS (12)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ 52,811 | \$ 312,166 | \$ 312,166 | \$ 324,922 | \$ 326,925 |
| OTHER REVENUES | 815,332 | 813,014 | 813,635 | 250,193 | - |
| TOTAL REVENUES | \$ 868,143 | \$ 1,125,180 | \$ 1,125,801 | \$ 575,115 | \$ 326,925 |
| SALARIES & WAGES | \$ 20,008 | \$ 22,832 | \$ 22,788 | \$ 23,837 | \$ 24,790 |
| PROFESSIONAL FEES | 313 | 440 | 440 | - | - |
| PURCHASED & CONTRACTED SERVICES | 0 | - | - | - | - |
| SUPPLIES, MATERIALS & UTILITIES | 1,707 | 2,148 | 2,138 | 4,788 | 3,074 |
| MAINTENANCE, REPAIRS & PARTS | 1,274 | 3,556 | 3,556 | 3,500 | 3,500 |
| EMPLOYEE BENEFITS | 11,299 | 12,717 | 13,722 | 15,030 | 16,673 |
| GENERAL & ADMINISTRATIVE EXPENSES | 20,814 | 18,383 | 19,522 | 27,767 | 28,888 |
| TOTAL EXPENSES | \$ 55,415 | \$ 60,076 | \$ 62,166 | \$ 74,922 | \$ 76,925 |
| NET REVENUES OVER EXPENSES | \$ 812,728 | \$ 1,065,104 | \$ 1,063,635 | \$ 500,193 | \$ 250,000 |
| LESS: NON-OPERATING EXPENSES | \$ 905,048 | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | - | 242,000 | 250,000 | 250,000 | 250,000 |
| LESS: OTHER USES | 811,167 | 815,302 | 815,302 | 818,297 | - |
| ADD: OTHER SOURCES | - | - | - | 572,477 | - |
| NET CASH BASIS SOURCES (USES) | <u>\$ (903,487)</u> | <u>\$ 7,802</u> | <u>\$ (1,667)</u> | <u>\$ 4,373</u> | <u>\$ 0</u> |

GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET

1997 GALVESTON PROJECTS (12)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | | | | | |
| METERED WATER SALES | \$ 52,811 | \$ 312,166 | \$ 312,166 | \$ 324,922 | \$ 326,925 |
| TOTAL OPERATING REVENUES | \$ 52,811 | \$ 312,166 | \$ 312,166 | \$ 324,922 | \$ 326,925 |
| OTHER REVENUES | | | | | |
| BOND PAYMENT REVENUE | \$ 812,754 | \$ 811,825 | \$ 811,825 | \$ 246,648 | \$ - |
| OTHER INCOME | - | - | - | - | - |
| INTEREST INCOME GENERAL FUND | 188 | 131 | - | - | - |
| INTEREST INCOME-SWEEP | - | - | - | - | - |
| INTEREST INCOME DEBT SERVICE | 384 | - | 903 | 1,255 | - |
| INTEREST INCOME RESERVE | 2,006 | 1,058 | 907 | 2,290 | - |
| TOTAL OTHER REVENUES | \$ 815,332 | \$ 813,014 | \$ 813,635 | \$ 250,193 | \$ - |
| SALARIES & WAGES | | | | | |
| OPERATIONS | \$ 16,777 | \$ 19,745 | \$ 19,352 | \$ 23,837 | \$ 24,790 |
| MAINTENANCE | - | - | - | - | - |
| OFFICE MANAGEMENT | 3,231 | 3,088 | 3,435 | - | - |
| SALARIES & WAGES | \$ 20,008 | \$ 22,832 | \$ 22,788 | \$ 23,837 | \$ 24,790 |
| PURCHASED & CONTRACTED SERVICES | | | | | |
| SERVICE AGREEMENTS | \$ 0 | \$ - | \$ - | \$ - | \$ - |
| PURCHASED & CONTRACTED SERVICES | 0 | - | - | - | - |
| SUPPLIES, MATERIALS & UTILITIES | | | | | |
| DATA PROCESSING | \$ 128 | \$ 265 | \$ 265 | \$ 2,402 | \$ 500 |
| RECORDS MANAGEMENT | 221 | 233 | 223 | 369 | 456 |
| MANAGEMENT EXPENSE | 5 | - | - | - | - |
| CONTRIBUTIONS/DONATIONS | - | - | - | - | - |
| INSURANCE EXPENSE | 1,301 | 1,545 | 1,545 | 2,017 | 2,118 |
| JANITORIAL SERVICES & SUPPLIES | - | - | - | - | - |
| STATIONERY & OFFICE SUPPLIES | 1 | - | - | - | - |
| TRAINING | 12 | 30 | 30 | - | - |
| SAFETY EQUIPMENT | 39 | 75 | 75 | - | - |
| SUPPLIES, MATERIALS & UTILITIES | 1,707 | 2,148 | 2,138 | 4,788 | 3,074 |
| MAINTENANCE, REPAIRS & PARTS | | | | | |
| VEHICLES - REPAIRS & MAINT | \$ 2 | \$ - | \$ - | \$ - | \$ - |
| PIPING (DISTRIBUTION) | 976 | 3,000 | 3,000 | 3,000 | 3,000 |
| INSTRUMENTS | 198 | 500 | 500 | 500 | 500 |
| RADIO/COMMUNICATIONS | 98 | 56 | 56 | - | - |
| GASOLINE & OIL EXPENSE | 0 | - | - | - | - |
| MAINTENANCE, REPAIRS & PARTS | 1,274 | 3,556 | 3,556 | 3,500 | 3,500 |
| EMPLOYEE BENEFITS | | | | | |
| PAYROLL TAXES | \$ 1,666 | \$ 1,657 | \$ 1,743 | \$ 1,824 | \$ 1,896 |
| EMPLOYEE BENEFITS - HEALTH INS | 5,200 | 6,588 | 7,951 | 8,850 | 10,177 |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

1997 GALVESTON PROJECTS (12)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|---------------------|---------------------|---------------------------------|
| EMPLOYEE BENEFITS DENTAL | 80 | 187 | 260 | 262 | 301 |
| EMPLOYEE BENEFITS VISION | 38 | 41 | 88 | 96 | 111 |
| EMPLOYEE BENEFITS - LIFE INS | 223 | 923 | 136 | 257 | 296 |
| EMPLOYEE BENEFITS - TC&DRS | 2,846 | 1,969 | 1,976 | 2,067 | 2,149 |
| EMPLOYEE BENEFITS-401(K) | 734 | 773 | 912 | 953 | 992 |
| WORKERS COMPENSATION INSURANCE | 512 | 580 | 656 | 721 | 750 |
| EMPLOYEE BENEFITS | 11,299 | 12,717 | 13,722 | 15,030 | 16,673 |
| GENERAL & ADMINISTRATIVE EXPENSES | | | | | |
| ADMIN EXPENSES | \$ 20,814 | \$ 18,383 | \$ 19,522 | \$ 27,767 | \$ 28,888 |
| GENERAL & ADMINISTRATIVE EXPENSES | 20,814 | 18,383 | 19,522 | 27,767 | 28,888 |
| PROFESSIONAL FEES | | | | | |
| ENGINEERING | \$ 22 | \$ - | \$ - | \$ - | \$ - |
| LEGAL EXPENSE | - | - | - | - | - |
| AUDITING EXPENSE (OUTSIDE) | 292 | 440 | 440 | - | - |
| PROFESSIONAL FEES | 313 | 440 | 440 | - | - |
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ 905,048 | \$ - | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | 905,048 | - | - | - | - |
| CAPITAL IMPROVEMENTS | | | | | |
| CAPITAL | \$ - | \$ 242,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 |
| TOTAL CAPITAL IMPROVEMENTS | - | 242,000 | 250,000 | 250,000 | 250,000 |
| OTHER USES | | | | | |
| CURRENT REVENUE BONDS | \$ 725,000 | \$ 755,000 | \$ 755,000 | \$ 795,000 | \$ - |
| INTEREST EXPENSE | 85,417 | 56,052 | 56,052 | 19,047 | - |
| BOND HANDLING FEE | 750 | 4,250 | 4,250 | 4,250 | - |
| BOND ISSUANCE EXPENSE | - | - | - | - | - |
| TOTAL OTHER USES | 811,167 | 815,302 | 815,302 | 818,297 | - |
| TOTAL EXPENSES | \$ 1,771,630 | \$ 1,117,378 | \$ 1,127,468 | \$ 1,143,219 | \$ 326,925 |
| OTHER SOURCES | | | | | |
| CASH APPLIED | \$ - | \$ - | \$ - | \$ 572,477 | \$ - |
| TOTAL OTHER SOURCES | - | - | - | 572,477 | - |
| NET CASH BASIS SOURCES (USES) | \$ (903,487) | \$ 7,802 | \$ (1,667) | \$ 4,373 | \$ - |

FY2017 Budget Notes-Galveston Projects
June 16, 2016

1. Operating Revenues – Operating Revenues for FY2017 for are projected to total \$324,922, based on fees collected from the City of Galveston.
2. Other Revenues - For FY2017 are projected to total \$250,193, consisting mostly of Bond Payment Revenue \$246,648.
3. Salaries & Wages – Staffing for FY2017 includes 0.42 Full Time Employees (FTE's) for a total cost of \$23,837.
4. Supplies, Materials & Utilities – Includes expenses for supplies for data processing, records management, insurance expense, training and safety equipment totaling \$4,788.
5. Employee Benefits – Includes expenses for payroll taxes, group health insurance, TCDRS retirement, 401(k) retirement savings, and Worker's compensation insurance for the staff previously noted, totaling \$15,030.
6. General & Administration Expenses – Includes \$27,767 for expenses incurred by General & Administration (G&A) staff to support the 1997 Galveston Projects Operations. These costs include such operational expense items as professional fees, purchased & contracted services, supplies, materials, utilities, rentals, maintenance repairs & parts, capital improvement and salaries & employee benefits associated with the support provided by G&A staff previously noted. Staffing for FY2017, includes 0.13 FTE's, allocated by time, to support the management and implementation of the 1997 Galveston Projects Operations for a total cost of \$12,880.
7. Capital Improvements – Costs totaling \$250,000. Major projects include:
 - Replacement of Old Galveston Line (\$200,000) and
 - Feasibility Study-Galveston Bay Line (\$50,000).
8. Bond Principal-Payment of \$795,000 for 1997 Galveston Projects.

CHOCOLATE BAYOU
OPERATIONS
(21)

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

CHOCOLATE BAYOU OPERATIONS (21)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ 2,010,958 | \$ 5,007,639 | \$ 2,935,085 | \$ 4,177,033 | \$ 4,575,229 |
| OTHER REVENUES | 1,115,263 | 1,069,770 | 1,070,302 | 1,083,525 | 29,381 |
| TOTAL REVENUES | \$ 3,126,221 | \$ 6,077,410 | \$ 4,005,387 | \$ 5,260,558 | \$ 4,604,610 |
| SALARIES & WAGES | \$ 515,381 | \$ 561,168 | \$ 651,832 | \$ 643,001 | \$ 668,721 |
| PROFESSIONAL FEES | 20,753 | 15,872 | 107,372 | 100,000 | 100,000 |
| PURCHASED & CONTRACTED SERVICES | 376,074 | 1,186,736 | 664,063 | 1,191,819 | 1,213,827 |
| SUPPLIES, MATERIALS & UTILITIES | 205,597 | 514,445 | 226,749 | 537,180 | 538,770 |
| MAINTENANCE, REPAIRS & PARTS | 222,980 | 194,200 | 202,473 | 186,200 | 188,200 |
| EMPLOYEE BENEFITS | 297,671 | 290,259 | 360,903 | 368,363 | 407,540 |
| GENERAL & ADMINISTRATIVE EXPENSES | 296,868 | 307,997 | 327,086 | 314,471 | 327,170 |
| TOTAL EXPENSES | \$ 1,935,323 | \$ 3,070,678 | \$ 2,540,479 | \$ 3,341,033 | \$ 3,444,229 |
| NET REVENUES OVER EXPENSES | \$ 1,190,898 | \$ 3,006,732 | \$ 1,464,908 | \$ 1,919,525 | \$ 1,160,381 |
| LESS: NON-OPERATING EXPENSES | \$ 3,924,055 | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | 771,032 | 1,129,000 | 1,065,000 | 1,521,000 | 2,331,000 |
| LESS: OTHER USES | 1,045,150 | 1,052,819 | 1,052,819 | 1,058,716 | - |
| ADD: OTHER SOURCES | 2,250,000 | 670,394 | 670,394 | 685,000 | 1,200,000 |
| NET CASH BASIS SOURCES (USES) | \$ (2,299,340) | \$ 1,495,307 | \$ 17,483 | \$ 24,809 | \$ 29,381 |

GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET

CHOCOLATE BAYOU OPERATIONS (21)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|---------------------|---------------------|---------------------------------|
| OPERATING REVENUES | | | | | |
| METERED WATER SALES | \$ 1,429,866 | \$ 2,854,321 | \$ 2,854,321 | \$ 3,121,833 | \$ 2,354,678 |
| IRRIGATION INCOME | 581,092 | 2,153,318 | 80,764 | 1,055,201 | 2,220,551 |
| TOTAL OPERATING REVENUES | \$ 2,010,958 | \$ 5,007,639 | \$ 2,935,085 | \$ 4,177,033 | \$ 4,575,229 |
| OTHER REVENUES | | | | | |
| BOND PAYMENT REVENUE | \$ 1,033,991 | \$ 1,057,350 | \$ 1,057,350 | \$ 1,054,144 | \$ - |
| OTHER INCOME | 70,911 | | - | - | - |
| INTEREST INCOME-GENERAL | 9,149 | 12,096 | 12,096 | 27,213 | 27,213 |
| INTEREST INCOME AIM | 402 | | - | - | - |
| INTEREST INCOME-DEBT SERVICE | (1,115) | 11 | 11 | 29 | 29 |
| INTEREST INCOME-CONSTRUCTION | 1,923 | 313 | 845 | 2,139 | 2,139 |
| TOTAL OTHER REVENUES | \$ 1,115,263 | \$ 1,069,770 | \$ 1,070,302 | \$ 1,083,525 | \$ 29,381 |
| SALARIES & WAGES | | | | | |
| OPERATIONS | \$ 127,514 | \$ 180,010 | \$ 195,825 | \$ 227,410 | \$ 236,507 |
| MAINTENANCE | 243,767 | 239,367 | 267,015 | 247,628 | 257,533 |
| OFFICE MANAGEMENT | 144,099 | 141,792 | 188,993 | 167,963 | 174,681 |
| SALARIES & WAGES | \$ 515,381 | \$ 561,168 | \$ 651,832 | \$ 643,001 | \$ 668,721 |
| PURCHASED & CONTRACTED SERVICES | | | | | |
| CONTRACT WATER COST | \$ 298,538 | \$ 1,042,936 | \$ 520,178 | \$ 1,048,019 | \$ 1,070,027 |
| SERVICE AGREEMENTS | 867 | 800 | 600 | 800 | 800 |
| CONTRACT SERVICE OPERATIONS | 76,670 | 143,000 | 143,285 | 143,000 | 143,000 |
| PURCHASED & CONTRACTED SERVICES | 376,074 | 1,186,736 | 664,063 | 1,191,819 | 1,213,827 |
| SUPPLIES, MATERIALS & UTILITIES | | | | | |
| POWER - ELECTRIC | \$ 137,712 | \$ 336,013 | \$ 112,992 | \$ 336,013 | \$ 336,013 |
| POWER - NATURAL GAS | 21,302 | 35,000 | 36,000 | 35,000 | 35,000 |
| MISCELLANEOUS CHEMICALS | - | 20,000 | 20,000 | 20,000 | 20,000 |
| SUPPLIES OPERATIONS | 960 | 1,000 | 700 | 1,000 | 1,000 |
| RIGHT OF WAY EASEMENT | 115 | - | - | - | - |
| DATA PROCESSING | 3,112 | 11,550 | 11,549 | 31,441 | 29,904 |
| RECORDS MANAGEMENT | 3,416 | 3,800 | 3,741 | 4,181 | 5,166 |
| MANAGEMENT EXPENSE | 1,209 | 2,000 | 2,500 | 2,500 | 2,500 |
| CONTRIBUTIONS/DONATIONS | - | - | - | - | - |
| INSURANCE EXPENSE | 20,126 | 25,882 | 25,882 | 22,845 | 23,988 |
| JANITORIAL SERVICES & SUPPLIES | 79 | 100 | 100 | 100 | 100 |
| STATIONERY & OFFICE SUPPLIES | 151 | 100 | 100 | 100 | 100 |
| TELEPHONE | 995 | - | 800 | - | - |
| TCEQ ASSESSMENT | 385 | 71,000 | 3,385 | 72,000 | 73,000 |
| TRAINING | 14,580 | 4,000 | 4,000 | 7,000 | 7,000 |
| SAFETY EQUIPMENT | 1,456 | 4,000 | 5,000 | 5,000 | 5,000 |
| SUPPLIES, MATERIALS & UTILITIES | 205,597 | 514,445 | 226,749 | 537,180 | 538,770 |
| MAINTENANCE, REPAIRS & PARTS | | | | | |
| SHOP SUPPLIES | \$ 1,958 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

CHOCOLATE BAYOU OPERATIONS (21)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| RESERVOIRS & CANALS | 136,948 | 100,000 | 85,000 | 100,000 | 100,000 |
| BUILDINGS - MAINT | 4,816 | 3,000 | 3,500 | 3,500 | 3,500 |
| VEHICLES - REPAIRS & MAINT | 8,249 | 5,000 | 5,000 | 5,000 | 5,000 |
| EQUIPMENT - HEAVY | 218 | - | - | - | - |
| EQUIPMENT - LIGHT | 836 | 3,000 | - | 1,500 | 1,500 |
| GROUNDS - MAINTENANCE | 509 | 500 | 500 | 500 | 500 |
| MECHANICAL | 5,961 | 4,000 | 5,000 | 5,000 | 5,000 |
| ELECTRICAL | 9,036 | 10,000 | 10,000 | 10,000 | 10,000 |
| PUMPING PLANTS -MOTORS&CONTROL | 72 | - | - | - | - |
| PIPING (DISTRIBUTION) | - | 25,000 | 10,000 | 15,000 | 15,000 |
| INSTRUMENTS | 7,654 | 2,500 | 2,500 | 2,500 | 2,500 |
| PAINT & INSULATION | 178 | 200 | 250 | 200 | 200 |
| MAINT - OFFICE BLDG & GROUNDS | - | 1,000 | 1,000 | 1,000 | 1,000 |
| RADIO/COMMUNICATIONS | 4,856 | 6,000 | 6,123 | 3,000 | 3,000 |
| MAINT - TOOLS | 1,482 | 2,000 | 1,500 | 2,000 | 2,000 |
| RENTAL EQUIPMENT | - | - | - | - | - |
| OFFICE EQUIPMENT | - | - | 100 | - | - |
| GASOLINE & OIL EXPENSE | 40,206 | 30,000 | 70,000 | 35,000 | 37,000 |
| MAINTENANCE, REPAIRS & PARTS | 222,980 | 194,200 | 202,473 | 186,200 | 188,200 |
| EMPLOYEE BENEFITS | | | | | |
| PAYROLL TAXES | \$ 41,947 | \$ 41,691 | \$ 49,865 | \$ 49,190 | \$ 51,157 |
| EMPLOYEE BENEFITS - HEALTH INS | 132,222 | 158,576 | 199,119 | 206,315 | 237,262 |
| EMPLOYEE BENEFITS DENTAL | 2,687 | 5,025 | 6,460 | 6,508 | 7,484 |
| EMPLOYEE BENEFITS VISION | 1,047 | 1,015 | 2,212 | 2,035 | 2,341 |
| EMPLOYEE BENEFITS - LIFE INS | 6,120 | 3,950 | 3,947 | 7,353 | 8,456 |
| EMPLOYEE BENEFITS - TC&DRS | 81,955 | 48,352 | 56,514 | 55,748 | 57,978 |
| EMPLOYEE BENEFITS-401(K) | 17,331 | 18,217 | 26,073 | 25,720 | 26,749 |
| WORKERS COMPENSATION INSURANCE | 14,361 | 13,433 | 16,712 | 15,494 | 16,113 |
| EMPLOYEE BENEFITS | 297,671 | 290,259 | 360,903 | 368,363 | 407,540 |
| GENERAL & ADMINISTRATIVE EXPENSES | | | | | |
| ADMIN EXPENSES | \$ 296,868 | \$ 307,997 | \$ 327,086 | \$ 314,471 | \$ 327,170 |
| GENERAL & ADMINISTRATIVE EXPENSES | 296,868 | 307,997 | 327,086 | 314,471 | 327,170 |
| PROFESSIONAL FEES | | | | | |
| ENGINEERING | \$ 14,744 | \$ 2,500 | \$ 50,000 | \$ 50,000 | \$ 50,000 |
| LEGAL EXPENSE | 1,570 | 6,000 | 50,000 | 50,000 | 50,000 |
| AUDITING EXPENSE (OUTSIDE) | 4,438 | 7,372 | 7,372 | - | - |
| PROFESSIONAL FEES | 20,753 | 15,872 | 107,372 | 100,000 | 100,000 |
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ 3,924,055 | \$ - | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | 3,924,055 | - | - | - | - |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

CHOCOLATE BAYOU OPERATIONS (21)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--------------------------------------|---------------------------------|-----------------------|---------------------|---------------------|---------------------------------|
| CAPITAL IMPROVEMENTS | | | | | |
| CAPITAL CHOCOLATE BAYOU | \$ 771,032 | \$ 1,129,000 | \$ 1,065,000 | \$ 1,521,000 | \$ 2,331,000 |
| TOTAL CAPITAL IMPROVEMENTS | 771,032 | 1,129,000 | 1,065,000 | 1,521,000 | 2,331,000 |
| OTHER USES | | | | | |
| CURRENT REVENUE BONDS | \$ 1,010,000 | \$ 1,030,000 | \$ 1,030,000 | \$ 1,054,144 | \$ - |
| INTEREST EXPENSE | 35,150 | 22,819 | 22,819 | 4,572 | - |
| BOND HANDLING FEE | - | - | - | - | - |
| TOTAL OTHER USES | 1,045,150 | 1,052,819 | 1,052,819 | 1,058,716 | - |
| TOTAL EXPENSES | \$ 7,675,561 | \$ 5,252,497 | \$ 4,658,297 | \$ 5,920,749 | \$ 5,775,229 |
| OTHER SOURCES | | | | | |
| CASH APPLIED | \$ 2,250,000 | \$ 670,394 | \$ 670,394 | \$ 685,000 | \$ 1,200,000 |
| TOTAL OTHER SOURCES | 2,250,000 | 670,394 | 670,394 | 685,000 | 1,200,000 |
| NET CASH BASIS SOURCES (USES) | \$ (2,299,340) | \$ 1,495,307 | \$ 17,483 | \$ 24,809 | \$ 29,381 |

FY2017 Budget Notes – Chocolate Bayou Operations
June 16, 2016

1. Operating Revenues – Operating Revenues for FY2017 for the Chocolate Bayou Operations are based on fees collected for the following participants:
 - Firm Contract Customers- Based on water use, the estimated revenue is \$2,777,529. Firm Contract customers pay \$507.31 per MG.
 - Option Water Contract Customers- Based on water use, the estimated revenue is \$333,304. Option Water Contract Customers pay \$101.46 per MG.
 - Interruptible Water Agreement Customers- Based on water use, the estimated revenue is \$543,442, of which \$532,442 is Irrigation Income. Interruptible Water Agreement Customers pay varying rates based on availability.
2. Other Revenues – For FY2017 are anticipated to be \$1,083,525, consisting mostly of Bond Payment Revenue \$1,054,144.
3. Salaries & Wages – Staffing for FY2017 includes 10.74 Full Time Employees (FTE's) for a total cost of \$643,001.
4. Professional Fees- Include expenses such as attorneys, engineers, etc., for a total of \$100,000.00. Legal fees are projected to be \$50,000. Engineering fees are projected to be \$50,000.00 for non-capital related engineering and other professional services to support the Chocolate Bayou Operations.
5. Purchased & Contracted Services – Services purchased and contracted from third party providers totaling \$1,191,819. Included in the total is \$1,048,019 for expenses related to contract water cost purchases from the Brazos River Authority. Contract water cost purchases includes the additional interruptible agricultural water which will be offset by irrigation sales at a cost of \$522,758. Additionally, \$143,000 for expenses related to contract mowing and mechanical services.
6. Supplies, Materials & Utilities – Includes expenses for supplies for: office, employees, facilities, and equipment, in addition to electric, water, gas, telephone and other utilities, totaling \$537,180. The single largest expense is power costs in the amount of \$336,013. Additionally, \$72,000 for various permits and \$31,441 for pro-rata share of data processing associated with the purchase of asset management software and other software needs.
7. Maintenance, Repairs & Parts – Includes expenses for routine maintenance, building and grounds maintenance, and security monitoring, totaling \$186,200. Also included in the total is \$100,000 for reservoirs and canals and \$35,000 for gasoline and oil expense.
8. Employee Benefits – Includes expenses for payroll taxes, group health insurance, TCDRS retirement, 401(k) retirement savings, and Worker's compensation insurance for the staff previously noted, totaling \$368,363.

9. General & Administration Expenses – Includes \$314,471 for expenses incurred by General & Administration (G&A) staff to support the Chocolate Bayou Operations. These costs include such operational expense items as professional fees, purchased & contracted services, supplies, materials, utilities, rentals, maintenance repairs & parts, capital improvements and salaries & employee benefits associated with the support provided by G&A staff previously noted. Staffing for FY2017 includes 1.49 FTE's, allocated by time, to support the management and implementation of the Canal Operations for a total cost of \$145,871.
10. Capital Improvements – Costs totaling \$1,521,000. Major projects include:
- William J May Plant #2-Support Structure Refurbishment (\$300,000),
 - Pump Station Support Piling Rehabilitation (\$200,000),
 - Chocolate Bayou Pumping Plant - Preliminary Design (\$150,000),
 - Chocolate Bayou Pumping Plant - P2 Pump and R.A.D. (\$250,000) and
 - Purchase of Irrigation Meters (\$150,000).
11. Bond Principal-Payment of \$1,049,572 for the Chocolate Bayou System.
12. Cash Used-Utilized \$680,000 from FY2016 carryforward of cash funds.

LEAGUE CITY SE
WATER PURIFICATION
PLANT (SEWPP)
(04)

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

LEAGUE CITY SE WATER PURIFICATION PLANT (SEWPP) (04)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ 2,119,739 | \$ 3,581,929 | \$ 3,581,929 | \$ 3,775,076 | \$ 3,478,311 |
| OTHER REVENUES | 345,741 | 269,563 | 269,512 | 271,557 | 279,730 |
| TOTAL REVENUES | \$ 2,465,480 | \$ 3,851,492 | \$ 3,851,441 | \$ 4,046,633 | \$ 3,758,041 |
| SALARIES & WAGES | \$ 395 | \$ 33 | \$ - | \$ - | \$ - |
| PROFESSIONAL FEES | 12,908 | 17,877 | 5,464 | 5,000 | 5,000 |
| PURCHASED & CONTRACTED SERVICES | 2,390,468 | 1,467,471 | 2,691,954 | 3,282,469 | 3,446,593 |
| SUPPLIES, MATERIALS & UTILITIES | 1,349 | 840 | 1,865 | 2,027 | 2,186 |
| MAINTENANCE, REPAIRS & PARTS | 79 | 179 | 59 | - | - |
| EMPLOYEE BENEFITS | 280 | - | - | - | - |
| GENERAL & ADMINISTRATIVE EXPENSES | 15,951 | 19,386 | 20,587 | 23,580 | 24,532 |
| TOTAL EXPENSES | \$ 2,421,430 | \$ 1,505,784 | \$ 2,719,929 | \$ 3,313,076 | \$ 3,478,311 |
| NET REVENUES OVER EXPENSES | \$ 44,050 | \$ 2,345,708 | \$ 1,131,512 | \$ 733,557 | \$ 279,730 |
| LESS: NON-OPERATING EXPENSES | \$ 1,085,974 | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | 76,941 | 400,000 | 862,000 | 462,000 | - |
| LESS: OTHER USES | 276,575 | 277,013 | 274,513 | 272,906 | 276,719 |
| ADD: OTHER SOURCES | - | - | - | - | - |
| NET CASH BASIS SOURCES (USES) | <u>\$ (1,395,440)</u> | <u>\$ 1,668,695</u> | <u>\$ (5,001)</u> | <u>\$ (1,349)</u> | <u>\$ 3,012</u> |

GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET

LEAGUE CITY SE WATER PURIFICATION PLANT (04)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|---------------------|---------------------|---------------------------------|
| OPERATING REVENUES | | | | | |
| METERED WATER SALES | \$ 2,119,739 | \$ 3,581,929 | \$ 3,581,929 | \$ 3,775,076 | \$ 3,478,311 |
| TOTAL OPERATING REVENUES | \$ 2,119,739 | \$ 3,581,929 | \$ 3,581,929 | \$ 3,775,076 | \$ 3,478,311 |
| OTHER REVENUES | | | | | |
| BOND PAYMENT REVENUE | \$ 267,308 | \$ 268,748 | \$ 268,748 | \$ 269,627 | \$ 277,800 |
| OTHER INCOME | 76,733 | - | - | - | - |
| INTEREST INCOME-GENERAL FUND | 534 | 52 | - | - | - |
| INTEREST INCOME- DEBT SERVICE | 9 | 291 | 291 | 734 | 734 |
| INTEREST INCOME-1999B DEBT | 122 | - | - | - | - |
| INTEREST INCOME-99B RESERVE | 525 | 472 | 472 | 1,197 | 1,197 |
| INTEREST INCOME-RESERVE FUND | 510 | - | - | - | - |
| OTHER INCOME | - | - | - | - | - |
| TOTAL OTHER REVENUES | \$ 345,741 | \$ 269,563 | \$ 269,512 | \$ 271,557 | \$ 279,730 |
| SALARIES & WAGES | | | | | |
| OPERATIONS - LABOR | \$ 2 | \$ - | \$ - | \$ - | \$ - |
| MAINTENANCE - LABOR | - | - | - | - | - |
| OFFICE MANAGEMENT - LABOR | 393 | 33 | - | - | - |
| SALARIES & WAGES | \$ 395 | \$ 33 | \$ - | \$ - | \$ - |
| PURCHASED & CONTRACTED SERVICES | | | | | |
| CONTRACT WATER COST | \$ 2,390,468 | \$ 1,467,471 | \$ 2,691,954 | \$ 3,282,469 | \$ 3,446,593 |
| SERVICE AGREEMENTS | 0 | - | - | - | - |
| PURCHASED & CONTRACTED SERVICES | 2,390,468 | 1,467,471 | 2,691,954 | 3,282,469 | 3,446,593 |
| SUPPLIES, MATERIALS & UTILITIES | | | | | |
| DATA PROCESSING | \$ 61 | \$ - | \$ - | \$ - | \$ - |
| RECORDS MANAGEMENT | 182 | 120 | 235 | 314 | 387 |
| MANAGEMENT EXPENSE | 4 | 3 | - | - | - |
| CONTRIBUTIONS/DONATIONS | - | - | - | - | - |
| INSURANCE EXPENSE | 1,073 | 717 | 1,629 | 1,713 | 1,799 |
| JANITORIAL - SUPPLIES | - | - | - | - | - |
| STATIONERY & OFFICE SUPPLIES | - | - | - | - | - |
| TRAINING | - | - | - | - | - |
| SAFETY EQUIPMENT | 29 | - | - | - | - |
| SUPPLIES, MATERIALS & UTILITIES | 1,349 | 840 | 1,865 | 2,027 | 2,186 |
| MAINTENANCE, REPAIRS & PARTS | | | | | |
| VEHICLES - REPAIRS & MAINT | \$ - | \$ - | \$ - | \$ - | \$ - |
| RADIO/COMMUNICATIONS | 79 | 179 | 59 | - | - |
| GASOLINE & OIL EXPENSE | 0 | - | - | - | - |
| MAINTENANCE, REPAIRS & PARTS | 79 | 179 | 59 | - | - |
| EMPLOYEE BENEFITS | | | | | |
| PAYROLL TAXES FICA | \$ - | \$ - | \$ - | \$ - | \$ - |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

LEAGUE CITY SE WATER PURIFICATION PLANT (04)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|---------------------|---------------------|---------------------------------|
| EMPLOYEE BENEFITS - HEALTH INS | 214 | - | - | - | - |
| EMPLOYEE BENEFITS DENTAL | (17) | - | - | - | - |
| EMPLOYEE BENEFITS VISION | (1) | - | - | - | - |
| EMPLOYEE BENEFITS - LIFE INS | 6 | - | - | - | - |
| EMPLOYEE BENEFITS - TC&DRS | 54 | - | - | - | - |
| EMPLOYEE BENEFITS-401(K) | 25 | - | - | - | - |
| WORKERS COMPENSATION INSURANCE | - | - | - | - | - |
| EMPLOYEE BENEFITS | 280 | - | - | - | - |
| GENERAL & ADMINISTRATIVE EXPENSES | | | | | |
| ADMIN EXPENSES | \$ 15,951 | \$ 19,386 | \$ 20,587 | \$ 23,580 | \$ 24,532 |
| GENERAL & ADMINISTRATIVE EXPENSES | 15,951 | 19,386 | 20,587 | 23,580 | 24,532 |
| PROFESSIONAL FEES | | | | | |
| CONSULTANTS | \$ - | \$ - | \$ - | \$ - | \$ - |
| ENGINEERING | - | - | - | - | - |
| LEGAL EXPENSE | 12,658 | 17,877 | 5,000 | 5,000 | 5,000 |
| AUDITING EXPENSE (OUTSIDE) | 250 | - | 464 | - | - |
| PROFESSIONAL FEES | 12,908 | 17,877 | 5,464 | 5,000 | 5,000 |
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ 1,085,974 | \$ - | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | 1,085,974 | - | - | - | - |
| CAPITAL IMPROVEMENTS | | | | | |
| CAPITAL | \$ 76,941 | \$ 400,000 | \$ 862,000 | \$ 462,000 | \$ - |
| TOTAL CAPITAL IMPROVEMENTS | 76,941 | 400,000 | 862,000 | 462,000 | - |
| OTHER USES | | | | | |
| CURRENT REVENUE BONDS | \$ 220,000 | \$ 220,000 | \$ 220,000 | \$ 225,000 | \$ 235,000 |
| INTEREST EXPENSE | 55,825 | 49,513 | 49,513 | 42,906 | 36,719 |
| BOND HANDLING FEE | 750 | 5,000 | 5,000 | 5,000 | 5,000 |
| BOND ISSUANCE EXPENSE | - | 2,500 | - | - | - |
| TOTAL OTHER USES | 276,575 | 277,013 | 274,513 | 272,906 | 276,719 |
| TOTAL EXPENSES | \$ 3,860,919 | \$ 2,182,797 | \$ 3,856,441 | \$ 4,047,982 | \$ 3,755,030 |
| NET CASH BASIS SOURCES (USES) | \$ (1,395,440) | \$ 1,668,695 | \$ (5,001) | \$ (1,349) | \$ 3,012 |

**FY2017 Budget Notes – League City Southeast Water Purification Plant
June 16, 2016**

1. Operating Revenues – Operating Revenues for FY2017 for League City SEWPP are projected to total \$3,775,076 based on fees collected.
2. Other Revenues – For FY2017 are other revenues are projected to total \$271,557, consisting mostly of Bond Payment Revenue \$269,627.
3. Purchase & Contracted Services – Services purchased and contracted from third party providers totaling \$3,282,469 which is comprised of contract water cost purchases from the City of Houston \$3,096,319 and the City of South Houston fee of \$186,150.
4. General & Administrative Expenses – Includes \$23,580 for expenses incurred by General & Administration (G&A) staff to support the League City SEWPP Operations. These costs include such operational expense items as professional fee, purchased & contracted services, supplies, materials, utilities, maintenance/repairs & parts, capital improvements and salaries & employee benefits associated with the support provided by G & A staff previously noted. Staffing for FY2017 includes 0.11 Full Time Equivalents (FTEs), which is comprised solely of G&A Staff. Total cost for services is \$10,938.
5. Capital Improvements – Costs totaling \$462,000.00.
 - Engineering Study to replace Highway 3 Line (\$462,000)
6. Bond Principal – Payment of \$225,000.00 for the League City SEWPP.

PEARLAND SE
WATER PURIFICATION
PLANT (SEWPP)
(22)

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

PEARLAND SE WATER PURIFICATION PLANT (SEWPP) (22)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ 871,412 | \$ 1,056,993 | \$ 1,056,993 | \$ 1,311,745 | \$ 1,377,190 |
| OTHER REVENUES | - | - | - | - | - |
| TOTAL REVENUES | \$ 871,412 | \$ 1,056,993 | \$ 1,056,993 | \$ 1,311,745 | \$ 1,377,190 |
| SALARIES & WAGES | \$ 368 | \$ 29 | \$ - | \$ - | \$ - |
| PROFESSIONAL FEES | 4,016 | 6,292 | 292 | - | - |
| PURCHASED & CONTRACTED SERVICES | 982,871 | 1,041,187 | 1,041,187 | 1,290,207 | 1,354,717 |
| SUPPLIES, MATERIALS & UTILITIES | 1,194 | 1,173 | 1,173 | 1,705 | 1,839 |
| MAINTENANCE, REPAIRS & PARTS | 72 | 57 | 37 | - | - |
| EMPLOYEE BENEFITS | 327 | 6 | - | - | - |
| GENERAL & ADMINISTRATIVE EXPENSES | 13,800 | 12,120 | 12,956 | 19,833 | 20,634 |
| TOTAL EXPENSES | \$ 1,002,646 | \$ 1,060,864 | \$ 1,055,645 | \$ 1,311,745 | \$ 1,377,190 |
| NET REVENUES OVER EXPENSES | \$ (131,235) | \$ (3,871) | \$ 1,348 | \$ - | \$ - |
| LESS: NON-OPERATING EXPENSES | \$ 509,638 | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | - | - | - | - | - |
| LESS: OTHER USES | - | 1,347 | 1,347 | - | - |
| ADD: OTHER SOURCES | - | - | - | - | - |
| NET CASH BASIS SOURCES (USES) | <u>\$ (640,873)</u> | <u>\$ (5,218)</u> | <u>\$ 0</u> | <u>\$ -</u> | <u>\$ -</u> |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

PEARLAND SE WATER PURIFICATION PLANT (22)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|---------------------|---------------------|---------------------------------|
| OPERATING REVENUES | | | | | |
| METERED WATER SALES | \$ 871,412 | \$ 1,056,993 | \$ 1,056,993 | \$ 1,311,745 | \$ 1,377,190 |
| TOTAL OPERATING REVENUES | \$ 871,412 | \$ 1,056,993 | \$ 1,056,993 | \$ 1,311,745 | \$ 1,377,190 |
| OTHER REVENUES | | | | | |
| OTHER INCOME | \$ - | \$ - | \$ - | \$ - | \$ - |
| INTEREST INCOME-GENERAL | (0) | - | - | - | - |
| INTEREST INCOME-GENERAL SWEEP | - | - | - | - | - |
| TOTAL OTHER REVENUES | \$ (0) | \$ - | \$ - | \$ - | \$ - |
| SALARIES & WAGES | | | | | |
| OPERATIONS | \$ 2 | \$ - | \$ - | \$ - | \$ - |
| MAINTENANCE - LABOR | - | - | - | - | - |
| OFFICE MANAGEMENT - LABOR | 366 | 29 | - | - | - |
| SALARIES & WAGES | \$ 368 | \$ 29 | \$ - | \$ - | \$ - |
| PURCHASED & CONTRACTED SERVICES | | | | | |
| CONTRACT WATER COST | \$ 982,871 | \$ 1,041,187 | \$ 1,041,187 | \$ 1,290,207 | \$ 1,354,717 |
| SERVICE AGREEMENTS | 0 | - | - | - | - |
| PURCHASED & CONTRACTED SERVICES | 982,871 | 1,041,187 | 1,041,187 | 1,290,207 | 1,354,717 |
| SUPPLIES, MATERIALS & UTILITIES | | | | | |
| DATA PROCESSING | \$ 54 | \$ - | \$ - | \$ - | \$ - |
| RECORDS MANAGEMENT | 162 | 148 | 148 | 264 | 326 |
| MANAGEMENT EXPENSE | 0 | - | - | - | - |
| CONTRIBUTIONS/DONATIONS | - | - | - | - | - |
| INSURANCE EXPENSE | 952 | 1,025 | 1,025 | 1,441 | 1,513 |
| JANITORIAL - SUPPLIES | - | - | - | - | - |
| STATIONERY & OFFICE SUPPLIES | - | - | - | - | - |
| TRAINING | - | - | - | - | - |
| SAFETY EQUIPMENT | 26 | - | - | - | - |
| SUPPLIES, MATERIALS & UTILITIES | 1,194 | 1,173 | 1,173 | 1,705 | 1,839 |
| MAINTENANCE, REPAIRS & PARTS | | | | | |
| VEHICLES - REPAIRS & MAINT | \$ - | \$ - | \$ - | \$ - | \$ - |
| RADIO/COMMUNICATIONS | 72 | 57 | 37 | - | - |
| GASOLINE & OIL EXPENSE | 0 | - | - | - | - |
| MAINTENANCE, REPAIRS & PARTS | 72 | 57 | 37 | - | - |
| EMPLOYEE BENEFITS | | | | | |
| PAYROLL TAXES | \$ - | \$ - | \$ - | \$ - | \$ - |
| EMPLOYEE BENEFITS - HEALTH INS | 268 | 7 | - | - | - |
| EMPLOYEE BENEFITS DENTAL | (17) | (0) | - | - | - |
| EMPLOYEE BENEFITS VISION | (1) | 0 | - | - | - |
| EMPLOYEE BENEFITS - LIFE INS | 5 | - | - | - | - |
| EMPLOYEE BENEFITS - TC&DRS | 49 | (0) | - | - | - |
| EMPLOYEE BENEFITS-401(K) | 23 | (0) | - | - | - |
| WORKERS COMPENSATION INSURANCE | - | - | - | - | - |
| EMPLOYEE BENEFITS | 327 | 6 | - | - | - |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

PEARLAND SE WATER PURIFICATION PLANT (22)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| GENERAL & ADMINISTRATIVE EXPENSES | | | | | |
| ADMIN EXPENSES | \$ 13,800 | \$ 12,120 | \$ 12,956 | \$ 19,833 | \$ 20,634 |
| GENERAL & ADMINISTRATIVE EXPENSES | 13,800 | 12,120 | 12,956 | 19,833 | 20,634 |
| PROFESSIONAL FEES | | | | | |
| ENGINEERING | \$ - | \$ - | \$ - | \$ - | \$ - |
| LEGAL EXPENSE | 3,801 | 6,000 | - | - | - |
| AUDITING EXPENSE (OUTSIDE) | 215 | 292 | 292 | - | - |
| PROFESSIONAL FEES | 4,016 | 6,292 | 292 | - | - |
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ 509,638 | \$ - | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | 509,638 | - | - | - | - |
| TOTAL EXPENSES | \$ 1,512,284 | \$ 1,060,864 | \$ 1,055,645 | \$ 1,311,745 | \$ 1,377,190 |
| OTHER USES | | | | | |
| CASH USEDED | \$ - | \$ 1,347 | \$ 1,347 | \$ - | \$ - |
| TOTAL OTHER SOURCES | - | 1,347 | 1,347 | - | - |
| NET CASH BASIS SOURCES (USES) | \$ (640,873) | \$ (5,218) | \$ 0 | \$ - | \$ - |

**FY2017 Budget Notes- Pearland Southeast Water Purification Plant
June 16, 2016**

1. Operating Revenues – Operating Revenues for FY2017 for Pearland SEWPP Operations are projected to total \$1,311,745.
2. Purchased & Contracted Services – Services purchased and contracted from third party providers totaling \$1,290,207. The total \$1,290,207 is for contract water cost purchases from the City of Houston.
3. Supplies, Materials & Utilities – Includes expenses for supplies for records management and insurance expense totaling \$1,705.
4. General & Administrative Expenses – Includes \$19,833 for expenses incurred by General & Administration (G&A) staff to support the Pearland SEWPP Operations. These costs include such operational expense items as professional fee, purchased & contracted services, supplies, materials, utilities, maintenance/repairs & parts, capital improvements and salaries & employee benefits associated with the support provided by G & A staff previously noted. Staffing for FY2017 includes 0.09 Full Time Equivalents (FTEs), which is comprised solely of G&A Staff. Total cost for services is \$9,200.

GALVESTON COUNTY
WCID #12
(10)

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

GALVESTON COUNTY WCID # 12 (10)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ - | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| OTHER REVENUES | - | - | - | - | - |
| TOTAL REVENUES | \$ - | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| SALARIES & WAGES | \$ - | \$ - | \$ - | \$ - | \$ - |
| PROFESSIONAL FEES | - | - | - | - | - |
| PURCHASED & CONTRACTED SERVICES | - | - | - | 3,000 | 3,000 |
| SUPPLIES, MATERIALS & UTILITIES | - | - | - | - | - |
| MAINTENANCE, REPAIRS & PARTS | - | - | - | - | - |
| EMPLOYEE BENEFITS | - | - | - | - | - |
| GENERAL & ADMINISTRATIVE EXPENSES | - | - | - | - | - |
| TOTAL EXPENSES | \$ - | \$ - | \$ - | \$ 3,000 | \$ 3,000 |
| NET REVENUES OVER EXPENSES | \$ - | \$ 25,000 | \$ 25,000 | \$ 22,000 | \$ 22,000 |
| LESS: NON-OPERATING EXPENSES | \$ - | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | - | 15,000 | 25,000 | 22,000 | 22,000 |
| LESS: OTHER USES | - | - | - | - | - |
| ADD: OTHER SOURCES | - | - | - | - | - |
| NET CASH BASIS SOURCES (USES) | \$ - | \$ 10,000 | \$ - | \$ - | \$ - |

GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET
GALVESTON COUNTY WCID #12 (10)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | | | | | |
| METERED WATER SALES | \$ - | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| TOTAL OPERATING REVENUES | \$ - | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| PURCHASED & CONTRACTED SERVICES | | | | | |
| CONTRACT SERVICE OPERATIONS | \$ - | \$ - | \$ - | \$ 3,000 | \$ 3,000 |
| PURCHASED & CONTRACTED SERVICES | - | - | - | 3,000 | 3,000 |
| PROFESSIONAL FEES | | | | | |
| ENGINEERING | \$ - | \$ - | \$ - | \$ - | \$ - |
| PROFESSIONAL FEES | - | - | - | - | - |
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | - | - | - | - | - |
| CAPITAL IMPROVEMENTS | | | | | |
| CAPITAL | \$ - | \$ 15,000 | \$ 25,000 | \$ 22,000 | \$ 22,000 |
| TOTAL CAPITAL IMPROVEMENTS | - | 15,000 | 25,000 | 22,000 | 22,000 |
| TOTAL EXPENSES | \$ - | \$ 15,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| NET CASH BASIS SOURCES (USES) | \$ - | \$ 10,000 | \$ - | \$ - | \$ - |

FY2017 Budget Notes-Galveston County WCID #12
June 16, 2016

1. Operating Revenues- Operating Revenues for FY2017 for are projected to total \$25,000, based on fees collected from Galveston County WCID #12.
2. Purchased & Contracted Services – Services purchased and contracted from third party providers totaling \$3,000, which is for contract mowing services.
3. Capital Improvements- Costs totaling \$22,000.00:
 - Pipeline Rehabilitation (\$22,000).

1998 A-B SERIES
SOUTH PROJECTS
(14)

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

1998 A-B SERIES SOUTH PROJECTS (14)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ 0 | \$ 325,000 | \$ 325,000 | \$ 250,000 | \$ 250,000 |
| OTHER REVENUES | 1,949,208 | 1,936,343 | 1,935,818 | 3,128,204 | 2,844,080 |
| TOTAL REVENUES | \$ 1,949,208 | \$ 2,261,343 | \$ 2,260,818 | \$ 3,378,204 | \$ 3,094,080 |
| SALARIES & WAGES | \$ - | \$ - | \$ - | \$ - | \$ - |
| PROFESSIONAL FEES | - | - | - | - | - |
| PURCHASED & CONTRACTED SERVICES | - | - | - | 6,000 | 6,000 |
| SUPPLIES, MATERIALS & UTILITIES | - | - | - | - | - |
| MAINTENANCE, REPAIRS & PARTS | - | - | - | - | - |
| EMPLOYEE BENEFITS | - | - | - | - | - |
| GENERAL & ADMINISTRATIVE EXPENSES | - | - | - | - | - |
| TOTAL EXPENSES | \$ - | \$ - | \$ - | \$ 6,000 | \$ 6,000 |
| NET REVENUES OVER EXPENSES | \$ 1,949,208 | \$ 2,261,343 | \$ 2,260,818 | \$ 3,372,204 | \$ 3,088,080 |
| LESS: NON-OPERATING EXPENSES | \$ 1,697,499 | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | - | 237,000 | 325,000 | 312,000 | 238,000 |
| LESS: OTHER USES | 1,945,192 | 1,945,601 | 1,945,600 | 2,926,400 | 2,875,950 |
| ADD: OTHER SOURCES | - | - | - | - | - |
| NET CASH BASIS SOURCES (USES) | <u>\$ (1,693,482)</u> | <u>\$ 78,742</u> | <u>\$ (9,782)</u> | <u>\$ 133,804</u> | <u>\$ (25,870)</u> |

GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET

1998 A-B SERIES SOUTH PROJECTS (14)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|---------------------|---------------------|---------------------------------|
| OPERATING REVENUES | | | | | |
| METERED WATER SALES | \$ 0 | \$ 325,000 | \$ 325,000 | \$ 250,000 | \$ 250,000 |
| TOTAL OPERATING REVENUES | \$ 0 | \$ 325,000 | \$ 325,000 | \$ 250,000 | \$ 250,000 |
| OTHER REVENUES | | | | | |
| BOND PAYMENT REVENUE | \$ 1,944,132 | \$ 1,929,486 | \$ 1,929,486 | \$ 3,109,745 | \$ 2,825,621 |
| OTHER INCOME | - | - | - | - | - |
| INTEREST INCOME REVENUE FUND | 550 | 1,480 | 1,480 | 6,197 | 6,197 |
| INTEREST INCOME RESERVE | 4,372 | 5,377 | 4,461 | 11,260 | 11,260 |
| INTEREST INCOME INT & SINKING | 154 | - | 391 | 1,001 | 1,001 |
| TOTAL OTHER REVENUES | \$ 1,949,208 | \$ 1,936,343 | \$ 1,935,818 | \$ 3,128,204 | \$ 2,844,080 |
| PURCHASED & CONTRACTED SERVICES | | | | | |
| CONTRACT SERVICE OPERATIONS | \$ - | \$ - | \$ - | \$ 6,000 | \$ 6,000 |
| PURCHASED & CONTRACTED SERVICES | - | - | - | 6,000 | 6,000 |
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ 1,697,499 | \$ - | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | 1,697,499 | - | - | - | - |
| CAPITAL IMPROVEMENTS | | | | | |
| CAPITAL | \$ - | \$ 237,000 | \$ 325,000 | \$ 312,000 | \$ 238,000 |
| TOTAL CAPITAL IMPROVEMENTS | - | 237,000 | 325,000 | 312,000 | 238,000 |
| OTHER USES | | | | | |
| CURRENT REVENUE BONDS | \$ 1,210,000 | \$ 1,260,000 | \$ 1,260,000 | \$ 2,280,000 | \$ 2,295,000 |
| INTEREST EXPENSE-1998A | 637,398 | 591,863 | 591,863 | 561,500 | 507,050 |
| INTEREST EXPENSE-1998B | 96,294 | 87,738 | 87,738 | 78,900 | 67,900 |
| BOND HANDLING FEE | 1,500 | 6,000 | 6,000 | 6,000 | 6,000 |
| BOND ISSUANCE EXPENSE | - | - | - | - | - |
| TOTAL OTHER USES | 1,945,192 | 1,945,601 | 1,945,600 | 2,926,400 | 2,875,950 |
| TOTAL EXPENSES | \$ 3,642,690 | \$ 2,182,601 | \$ 2,270,600 | \$ 3,244,400 | \$ 3,119,950 |
| NET CASH BASIS SOURCES (USES) | \$ (1,693,482) | \$ 78,742 | \$ (9,782) | \$ 133,804 | \$ (25,870) |

FY2017 Budget Notes – 1998 A-B Series South Projects
June 16, 2016

1. Operating Revenues- Operating Revenues for FY2017 for are projected to total \$250,000, based on fees collected from customers.
2. Other Revenues - For FY2017 for 1998 A-B Series South Projects are projected to total \$3,128,204, consisting mostly of Bond Payment Revenue \$3,109,745.
3. Purchased & Contracted Services – Services purchased and contracted from third party providers totaling \$6,000, which is for contract mowing services.
4. Capital Improvements- Costs totaling \$312,000. Major projects include:
 - Pipeline Rehabilitation (\$94,000),
 - Pressure Reducing Station Improvements (\$24,000),
 - Alta Loma By-Pass (\$150,000) and
 - Pipeline Study-10,000 Linear Foot (\$44,000).
5. Bond Principal-Payment of \$2,280,000 for the 1998 A-B Series South Projects.

1998 C SERIES
TEXAS CITY PROJECTS
(15)

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

1998 C SERIES TEXAS CITY PROJECTS (15)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ - | \$ - | \$ - | \$ - | \$ - |
| OTHER REVENUES | 626,476 | 619,041 | 619,040 | 624,079 | 629,212 |
| TOTAL REVENUES | 626,476 | 619,041 | 619,040 | 624,079 | 629,212 |
| SALARIES & WAGES | \$ - | \$ - | \$ - | \$ - | \$ - |
| PROFESSIONAL FEES | - | - | - | - | - |
| PURCHASED & CONTRACTED SERVICES | - | - | - | - | - |
| SUPPLIES, MATERIALS & UTILITIES | - | - | - | - | - |
| MAINTENANCE, REPAIRS & PARTS | - | - | - | - | - |
| EMPLOYEE BENEFITS | - | - | - | - | - |
| GENERAL & ADMINISTRATIVE EXPENSES | - | - | - | - | - |
| TOTAL EXPENSES | \$ - | \$ - | \$ - | \$ - | \$ - |
| NET REVENUES OVER EXPENSES | \$ 626,476 | \$ 619,041 | \$ 619,040 | \$ 624,079 | \$ 629,212 |
| LESS: NON-OPERATING EXPENSES | \$ 769,871 | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | - | - | - | - | - |
| LESS: OTHER USES | 622,733 | 623,467 | 620,967 | 624,354 | 624,646 |
| ADD: OTHER SOURCES | - | - | - | - | - |
| NET CASH BASIS SOURCES (USES) | <u>\$ (766,128)</u> | <u>\$ (4,426)</u> | <u>\$ (1,926)</u> | <u>\$ (275)</u> | <u>\$ 4,566</u> |

GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET

1998 C SERIES SOUTH PROJECTS (15)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--------------------------------------|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OTHER REVENUES | | | | | |
| BOND PAYMENT REVENUE | \$ 624,248 | \$ 617,229 | \$ 617,229 | \$ 619,473 | \$ 624,605 |
| INTEREST INCOME DEBT SERVICE | 232 | 602 | 602 | 1,553 | 1,553 |
| INTEREST INCOME RESERVE | 1,995 | 1,210 | 1,210 | 3,053 | 3,053 |
| INTEREST INCOME CONSTRUCTION | - | - | - | - | - |
| TOTAL OTHER REVENUES | \$ 626,476 | \$ 619,041 | \$ 619,040 | \$ 624,079 | \$ 629,212 |
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ 769,871 | \$ - | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | 769,871 | - | - | - | - |
| CAPITAL IMPROVEMENTS | | | | | |
| CAPITAL | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL CAPITAL IMPROVEMENTS | - | - | - | - | - |
| OTHER USES | | | | | |
| CURRENT REVENUE BONDS | \$ 400,000 | \$ 410,000 | \$ 410,000 | \$ 430,000 | \$ 450,000 |
| INTEREST EXPENSE-1998 C | 222,733 | 206,717 | 206,717 | 190,104 | 170,396 |
| BOND HANDLING FEE | - | 4,250 | 4,250 | 4,250 | 4,250 |
| BOND ISSUANCE EXPENSE | - | 2,500 | - | - | - |
| TOTAL OTHER USES | 622,733 | 623,467 | 620,967 | 624,354 | 624,646 |
| TOTAL EXPENSES | \$ 1,392,604 | \$ 623,467 | \$ 620,967 | \$ 624,354 | \$ 624,646 |
| NET CASH BASIS SOURCES (USES) | \$ (766,128) | \$ (4,426) | \$ (1,926) | \$ (275) | \$ 4,566 |

FY2017 Budget Notes – 1998 C Series Texas City Projects
June 16, 2016

1. Other Revenues- Other Revenues for FY2017 for 1998 A-B Series Texas City Projects are projected to total \$624,079, consisting mostly of Bond Payment Revenue \$619,473.
2. Bond Principal-Payment of \$430,000 for the 1998 C Series Texas City Projects.

1998 D SERIES
LA MARQUE PROJECTS
(16)

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

1998 D SERIES LA MARQUE PROJECTS (16)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ - | \$ - | \$ - | \$ - | \$ - |
| OTHER REVENUES | 249,820 | 248,102 | 248,102 | 251,552 | 254,575 |
| TOTAL REVENUES | 249,820 | 248,102 | 248,102 | 251,552 | 254,575 |
| SALARIES & WAGES | \$ - | \$ - | \$ - | \$ - | \$ - |
| PROFESSIONAL FEES | - | - | - | - | - |
| PURCHASED & CONTRACTED SERVICES | - | - | - | - | - |
| SUPPLIES, MATERIALS & UTILITIES | - | - | - | - | - |
| MAINTENANCE, REPAIRS & PARTS | - | - | - | - | - |
| EMPLOYEE BENEFITS | - | - | - | - | - |
| GENERAL & ADMINISTRATIVE EXPENSES | - | - | - | - | - |
| TOTAL EXPENSES | \$ - | \$ - | \$ - | \$ - | \$ - |
| NET REVENUES OVER EXPENSES | \$ 249,820 | \$ 248,102 | \$ 248,102 | \$ 251,552 | \$ 254,575 |
| LESS: NON-OPERATING EXPENSES | \$ 173,065 | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | - | - | - | - | - |
| LESS: OTHER USES | 248,250 | 250,650 | 248,150 | 249,392 | 252,608 |
| ADD: OTHER SOURCES | - | - | - | - | - |
| NET CASH BASIS SOURCES (USES) | <u>\$ (171,495)</u> | <u>\$ (2,548)</u> | <u>\$ (48)</u> | <u>\$ 2,160</u> | <u>\$ 1,966</u> |

GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET

1998 D SERIES SOUTH PROJECTS (16)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--------------------------------------|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OTHER REVENUES | | | | | |
| BOND PAYMENT REVENUE | \$ 248,731 | \$ 247,403 | \$ 247,403 | \$ 249,781 | \$ 252,804 |
| OTHER INCOME | - | - | - | - | - |
| INTEREST INCOME DEBT SERVICE | 96 | 250 | 250 | 637 | 637 |
| INTEREST INCOME RESERVE | 994 | 449 | 449 | 1,134 | 1,134 |
| TOTAL OTHER REVENUES | \$ 249,820 | \$ 248,102 | \$ 248,102 | \$ 251,552 | \$ 254,575 |
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ 173,065 | \$ - | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | 173,065 | - | - | - | - |
| OTHER USES | | | | | |
| CURRENT REVENUE BONDS | \$ 180,000 | \$ 180,000 | \$ 180,000 | \$ 185,000 | \$ 195,000 |
| INTEREST EXPENSE | 67,500 | 63,900 | 63,900 | 60,142 | 53,358 |
| BOND HANDLING FEE | 750 | 4,250 | 4,250 | 4,250 | 4,250 |
| BOND ISSUANCE EXPENSE | - | 2,500 | - | - | - |
| TOTAL OTHER USES | 248,250 | 250,650 | 248,150 | 249,392 | 252,608 |
| TOTAL EXPENSES | \$ 421,315 | \$ 250,650 | \$ 248,150 | \$ 249,392 | \$ 252,608 |
| NET CASH BASIS SOURCES (USES) | \$ (171,495) | \$ (2,548) | \$ (48) | \$ 2,160 | \$ 1,966 |

FY2017 Budget Notes – 1998 D Series La Marque Projects
June 16, 2016

1. Other Revenues- Other Revenues for FY2017 for 1998 A-B Series La Marque Projects are projected to total \$251,552, consisting mostly of Bond Payment Revenue \$249,781.
2. Bond Principal-Payment of \$185,000 for the 1998 C Series La Marque Projects.

2002 GALVESTON PROJECTS

(19)

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

2002 GALVESTON PROJECTS (19)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ - | \$ - | \$ - | \$ - | \$ - |
| OTHER REVENUES | 858,427 | 863,444 | 863,444 | 860,215 | 872,584 |
| TOTAL REVENUES | \$ 858,427 | \$ 863,444 | \$ 863,444 | \$ 860,215 | \$ 872,584 |
| SALARIES & WAGES | \$ - | \$ - | \$ - | \$ - | \$ - |
| PROFESSIONAL FEES | - | - | - | - | - |
| PURCHASED & CONTRACTED SERVICES | - | - | - | - | - |
| SUPPLIES, MATERIALS & UTILITIES | - | - | - | - | - |
| MAINTENANCE, REPAIRS & PARTS | - | - | - | - | - |
| EMPLOYEE BENEFITS | - | - | - | - | - |
| GENERAL & ADMINISTRATIVE EXPENSES | - | - | - | - | - |
| TOTAL EXPENSES | \$ - | \$ - | \$ - | \$ - | \$ - |
| NET REVENUES OVER EXPENSES | \$ 858,427 | \$ 863,444 | \$ 863,444 | \$ 860,215 | \$ 872,584 |
| LESS: NON-OPERATING EXPENSES | \$ 779,976 | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | - | - | - | 495,000 | - |
| LESS: OTHER USES | 855,977 | 864,078 | 862,828 | 856,784 | 866,282 |
| ADD: OTHER SOURCES | - | - | - | 495,000 | - |
| NET CASH BASIS SOURCES (USES) | <u>\$ (777,526)</u> | <u>\$ (634)</u> | <u>\$ 616</u> | <u>\$ 3,431</u> | <u>\$ 6,302</u> |

GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET

2002 GALVESTON PROJECTS (19)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--------------------------------------|---------------------------------|-----------------------|-------------------|---------------------|---------------------------------|
| OTHER REVENUES | | | | | |
| 2002 GAL BOND PAYMENT | \$ 857,290 | \$ 861,488 | \$ 861,488 | \$ 855,269 | \$ 867,639 |
| INTEREST INCOME-GENERAL FUND | 84 | - | - | - | - |
| INTEREST INCOME-INT & SINK | 338 | 1,956 | 1,956 | 4,945 | 4,945 |
| INTEREST INCOME-PROJECT FUND | 716 | - | - | - | - |
| TOTAL OTHER REVENUES | \$ 858,427 | \$ 863,444 | \$ 863,444 | \$ 860,215 | \$ 872,584 |
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ 779,976 | \$ - | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | 779,976 | - | - | - | - |
| CAPITAL IMPROVEMENTS | | | | | |
| CAPITAL | \$ - | \$ - | \$ - | \$ 495,000 | \$ - |
| TOTAL CAPITAL IMPROVEMENTS | - | - | - | 495,000 | - |
| OTHER USES | | | | | |
| CURRENT REVENUE BONDS | \$ 715,000 | \$ 735,000 | \$ 735,000 | \$ 745,000 | \$ 770,000 |
| INTEREST EXPENSE | 140,177 | 123,928 | 123,928 | 107,234 | 91,732 |
| BOND HANDLING FEE | 800 | 3,900 | 3,900 | 4,550 | 4,550 |
| BOND ISSUANCE EXPENSE | - | 1,250 | - | - | - |
| TOTAL OTHER USES | 855,977 | 864,078 | 862,828 | 856,784 | 866,282 |
| TOTAL EXPENSES | \$ 1,635,953 | \$ 864,078 | \$ 862,828 | \$ 1,351,784 | \$ 866,282 |
| OTHER SOURCES | | | | | |
| CASH APPLIED | \$ - | \$ - | \$ - | \$ 495,000 | \$ - |
| TOTAL OTHER SOURCES | - | - | - | 495,000 | - |
| NET CASH BASIS SOURCES (USES) | \$ (777,526) | \$ (634) | \$ 616 | \$ 3,431 | \$ 6,302 |

FY2017 Budget Notes – 2002 Galveston Projects
June 16, 2016

1. Other Revenues- Other Revenues for FY2017 for 2002 Galveston Projects are projected to total \$860,215, consisting mostly of Bond Payment Revenue \$855,269.
2. Capital Improvements- Costs totaling \$495,000 for City of Galveston projects.
3. Bond Principal-Payment of \$745,000 for the 2002 Galveston Projects.
4. Cash Used-Utilized \$495,000 from remaining Bond Proceeds for 2002 Galveston Projects for City of Galveston Capital Projects Discharge Pipe and Gate Improvements.

NORTHLINE GROUP
(23)

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

NORTHLINE GROUP (23)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ - | \$ 140,000 | \$ 140,000 | \$ 90,000 | \$ 90,000 |
| OTHER REVENUES | - | - | - | - | - |
| TOTAL REVENUES | \$ - | \$ 140,000 | \$ 140,000 | \$ 90,000 | \$ 90,000 |
| SALARIES & WAGES | \$ - | \$ - | \$ - | \$ - | \$ - |
| PROFESSIONAL FEES | - | - | - | - | - |
| PURCHASED & CONTRACTED SERVICES | - | - | - | 6,200 | 6,200 |
| SUPPLIES, MATERIALS & UTILITIES | - | - | - | - | - |
| MAINTENANCE, REPAIRS & PARTS | - | - | - | - | - |
| EMPLOYEE BENEFITS | - | - | - | - | - |
| GENERAL & ADMINISTRATIVE EXPENSES | - | - | - | - | - |
| TOTAL EXPENSES | \$ - | \$ - | \$ - | \$ 6,200 | \$ 6,200 |
| NET REVENUES OVER EXPENSES | \$ - | \$ 140,000 | \$ 140,000 | \$ 83,800 | \$ 83,800 |
| LESS: NON-OPERATING EXPENSES | \$ - | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | - | 96,000 | 140,000 | 83,800 | 83,800 |
| LESS: OTHER USES | - | - | - | - | - |
| ADD: OTHER SOURCES | - | - | - | - | - |
| NET CASH BASIS SOURCES (USES) | <u>\$ -</u> | <u>\$ 44,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET

NORTHLINE GROUP (23)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | | | | | |
| METERED WATER SALES | \$ - | \$ 140,000 | \$ 140,000 | \$ 90,000 | \$ 90,000 |
| TOTAL OPERATING REVENUES | \$ - | \$ 140,000 | \$ 140,000 | \$ 90,000 | \$ 90,000 |
| PURCHASED & CONTRACTED SERVICES | | | | | |
| SERVICE AGREEMENTS | \$ - | \$ - | \$ - | \$ 6,200 | \$ 6,200 |
| PURCHASED & CONTRACTED SERVICES | - | - | - | 6,200 | 6,200 |
| PROFESSIONAL FEES | | | | | |
| ENGINEERING | \$ - | \$ - | \$ - | \$ - | \$ - |
| PROFESSIONAL FEES | - | - | - | - | - |
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | - | - | - | - | - |
| CAPITAL IMPROVEMENTS | | | | | |
| CAPITAL | \$ - | \$ 96,000 | \$ 140,000 | \$ 83,800 | \$ 83,800 |
| TOTAL CAPITAL IMPROVEMENTS | - | 96,000 | 140,000 | 83,800 | 83,800 |
| TOTAL EXPENSES | \$ - | \$ 96,000 | \$ 140,000 | \$ 90,000 | \$ 90,000 |
| NET CASH BASIS SOURCES (USES) | \$ - | \$ 44,000 | \$ - | \$ - | \$ - |

FY2017 Budget Notes – Northline Group
June 16, 2016

1. Operating Revenues- Operating Revenues for FY2017 are projected to total \$90,000, based on anticipated fees collected.
2. Purchased & Contracted Services – Services purchased and contracted from third party providers totaling \$6,200, which is for contract mowing services.
3. Capital Improvements- Costs totaling \$83,800. Major projects include:
 - Pipeline Rehabilitation (\$40,000) and,
 - Pipeline Study-5,000 Linear Foot (\$43,800).

BAYSHORE GROUP
(24)

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

BAYSHORE GROUP (24)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ - | \$ 40,000 | \$ 40,000 | \$ 40,000 | \$ 40,000 |
| OTHER REVENUES | - | - | - | - | - |
| TOTAL REVENUES | \$ - | \$ 40,000 | \$ 40,000 | \$ 40,000 | \$ 40,000 |
| SALARIES & WAGES | \$ - | \$ - | \$ - | \$ - | \$ - |
| PROFESSIONAL FEES | - | - | - | - | - |
| PURCHASED & CONTRACTED SERVICES | - | - | - | 3,200 | 3,200 |
| SUPPLIES, MATERIALS & UTILITIES | - | - | - | - | - |
| MAINTENANCE, REPAIRS & PARTS | - | - | - | - | - |
| EMPLOYEE BENEFITS | - | - | - | - | - |
| GENERAL & ADMINISTRATIVE EXPENSES | - | - | - | - | - |
| TOTAL EXPENSES | \$ - | \$ - | \$ - | \$ 3,200 | \$ 3,200 |
| NET REVENUES OVER EXPENSES | \$ - | \$ 40,000 | \$ 40,000 | \$ 36,800 | \$ 36,800 |
| LESS: NON-OPERATING EXPENSES | \$ - | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | - | 25,000 | 40,000 | 36,800 | 36,800 |
| LESS: OTHER USES | - | - | - | - | - |
| ADD: OTHER SOURCES | - | - | - | - | - |
| NET CASH BASIS SOURCES (USES) | \$ - | \$ 15,000 | \$ - | \$ - | \$ - |

GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET

BAYSHORE GROUP (24)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | | | | | |
| METERED WATER SALES | \$ - | \$ 40,000 | \$ 40,000 | \$ 40,000 | \$ 40,000 |
| TOTAL OPERATING REVENUES | \$ - | \$ 40,000 | \$ 40,000 | \$ 40,000 | \$ 40,000 |
| PURCHASED & CONTRACTED SERVICES | | | | | |
| SERVICE AGREEMENTS | \$ - | \$ - | \$ - | \$ 3,200 | \$ 3,200 |
| PURCHASED & CONTRACTED SERVICES | - | - | - | 3,200 | 3,200 |
| PROFESSIONAL FEES | | | | | |
| ENGINEERING | \$ - | \$ - | \$ - | \$ - | \$ - |
| PROFESSIONAL FEES | - | - | - | - | - |
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | - | - | - | - | - |
| CAPITAL IMPROVEMENTS | | | | | |
| CAPITAL | \$ - | \$ 25,000 | \$ 40,000 | \$ 36,800 | \$ 36,800 |
| TOTAL CAPITAL IMPROVEMENTS | - | 25,000 | 40,000 | 36,800 | 36,800 |
| TOTAL EXPENSES | \$ - | \$ 25,000 | \$ 40,000 | \$ 40,000 | \$ 40,000 |
| NET CASH BASIS SOURCES (USES) | \$ - | \$ 15,000 | \$ - | \$ - | \$ - |

FY2017 Budget Notes – Bayshore Group
June 16, 2016

1. Operating Revenues- Operating Revenues for FY2017 are projected to total \$40,000, based on anticipated fees collected.
2. Purchased & Contracted Services – Services purchased and contracted from third party providers totaling \$3,200, which is for contract mowing services.
3. Capital Improvements- Costs totaling \$36,800, for Pipeline Rehabilitation (\$36,800).

ADMINISTRATIVE FUND
(99)

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

SUMMARY BUDGET

ADMINISTRATION (99)

| | Ending Balance 8/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|-----------------------------------|--------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | \$ - | \$ - | \$ - | \$ - | \$ - |
| OTHER REVENUES | - | - | - | - | - |
| TOTAL REVENUES | \$ - | \$ - | \$ - | \$ - | \$ - |
| SALARIES & WAGES | \$ 757,935 | \$ 837,250 | \$ 833,253 | \$ 949,579 | \$ 987,562 |
| PROFESSIONAL FEES | 131,090 | 162,966 | 196,600 | 196,600 | 206,430 |
| PURCHASED & CONTRACTED SERVICES | 20,412 | 22,728 | 25,028 | 25,028 | 26,279 |
| SUPPLIES, MATERIALS & UTILITIES | 223,018 | 251,784 | 312,700 | 494,703 | 519,438 |
| MAINTENANCE, REPAIRS & PARTS | 8,191 | 17,516 | 16,000 | 22,000 | 23,100 |
| EMPLOYEE BENEFITS | 345,862 | 318,929 | 336,166 | 435,810 | 479,899 |
| GENERAL & ADMINISTRATIVE EXPENSES | (461,481) | (1,671,174) | (1,814,746) | (2,203,720) | (2,292,709) |
| TOTAL EXPENSES | \$ 1,025,028 | \$ (60,000) | \$ (95,000) | \$ (80,000) | \$ (50,000) |
| NET REVENUES OVER EXPENSES | \$ (1,025,028) | \$ 60,000 | \$ 95,000 | \$ 80,000 | \$ 50,000 |
| LESS: NON-OPERATING EXPENSES | \$ 79,285 | \$ - | \$ - | \$ - | \$ - |
| LESS: CAPITAL IMPROVEMENTS | 70,584 | 60,000 | 95,000 | 80,000 | 50,000 |
| LESS: OTHER USES | - | - | - | - | - |
| ADD: OTHER SOURCES | - | - | - | - | - |
| NET CASH BASIS SOURCES (USES) | \$ (1,174,896) | \$ (0) | \$ (0) | \$ - | \$ (0) |

GULF COAST WATER AUTHORITY
FISCAL YEAR 2016 - 2017 BUDGET

ADMINISTRATION (99)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| OTHER REVENUES | | | | | |
| OTHER INCOME | - | | - | | |
| TOTAL OTHER REVENUES | \$ - | \$ - | \$ - | \$ - | \$ - |
| SALARIES & WAGES | | | | | |
| ADMIN-OFFICE | \$ 757,935 | \$ 837,250 | \$ 833,253 | \$ 949,579 | \$ 987,562 |
| SALARIES & WAGES | \$ 757,935 | \$ 837,250 | \$ 833,253 | \$ 949,579 | \$ 987,562 |
| PURCHASED & CONTRACTED SERVICES | | | | | |
| ADMIN-SERVICE AGREEMENTS | \$ 14,157 | \$ 16,136 | \$ 22,000 | \$ 22,000 | \$ 23,100 |
| ADMIN-CONTRACT SERVICES | 6,256 | 6,592 | 3,028 | 3,028 | 3,179 |
| PURCHASED & CONTRACTED SERVICES | 20,412 | 22,728 | 25,028 | 25,028 | 26,279 |
| SUPPLIES, MATERIALS & UTILITIES | | | | | |
| ADMIN-DATA PROCESSING | \$ 106,062 | \$ 92,393 | \$ 100,540 | \$ 113,850 | \$ 119,543 |
| ADMIN-DIRECTOR'S EXPENSE | 25,634 | 66,217 | 102,000 | 102,000 | 107,100 |
| ADMIN-MANAGEMENT EXPENSE | 38,523 | 39,276 | 43,000 | 47,500 | 49,875 |
| ADMIN-INSURANCE EXPENSE | 305 | - | - | 160,093 | 168,098 |
| ADMIN-JANITORIAL SERVICE & SUP | 4,597 | 3,730 | 5,160 | 5,160 | 5,418 |
| ADMIN-STATIONARY & OFFICE SUPP | 20,061 | 29,787 | 26,500 | 26,500 | 27,825 |
| ADMIN-TELEPHONE | 4,751 | 6,763 | 6,000 | 6,000 | 6,300 |
| ADMIN-TRAINING | 4,561 | 5,551 | 20,000 | 20,000 | 21,000 |
| ADMIN-DUES/SUBSCRIPTIONS | 11,185 | 6,544 | 7,000 | 11,100 | 11,655 |
| ADMIN-SAFETY EQUIPMENT | 6,918 | 413 | 2,000 | 2,000 | 2,100 |
| ADMIN-HEAT,LIGHT,WATER | 422 | 1,110 | 500 | 500 | 525 |
| SUPPLIES, MATERIALS & UTILITIES | 223,018 | 251,784 | 312,700 | 494,703 | 519,438 |
| MAINTENANCE, REPAIRS & PARTS | | | | | |
| ADMIN -GASOLINE & OIL EXPENSE | \$ 793 | 4,944 | \$ 5,000 | \$ 5,000 | \$ 5,250 |
| ADMIN-MAINT OFFICE BLDG & GRND | 3,143 | 10,506 | 8,000 | 8,000 | 8,400 |
| ADMIN-RADIO MAINTENANCE | - | - | - | 6,000 | 6,300 |
| ADMIN-VEHICLE REPAIRS & MAINT | 4,255 | 2,066 | 3,000 | 3,000 | 3,150 |
| MAINTENANCE, REPAIRS & PARTS | 8,191 | 17,516 | 16,000 | 22,000 | 23,100 |
| EMPLOYEE BENEFITS | | | | | |
| PAYROLL TAXES | 62,084 | 54,480 | 63,744 | 72,643 | 75,549 |
| ADMIN-EMPL BENEFIT HEALTH INS | 119,219 | 143,835 | 151,755 | 219,602 | 252,542 |
| EMPLOYEE BENEFITS DENTAL | 6,153 | 5,683 | 5,950 | 8,230 | 9,464 |
| EMPLOYEE BENEFITS VISION | 1,664 | 1,471 | 2,015 | 2,421 | 2,784 |
| ADMIN-EMPL BENEFIT LIFE INS | 7,834 | 4,500 | 4,501 | 10,071 | 10,575 |
| ADMIN-EMPL BENEFIT TC & DRS | 117,174 | 72,942 | 72,243 | 82,329 | 86,445 |
| ADMIN - 401 (K) | 29,182 | 33,653 | 33,330 | 37,983 | 39,882 |
| ADMIN-WORKERS COMP INSURANCE | 2,553 | 2,365 | 2,629 | 2,532 | 2,658 |
| EMPLOYEE BENEFITS | 345,862 | 318,929 | 336,166 | 435,810 | 479,899 |
| GENERAL & ADMINISTRATIVE EXPENSES | | | | | |
| ADMIN EXPENSES | \$ (461,481) | \$ - | \$ - | \$ - | \$ - |
| G&A Expense Allocated to Industrial | - | (165,112) | (179,297) | (249,461) | (259,535) |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

ADMINISTRATION (99)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|--|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| G&A Expense Allocated to SEWPP-LC | - | (19,386) | (21,051) | (23,580) | (24,532) |
| G&A Expense Allocated to WTP | - | (547,644) | (594,692) | (782,541) | (814,141) |
| G&A Expense Allocated to Canal | - | (600,453) | (652,038) | (786,067) | (817,809) |
| G&A Expense Allocated to Galveston (12) | - | (18,383) | (19,962) | (27,767) | (28,888) |
| G&A Expense Allocated to Chocolate Bayou | - | (307,997) | (334,458) | (314,471) | (327,170) |
| G&A Expense Allocated to SEWPP-Pearland | - | (12,200) | (13,248) | (19,833) | (20,634) |
| ADMIN EXPENSES | - | | | | |
| GENERAL & ADMINISTRATIVE EXPENSES | (461,481) | (1,671,174) | (1,814,746) | (2,203,720) | (2,292,709) |
| PROFESSIONAL FEES | | | | | |
| ADMIN-CONSULTANTS | 109,151 | 104,421 | 128,600 | 128,600 | 135,030 |
| ADMIN-LEGAL EXPENSE | 21,940 | 19,278 | 28,000 | 28,000 | 29,400 |
| ADMIN-AUDIT EXPENSE (OUTSIDE) | \$ - | \$ 39,267 | \$ 40,000 | 40,000 | 42,000 |
| PROFESSIONAL FEES | 131,090 | 162,966 | 196,600 | 196,600 | 206,430 |

GULF COAST WATER AUTHORITY

FISCAL YEAR 2016 - 2017 BUDGET

ADMINISTRATION (99)

| Description | Ending Balance 08/31/2015 | Annualized FY 2016 | FY 2016 Budget | FY 2017 Budget | Forecasted FY 2018 Budget |
|-------------------------------------|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|
| NON-OPERATING EXPENSES | | | | | |
| DEPRECIATION | \$ 79,285 | | \$ - | \$ - | \$ - |
| TOTAL NON-OPERATING EXPENSES | 79,285 | - | - | - | - |
| CAPITAL IMPROVEMENTS | | | | | |
| ADMIN-CAPITAL | \$ 70,584 | \$ 60,000 | \$ 95,000 | \$ 80,000 | \$ 50,000 |
| TOTAL CAPITAL IMPROVEMENTS | 70,584 | 60,000 | 95,000 | 80,000 | 50,000 |
| TOTAL EXPENSES | \$ 1,174,896 | \$ 0 | \$ 0 | \$ - | \$ 0 |

**FY2017 Budget Notes – General & Administrative Fund
June 16, 2016**

1. Operating Revenues- The G&A Fund does not have Operating Revenues.
2. Salaries & Wages – Staffing for FY2017 includes 10.45 Full Time Employees (FTE's) for a total cost of \$949,579, which is a 1.70 FTE increase from FY2016 due to the addition of a Deputy General Manager, Records Clerk, Accounting Clerk positions and reallocation the Assistant General Manager from 100% to 20% Administrative Fund.
3. Professional Fees- Include expenses such as attorneys, consultants, auditing, etc., for a total of \$196,600. Legal Fee and Auditing are projected to be \$28,000 and \$40,000, respectively. Consulting fees are projected to be \$128,600.
4. Supplies, Materials, & Utilities — Includes expenses for supplies for: office, employees, facilities, and equipment, in addition to electric, water, gas, telephone and other utilities, totaling \$494,703. The single largest expense is insurance expense in the amount of \$160,093. In FY2016, insurance expense was not budgeted administratively, instead it was allocated directly to each fund. Additionally, \$113,850 for data processing and \$102,000 for director's expense.
5. Employee Benefits – Includes expenses for payroll taxes, group health insurance, TCDRS retirement, 401(k) retirement savings, and Worker's compensation insurance for the staff previously noted, totaling \$435,810.
6. Capital Improvements- Costs totaling \$80,000. Major projects include:
 - Office Lighting (\$25,000)
 - Administrative Vehicle (\$35,000) and,
 - Board Room Upgrades (\$10,000).

APPENDIX



Gulf Coast Water Authority

Exhibit A

2017 WATER RATES PER MILLION GALLONS (\$MG)

| <u>CANAL- System A & B</u> | <u>O&M</u> | <u>Capital</u> | <u>Raw Water</u> | <u>Raw Water - Pecan Grove</u> | <u>Option Water</u> |
|--------------------------------|----------------|----------------|------------------|--------------------------------|---------------------|
|--------------------------------|----------------|----------------|------------------|--------------------------------|---------------------|

| | | | | | |
|-------|-------|-------|-------|--------|-------|
| Rates | 80.00 | 44.76 | 79.59 | 259.95 | 40.87 |
|-------|-------|-------|-------|--------|-------|

| <u>CANAL- Chocolate Bayou</u> | <u>O&M</u> | <u>Capital</u> | <u>Raw Water</u> | <u>Option Water</u> |
|-------------------------------|----------------|----------------|------------------|---------------------|
|-------------------------------|----------------|----------------|------------------|---------------------|

| | | | | |
|-------|--------|--------|-------|--------|
| Rates | 133.57 | 277.81 | 95.94 | 101.46 |
|-------|--------|--------|-------|--------|

| <u>INTERRUPTIBLE WATER</u> | <u>Interruptible Rates</u> |
|----------------------------|----------------------------|
|----------------------------|----------------------------|

| | |
|---|--------|
| Silvercreek Community Association | 249.52 |
| Sugar Creek Country Club | 355.47 |
| Mainland Concrete | 204.35 |
| First Colony Community Services (Fluor) | 268.77 |
| First Colony Commons | 204.35 |
| Riverbend Country Club | 204.35 |
| Diamond K | 204.35 |
| Mag Creek Country Club | 204.35 |
| Texas City Golf Course | 260.58 |

| <u>THOMAS MACKEY WATER TREATMENT PLANT</u> | <u>Raw Water</u> | <u>Capital</u> | <u>5 Year Note</u> | <u>O&M</u> |
|--|------------------|----------------|--------------------|----------------|
|--|------------------|----------------|--------------------|----------------|

| | | | | |
|-------|--------|--------|-------|-------|
| Rates | 260.58 | 191.34 | 16.03 | 574.6 |
|-------|--------|--------|-------|-------|

| <u>INDUSTRIAL RATES (subject to final 2016 Bond Issuance cost)</u> | <u>Power</u> | <u>Raw Water</u> | <u>O&M</u> | | <u>Capital</u> | | <u>Bond Payment</u> | | | <u>Pump Station</u> |
|--|--------------|------------------|------------------|---------------------|------------------|---------------------|---------------------------------------|-------------------------|----------------------------|---------------------------------|
| | | | <u>Reservoir</u> | <u>Pump Station</u> | <u>Reservoir</u> | <u>Pump Station</u> | <u>Reservoir</u> | | | <u>Industrial - Ashland N/A</u> |
| | | | | | | | <u>Water Treatment Plant 12 Years</u> | <u>Ashland 21 Years</u> | <u>Industrial 21 Years</u> | |

| | | | | | | | | | | |
|-------|-------|--------|-------|-------|-------|--------|-------|------|-------|-------|
| Rates | 46.10 | 204.35 | 23.24 | 10.45 | 19.52 | 107.47 | 13.47 | 4.75 | 37.39 | 67.37 |
|-------|-------|--------|-------|-------|-------|--------|-------|------|-------|-------|

SPOT RAW WATER-(TRUCKED)

\$1,000 minimum up to first million and \$500 per half million thereafter.

Annual Bond Debt Obligation for each customer is detailed in Appendix C.



Gulf Coast Water Authority

**SUPPLEMENT TO EXHIBIT A
2017 WATER RATES**

RAW WATER

| <u>CANAL SYSTEM A&B</u> | <u>CONTRACT QUANTITY</u> | |
|---|--------------------------|----------------|
| | <u>(MGD)</u> | <u>(\$/MG)</u> |
| Industrial Division | 110.7620 | 204.35 |
| Ascend Performance Materials | 17.8660 | 204.35 |
| Ft. Bend WCID#2 | 4.0000 | 204.35 |
| Missouri City | 15.0000 | 204.35 |
| Pecan Grove | 2.3524 | 384.71 |
| Sugar Land | 10.0000 | 204.35 |
| Underground Storage | 1.6000 | 204.35 |
| <u>CHOCOLATE BAYOU</u> | | |
| INEOS Olefins and Polymers | 15.0000 | 507.31 |
| <u>OPTION WATER</u> | | |
| Sugar Land | 10.0000 | 40.87 |
| Ft. Bend WCID #2 | 6.5000 | 40.87 |
| Pearland | 10.0000 | 40.87 |
| INEOS | 9.0000 | 101.46 |
| <u>INTERRUPTIBLE WATER</u> | | |
| Silvercreek Community Association | 0.0000 | 249.52 |
| Sugar Creek Country Club | 0.2098 | 355.47 |
| Mainland Concrete | 0.0329 | 204.35 |
| First Colony Community Services (Fluor) | 0.0803 | 268.77 |
| First Colony Commons | 0.0384 | 204.35 |
| Riverbend Country Club | 0.1370 | 204.35 |
| Diamond K | 0.0580 | 204.35 |
| Mag Creek Country Club | 0.4930 | 204.35 |
| Texas City Golf Course | 0.1095 | 260.58 |

SPOT RAW WATER-(TRUCKED)

\$1,000 minimum up to first million and \$500 per half million thereafter.

Annual Bond Debt Obligation for each customer is detailed in Appendix C.



Gulf Coast Water Authority

**SUPPLEMENT TO EXHIBIT A
2017 WATER RATES**

RAW WATER - TEXAS CITY

RAW WATER TEXAS CITY (subject to final Bond Issuance)

| RAW WATER TEXAS CITY (SUBJECT TO FINAL BOND ISSUANCE) | | | | | | | | | | | | | | | | | | |
|---|-----------|---------|-----------|---------|-----------|---------|-------------------------|---------|-----------|---------|-------------------------|---------|-----------|---------|-------------------------|---------|--|---------|
| | POWER | | RAW WATER | | O & M | | | | CAPITAL | | | | BONDS | | | | AVERAGE COST PER (MG) BASED ON CONTRACT QUANTITIES | |
| | ESTIMATED | | CONTRACT | | RESERVOIR | | INDUSTRIAL PUMP STATION | | RESERVOIR | | INDUSTRIAL PUMP STATION | | RESERVOIR | | INDUSTRIAL PUMP STATION | | | |
| | (MGD) | (\$/MG) | (MGD) | (\$/MG) | (MGD) | (\$/MG) | (MGD) | (\$/MG) | (MGD) | (\$/MG) | (MGD) | (\$/MG) | (MGD) | (\$/MG) | (MGD) | (\$/MG) | (MGD) | (\$/MG) |
| GBR | 23.9418 | 46.10 | 28.6000 | 204.35 | 28.6000 | 23.24 | 28.6000 | 10.45 | 28.6000 | 19.52 | 28.6000 | 107.47 | 28.6000 | 37.39 | 28.6000 | 67.37 | 28.6000 | 508.38 |
| Dow | 10.7112 | 46.10 | 12.3910 | 204.35 | 12.3910 | 23.24 | 12.3910 | 10.45 | 12.3910 | 19.52 | 12.3910 | 107.47 | 12.3910 | 37.39 | 12.3910 | 67.37 | 12.3910 | 509.64 |
| Eastman | 1.7715 | 46.10 | 8.5420 | 204.35 | 8.5420 | 23.24 | 8.5420 | 10.45 | 8.5420 | 19.52 | 8.5420 | 107.47 | 8.5420 | 37.39 | 8.5420 | 67.37 | 8.5420 | 479.35 |
| Valero | 2.1644 | 46.10 | 6.5100 | 204.35 | 6.5100 | 23.24 | 6.5100 | 10.45 | 6.5100 | 19.52 | 6.5100 | 107.47 | 6.5100 | 37.39 | 6.5100 | 67.37 | 6.5100 | 485.11 |
| Marathon Petroleum | 4.2031 | 46.10 | 4.0000 | 204.35 | 4.0000 | 23.24 | 4.0000 | 10.45 | 4.0000 | 19.52 | 4.0000 | 107.47 | 4.0000 | 37.39 | 4.0000 | 67.37 | 4.0000 | 518.23 |
| Texas City (Highway 146) | 0.0000 | N/A | 0.0190 | 204.35 | 0.0190 | 23.24 | 0.0190 | 10.45 | 0.0190 | 19.52 | 0.0190 | 107.47 | 0.0190 | 37.39 | 0.0190 | 67.37 | 0.0190 | 469.79 |
| Water Treatment Plant | 0.0000 | N/A | 49.7000 | 204.35 | 49.7000 | 23.24 | 0.0000 | N/A | 49.7000 | 19.52 | 0.0000 | N/A | 49.7000 | 13.47 | 0.0000 | N/A | 49.7000 | 260.58 |
| Ashland | 0.0000 | N/A | 1.0000 | 204.35 | 1.0000 | 23.24 | 0.0000 | N/A | 1.0000 | 19.52 | 0.0000 | N/A | 1.0000 | 4.75 | 0.0000 | N/A | 1.0000 | 251.87 |

Annual Bond Debt Obligation for each customer is detailed in Appendix C.



Gulf Coast Water Authority

**SUPPLEMENT TO EXHIBIT A
2017 WATER RATES**

THOMAS MACKEY WATER TREATMENT PLANT

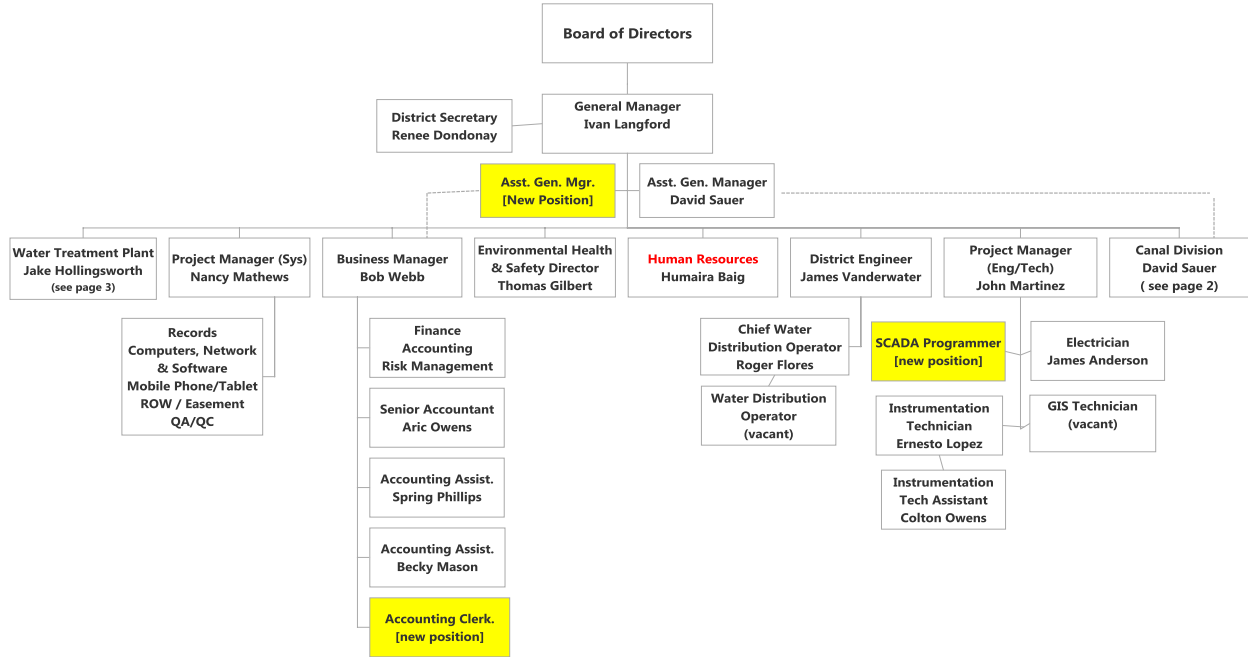
RESERVE CAPACITY

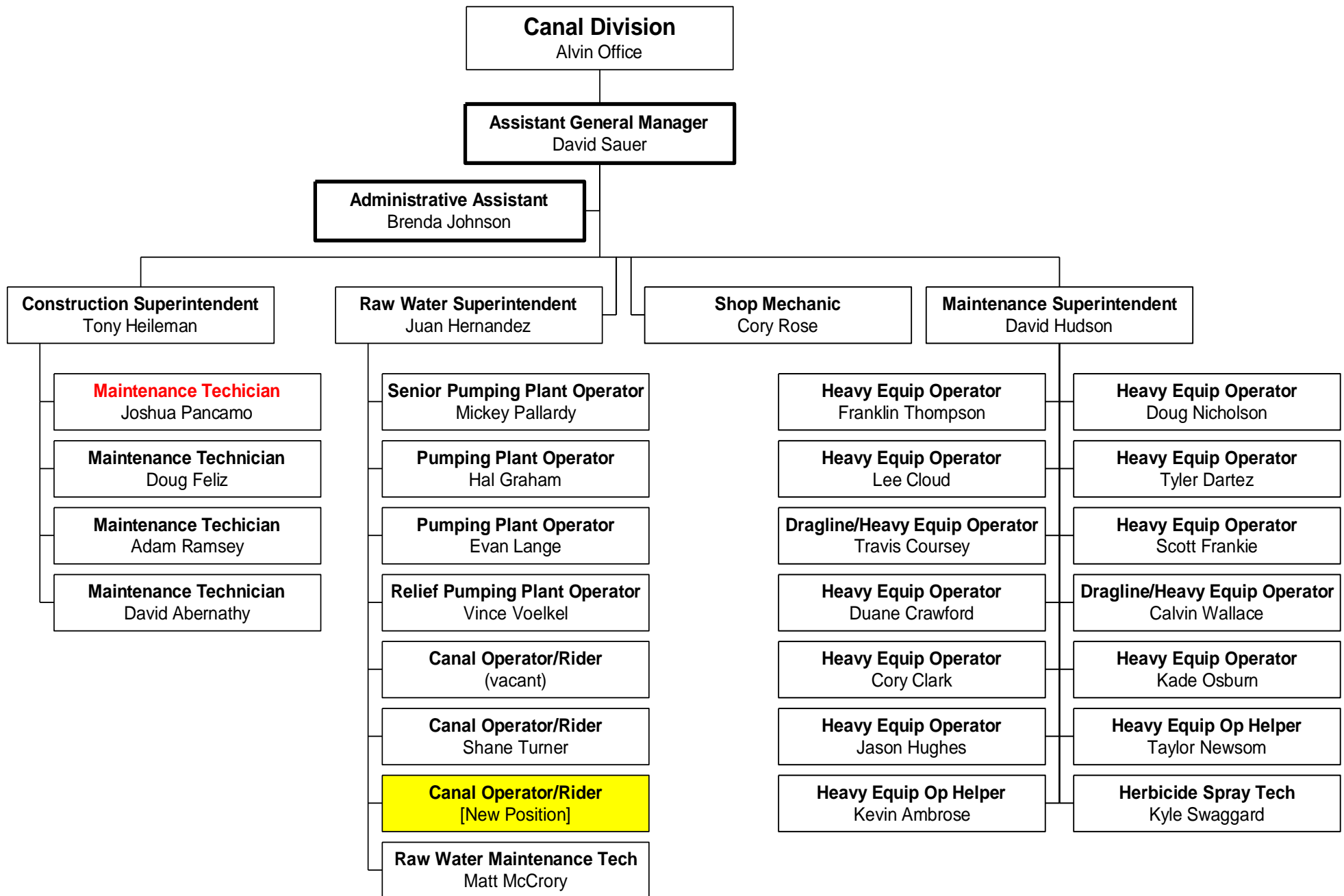
**O & M
ESTIMATED
METERED WATER**

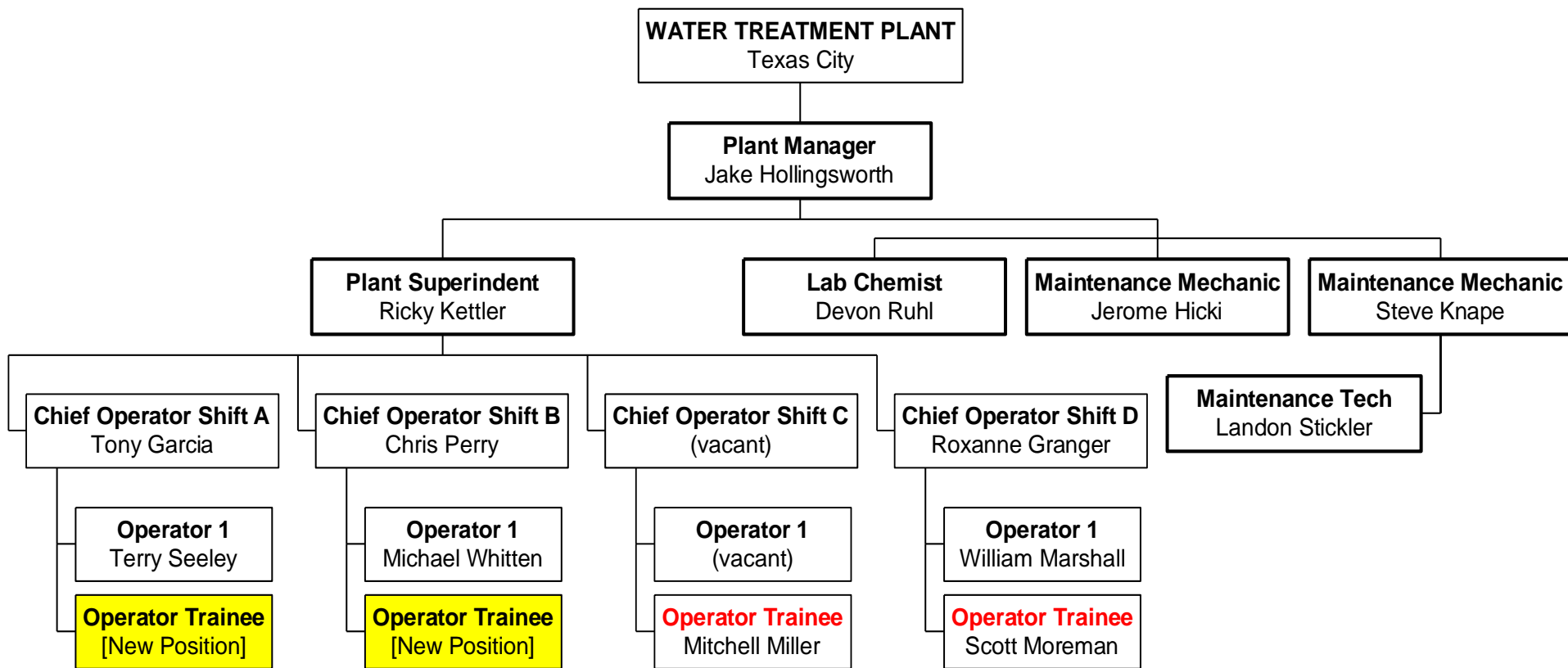
| | <u>(MGD)</u> | <u>RAW WATER</u> <u>(\$/MG)</u> | <u>CAPITAL</u> <u>(\$/MG)</u> | <u>NOTE</u> <u>(\$/MG)</u> | <u>TOTAL</u> <u>(\$/MG)</u> | <u>(MGD)</u> | <u>(\$/MG)</u> |
|-------------------------|--------------|------------------------------------|----------------------------------|-------------------------------|--------------------------------|--------------|----------------|
| Texas City (North Line) | 11.2050 | 260.58 | 191.34 | 16.03 | 467.95 | 6.1000 | 574.6 |
| LaMarque (North Line) | 2.3800 | 260.58 | 191.34 | 16.03 | 467.95 | 2.0990 | 574.6 |
| WCID #1 (North Line) | 3.6650 | 260.58 | 191.34 | 16.03 | 467.95 | 1.7860 | 574.6 |
| Bacliff | 1.1900 | 260.58 | 191.34 | 16.03 | 467.95 | 0.5300 | 574.6 |
| Bayview | 0.3880 | 260.58 | 191.34 | 16.03 | 467.95 | 0.1200 | 574.6 |
| WCID #12 | 1.0430 | 260.58 | 191.34 | 16.03 | 467.95 | 0.7000 | 574.6 |
| San Leon | 1.7850 | 260.58 | 191.34 | 16.03 | 467.95 | 0.5500 | 574.6 |
| League City | 2.5440 | 260.58 | 191.34 | 16.03 | 467.95 | 2.0000 | 574.6 |
| Galveston | 20.9900 | 260.58 | 191.34 | 16.03 | 467.95 | 14.2640 | 574.6 |
| Hitchcock | 1.5000 | 260.58 | 191.34 | 16.03 | 467.95 | 0.8000 | 574.6 |
| WCID #8 | 1.0000 | 260.58 | 191.34 | 16.03 | 467.95 | 0.5300 | 574.6 |
| MUD #12 | 0.4500 | 260.58 | 191.34 | 16.03 | 467.95 | 0.3000 | 574.6 |
| LaMarque (South Line) | 0.4000 | 260.58 | 191.34 | 16.03 | 467.95 | 0.3160 | 574.6 |
| FWSD #6 | 0.3600 | 260.58 | 191.34 | 16.03 | 467.95 | 0.2100 | 574.6 |
| Texas City (South Line) | 0.3000 | 260.58 | 191.34 | 16.03 | 467.95 | 0.0000 | 0 |
| WCID #1 (South Line) | 0.5000 | 260.58 | 191.34 | 16.03 | 467.95 | 0.2120 | 574.6 |

Annual Bond Debt Obligation for each customer is detailed in Appendix C.

ADMINISTRATIVE DIVISION







GULF COAST WATER AUTHORITY
BOND DEBT
YEARS ENDING AUGUST 31

| |
|---|
| CITY OF LEAGUE CITY (04) REFUNDING SERIES 2011F (2001) |
|---|

| <u>DUE DATE</u> | <u>PRINCIPAL</u> <u>08/15</u> | <u>INTEREST</u> <u>02/15</u> | <u>INTEREST</u> <u>08/15</u> | <u>TOTAL</u> |
|-----------------|----------------------------------|---------------------------------|---------------------------------|--------------|
| 2016 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2017 | 225,000.00 | 21,593.75 | 21,593.75 | 268,187.50 |
| 2018 | 235,000.00 | 18,218.75 | 18,218.75 | 271,437.50 |
| 2019 | 240,000.00 | 14,400.00 | 14,400.00 | 268,800.00 |
| 2020 | 250,000.00 | 10,200.00 | 10,200.00 | 270,400.00 |
| 2021 | 260,000.00 | 5,200.00 | 5,200.00 | 270,400.00 |
| 2022 | 0.00 | 0.00 | 0.00 | 0.00 |
| | 1,210,000.00 | 69,612.50 | 69,612.50 | 1,349,225.00 |

| | | ANNUAL PAYMENT DUE NEXT FOUR YEARS | | | |
|----------|---|------------------------------------|------|------|------|
| CUSTOMER | % | 2017 | 2018 | 2019 | 2020 |

| | | | | | |
|-------------|----------|------------|------------|------------|------------|
| LEAGUE CITY | 100.000% | 268,187.50 | 271,437.50 | 268,800.00 | 270,400.00 |
| TOTAL | 100.000% | 268,187.50 | 271,437.50 | 268,800.00 | 270,400.00 |

GULF COAST WATER AUTHORITY
BOND DEBT
YEARS ENDING AUGUST 31

| |
|---|
| CITY OF GALVESTON (12)- REFUNDING BONDS, SERIES 2011E (1997) |
|---|

| DUE DATE | <u>PRINCIPAL</u> 08/15 | <u>INTEREST</u> 02/15 | <u>INTEREST</u> 08/15 | <u>TOTAL</u> |
|----------|---------------------------|--------------------------|--------------------------|--------------|
| 2016 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2017 | 795,000.00 | 9,937.50 | 9,937.50 | 814,875.00 |
| 2018 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2019 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2020 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2021 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2022 | 0.00 | 0.00 | 0.00 | 0.00 |
| | 795,000.00 | 9,937.50 | 9,937.50 | 814,875.00 |

| | | ANNUAL PAYMENT DUE NEXT FOUR YEARS | | | |
|----------|---|------------------------------------|------|------|------|
| CUSTOMER | % | 2017 | 2018 | 2019 | 2020 |

| | | | | | |
|-----------|----------|------------|------|------|------|
| GALVESTON | 100.000% | 814,875.00 | 0.00 | 0.00 | 0.00 |
| TOTAL | 100.000% | 814,875.00 | 0.00 | 0.00 | 0.00 |

GULF COAST WATER AUTHORITY
BOND DEBT
YEARS ENDING AUGUST 31

| |
|---|
| SOUTH PROJECT (14) - REFUNDING BONDS, SERIES 2011A (1998A) |
|---|

| DUE DATE | <u>PRINCIPAL</u> 08/15 | <u>INTEREST</u> 02/15 | <u>INTEREST</u> 08/15 | <u>TOTAL</u> |
|----------|---------------------------|--------------------------|--------------------------|---------------|
| 2016 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2017 | 1,980,000.00 | 281,987.50 | 281,987.50 | 2,543,975.00 |
| 2018 | 1,985,000.00 | 252,287.50 | 252,287.50 | 2,489,575.00 |
| 2019 | 2,060,000.00 | 212,587.50 | 212,587.50 | 2,485,175.00 |
| 2020 | 2,165,000.00 | 161,087.50 | 161,087.50 | 2,487,175.00 |
| 2021 | 2,255,000.00 | 115,625.00 | 115,625.00 | 2,486,250.00 |
| 2022 | 2,370,000.00 | 59,250.00 | 59,250.00 | 2,488,500.00 |
| | 12,815,000.00 | 1,082,825.00 | 1,082,825.00 | 14,980,650.00 |

| | | ANNUAL PAYMENT DUE NEXT FOUR YEARS | | | |
|-------------|----------|------------------------------------|--------------|--------------|--------------|
| CUSTOMER | % | 2017 | 2018 | 2019 | 2020 |
| GALVESTON | 97.287% | 2,474,957.07 | 2,422,032.94 | 2,417,752.31 | 2,419,698.05 |
| LEAGUE CITY | 2.267% | 57,681.22 | 56,447.77 | 56,348.01 | 56,393.35 |
| WCID #1 | 0.446% | 11,336.72 | 11,094.29 | 11,074.69 | 11,083.60 |
| TOTAL | 100.000% | 2,543,975.00 | 2,489,575.00 | 2,485,175.00 | 2,487,175.00 |

GULF COAST WATER AUTHORITY
BOND DEBT
YEARS ENDING AUGUST 31

| |
|---|
| SOUTH PROJECT (14) - HWY 6 REFUNDING BONDS, SERIES 2011B (1998B) |
|---|

| <u>DUE DATE</u> | <u>PRINCIPAL</u> 08/15 | <u>INTEREST</u> 02/15 | <u>INTEREST</u> 08/15 | <u>TOTAL</u> |
|-----------------|---------------------------|--------------------------|--------------------------|--------------|
| 2016 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2017 | 300,000.00 | 39,700.00 | 39,700.00 | 379,400.00 |
| 2018 | 310,000.00 | 33,700.00 | 33,700.00 | 377,400.00 |
| 2019 | 325,000.00 | 27,500.00 | 27,500.00 | 380,000.00 |
| 2020 | 335,000.00 | 21,000.00 | 21,000.00 | 377,000.00 |
| 2021 | 350,000.00 | 14,300.00 | 14,300.00 | 378,600.00 |
| 2022 | 365,000.00 | 7,300.00 | 7,300.00 | 379,600.00 |
| | 1,985,000.00 | 143,500.00 | 143,500.00 | 2,272,000.00 |

| | | ANNUAL PAYMENT DUE | | | |
|-------------|---------|--------------------|------------|------------|------------|
| CUSTOMER | % | 2017 | 2018 | 2019 | 2000 |
| HITCHCOCK | 36.283% | 137,658.66 | 136,932.99 | 137,876.36 | 136,787.86 |
| WCID # 8 | 24.189% | 91,772.44 | 91,288.66 | 91,917.57 | 91,191.91 |
| MUD #12 | 10.885% | 41,297.60 | 41,079.90 | 41,362.91 | 41,036.36 |
| LA MARQUE | 9.676% | 36,708.98 | 36,515.46 | 36,767.03 | 36,476.76 |
| FWSD #6 | 8.708% | 33,038.08 | 32,863.92 | 33,090.33 | 32,829.09 |
| TEXAS CITY | 7.257% | 27,531.73 | 27,386.60 | 27,575.27 | 27,357.57 |
| LEAGUE CITY | 2.510% | 9,521.21 | 9,471.02 | 9,536.27 | 9,460.98 |
| WCID #1 | 0.493% | 1,871.31 | 1,861.44 | 1,874.27 | 1,859.47 |
| TOTAL | 100% | 379,400.00 | 377,400.00 | 380,000.00 | 377,000.00 |

GULF COAST WATER AUTHORITY
BOND DEBT
YEARS ENDING AUGUST 31

| |
|--|
| CITY OF TEXAS CITY (15) REFUNDING BONDS, SERIES 2011C (1998C) |
|--|

| DUE DATE | <u>PRINCIPAL</u> 08/15 | <u>INTEREST</u> 02/15 | <u>INTEREST</u> 08/15 | <u>TOTAL</u> |
|----------|---------------------------|--------------------------|--------------------------|--------------|
| 2016 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2017 | 430,000.00 | 95,500.00 | 95,500.00 | 621,000.00 |
| 2018 | 450,000.00 | 84,750.00 | 84,750.00 | 619,500.00 |
| 2019 | 475,000.00 | 73,500.00 | 73,500.00 | 622,000.00 |
| 2020 | 500,000.00 | 61,625.00 | 61,625.00 | 623,250.00 |
| 2021 | 520,000.00 | 49,125.00 | 49,125.00 | 618,250.00 |
| 2022 | 1,445,000.00 | 36,125.00 | 36,125.00 | 1,517,250.00 |
| | 3,820,000.00 | 400,625.00 | 400,625.00 | 4,621,250.00 |

| | | ANNUAL PAYMENT DUE | | | |
|----------|---|--------------------|------|------|------|
| CUSTOMER | % | 2017 | 2018 | 2019 | 2020 |

| | | | | | |
|------------|----------|------------|------------|------------|------------|
| TEXAS CITY | 100.000% | 621,000.00 | 619,500.00 | 622,000.00 | 623,250.00 |
| TOTAL | 100.000% | 621,000.00 | 619,500.00 | 622,000.00 | 623,250.00 |

GULF COAST WATER AUTHORITY
BOND DEBT
YEARS ENDING AUGUST 31

| |
|---|
| CITY OF LA MARQUE (16) REFUNDING BONDS, SERIES 2011D (1998D) |
|---|

| DUE DATE | <u>PRINCIPAL</u> 08/15 | <u>INTEREST</u> 02/15 | <u>INTEREST</u> 08/15 | <u>TOTAL</u> |
|----------|---------------------------|--------------------------|--------------------------|--------------|
| 2016 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2017 | 185,000.00 | 30,225.00 | 30,225.00 | 245,450.00 |
| 2018 | 195,000.00 | 26,525.00 | 26,525.00 | 248,050.00 |
| 2019 | 200,000.00 | 22,625.00 | 22,625.00 | 245,250.00 |
| 2020 | 215,000.00 | 17,625.00 | 17,625.00 | 250,250.00 |
| 2021 | 220,000.00 | 12,250.00 | 12,250.00 | 244,500.00 |
| 2022 | 270,000.00 | 6,750.00 | 6,750.00 | 283,500.00 |
| | 1,285,000.00 | 116,000.00 | 116,000.00 | 1,517,000.00 |

| | | ANNUAL PAYMENT DUE | | | |
|----------|---|--------------------|------|------|------|
| CUSTOMER | % | 2017 | 2018 | 2019 | 2020 |

| | | | | | |
|-----------|----------|------------|------------|------------|------------|
| LA MARQUE | 100.000% | 245,450.00 | 248,050.00 | 245,250.00 | 250,250.00 |
| TOTAL | 100.000% | 245,450.00 | 248,050.00 | 245,250.00 | 250,250.00 |

GULF COAST WATER AUTHORITY
BOND DEBT
YEARS ENDING AUGUST 31

| |
|---|
| CITY OF GALVESTON (19) REFUNDING BONDS, SERIES 2012 (2002) |
|---|

| <u>DUE DATE</u> | <u>PRINCIPAL</u> <u>08/15</u> | <u>INTEREST</u> <u>02/15</u> | <u>INTEREST</u> <u>08/15</u> | <u>TOTAL</u> |
|-----------------|----------------------------------|---------------------------------|---------------------------------|--------------|
| 2016 | | | | 0.00 |
| 2017 | 745,000.00 | 53,969.25 | 53,969.25 | 852,938.50 |
| 2018 | 770,000.00 | 45,513.50 | 45,513.50 | 861,027.00 |
| 2019 | 785,000.00 | 36,774.00 | 36,774.00 | 858,548.00 |
| 2020 | 800,000.00 | 27,864.25 | 27,864.25 | 855,728.50 |
| 2021 | 820,000.00 | 18,784.25 | 18,784.25 | 857,568.50 |
| 2022 | 835,000.00 | 9,477.25 | 9,477.25 | 853,954.50 |
| | 4,755,000.00 | 192,382.50 | 192,382.50 | 5,139,765.00 |

| | | ANNUAL PAYMENT DUE NEXT FOUR YEARS | | | |
|----------|---|------------------------------------|------|------|------|
| CUSTOMER | % | 2017 | 2018 | 2019 | 2000 |

| | | | | | |
|-----------|----------|------------|------------|------------|------------|
| GALVESTON | 100.000% | 852,938.50 | 861,027.00 | 858,548.00 | 855,728.50 |
| TOTAL | 100.000% | 852,938.50 | 861,027.00 | 858,548.00 | 855,728.50 |

GULF COAST WATER AUTHORITY
BOND DEBT
YEARS ENDING AUGUST 31

| |
|--|
| CHOCOLATE BAYOU (21) REVENUE BONDS, SERIES 2006 |
|--|

| <u>DUE DATE</u> | <u>PRINCIPAL</u> <u>12/01</u> | (Estimate) <u>INTEREST</u> <u>06/01</u> | (Estimate) <u>INTEREST</u> <u>12/01</u> | <u>TOTAL</u> |
|-----------------|----------------------------------|---|---|--------------|
| 2016 | 1,045,000.00 | 0.00 | 9,143.75 | 1,054,143.75 |
| 2017 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2018 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2019 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2020 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2021 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2022 | 0.00 | 0.00 | 0.00 | 0.00 |
| | 1,045,000.00 | 0.00 | 9,143.75 | 1,054,143.75 |

| | | ANNUAL PAYMENT DUE NEXT FOUR YEARS | | | |
|------------|----------|------------------------------------|------|------|------|
| CUSTOMER | % | 2017 | 2018 | 2019 | 2020 |
| TEXAS CITY | 58.000% | 611,403.38 | 0.00 | 0.00 | 0.00 |
| GALVESTON | 42.000% | 442,740.38 | 0.00 | 0.00 | 0.00 |
| TOTAL | 100.000% | 1,054,143.75 | 0.00 | 0.00 | 0.00 |

ACCOUNT DEFINITIONS

SALARIES & WAGES:

These accounts reflect the gross wages paid to the Authority's employees:

- 5200 Operations – Salary and wage compensation paid to operations staff.
- 5490 Maintenance – Salary and wage compensation paid to maintenance staff.
- 6640 Office Management – Salary and wage compensation paid to office management staff.
- 5710 Administrative-Office – Salary and wage compensation paid to administrative staff.

PURCHASED & CONTRACTED SERVICES:

These accounts reflect the cost of services (other than the professional services included in "Professional Fees") performed by a private company or individual. As well as the cost of water purchased from other governmental units:

- 5010 Contract Water Cost – Cost of water purchased from the Brazos River Authority, another Brazos River Authority customer, or cost from another GCWA Fund, such as raw water cost from Canal Fund (Fund 08) charged to Industrial Fund (Fund 02).
- 5205 Service Agreements – The cost of independent contractors to perform services such as fire extinguisher checks, uniforms, floor mats, trash collection, copier lease agreements and janitorial cleaning services, etc.
- 5240 Contract Service Operations – The cost for such services as mowing, brush clearing, mechanical services, and vegetation control, etc.

SUPPLIES, MATERIALS & UTILITIES:

These accounts reflect the expenses associated with the cost of supplies and materials:

- 5030 Power-Electric – Cost of electricity for the operation of all facilities.
- 5116 Phosphate – Cost of phosphate for water treatment.
- 5119 Chlorine – Cost of chlorine gas for water treatment.
- 5120 Cationic Polymer – Cost of cationic polymer for water treatment.
- 5121 Powdered Activated Carbon – Cost of powdered activated carbon for water treatment.
- 5122 Granular Activated Carbon – Cost of granular activated carbon for water treatment.
- 5123 Fluoride – Cost of fluorosilicic acid for water treatment.

- 5124 Ammonia – Cost of liquid ammonia for water treatment.
- 5125 Miscellaneous Chemicals – Cost of miscellaneous chemicals used system-wide, associated primarily with vegetation control operations.
- 5126 Copper Sulfate – Cost of copper sulfate for water treatment.
- 5128 Ferric Sulfate – Cost of ferric sulfate for water treatment.
- 5129 Sodium Chloride – Cost of sodium chloride for water treatment.
- 5220 Supplies Operations – Cost of supplies purchased system-wide, including nuts, bolts, industrial paper products, wet wipes, etc.
- 5242 Lab Supplies – Cost of laboratory supplies associated with running various analyses, tests and reports. Includes laboratory chemicals and equipment.
- 5245 Laboratory Gases – Cost of various laboratory used in the water plant lab.
- 5250 Right of Way Easements – Cost paying annual right of way easement fees to landowners; primarily associated with canal operations.
- 5270 Sediment – Cost of removal and disposal of sediment from the water treatment plant.
- 6120 Data Processing – Cost associated with system-wide IT related expenses such as IT Support, annual software maintenance agreements, computer replacement, “cloud” based back-up services, etc.
- 6130 Records Management – Cost associated system-wide with records management for the Authority, including off-site storage of hard copy documents.
- 6150 Management Expense – Cost incurred by management personnel for travel, lodging, meals, and incidentals, including customer engagements.
- 6190 Contributions/Donations – Cost of contributions and donations made on behalf of the Authority, such as participation in the AWWA Research Foundation contribution, Lower Brazos River Coalition, community engagements, etc.
- 6340 Insurance Expense – Cost system-wide associated with the annual property and liability insurance expense.
- 6425 Janitorial-Supplies – Cost of expendable janitorial supplies.
- 6460 Stationery & Office Supplies – Cost of all forms of tangible office supplies, including pens, pencils, paper products, printer toner, etc.
- 6820 Telephone – Cost system-wide associated for telephone and internet services.
- 6840 Dues/Subscriptions – Cost associated with dues for professional organizations and publications.
- 6845 TCEQ Permits – Cost associated with annual Texas Commission on Environmental Quality Water System and Watermaster fees.

6845 Training – Cost associated with registration of employee training courses and/or conference attendance; including employee travel, lodging, meals and incidentals.

6860 Safety Equipment – Cost associated with the purchase of safety equipment for the protection of employees and the public, including air monitoring and personal protection equipment.

6880 Heat, Light & Water – Cost of natural gas for heating, hot water and engine driven pumps as well as city utilities.

MAINTENANCE, REPAIRS & PARTS:

These accounts reflect the expenses associated with the purchase of maintenance supplies and materials:

5225 Shop Supplies – Cost associated with supplies and materials purchased for use by maintenance personnel.

5400 Reservoirs & Canals – Cost associated with the purchase of supplies and materials used for repairs and maintenance of canals and reservoirs.

5410 Building-Maintenance – Cost system-wide associated with consumable supplies for repairing and maintaining the physical facilities.

5420 Vehicles-Repairs & Maintenance – Cost associated with consumable supplies for repairing and maintaining vehicles and other rolling stock.

5422 Vehicles-Heavy-Repairs & Maintenance – Cost associated with consumable supplies purchased for repairing and maintaining heavy equipment.

5423 Equipment-Light-Repairs & Maintenance – Cost associated with consumable supplies purchased for repairing and maintaining light equipment.

5430 Grounds-Maintenance – Cost system-wide associated with consumable supplies purchased for repairing and maintaining the grounds surrounding of the Authority's facilities.

5440 Mechanical – Cost associated with the purchase of mechanical materials and supplies for maintenance of valves, fittings, filters, pumps and motors.

5450 Electrical – Cost associated with the purchase of electrical materials and supplies, such as wiring, conduit, fans, lighting, breaker boxes, breakers, etc.

5460 Pipe-Maintenance – Cost associated with the purchase of piping materials and supplies used for maintenance projects "within the fence line" of the Authority's facilities.

5461 Piping (Water Line Distribution) – Cost associated with the purchase of piping materials and supplies used for distribution projects only.

5470 Instruments – Cost associated with the purchase of instrumentation materials and supplies.

5480 Paint & Insulation – Cost associated with the purchase of paint, insulation and related supplies.

- 5485 Road Repairs – Cost associated with the purchase of materials and supplies for minor road repairs “within the fence line” for the Authority’s facilities.
- 6410 Radio/Communications – Cost associated with cellular telephone and radio communication services for the Authority.
- 6420 Maintenance-Tools – Cost associated with the purchase of small tools such as hand tools, small powered tools, small pumps, etc.
- 6423 Rental-Equipment – Cost associated with monthly payments for back-up generators.
- 6462 Office Equipment – Cost associated with the purchase of office equipment by the Authority, such as office chairs, tables, calculators, etc.
- 6890 Gasoline & Oil Expense – Cost associated with the purchase of unleaded and diesel fuel as well as other fluids needed for vehicles and equipment.

EMPLOYEE BENEFITS:

These accounts reflect the cost of employee benefits:

- 5715 Payroll Taxes – Social Security and Medicare taxes for employees.
- 6310 Employee Benefits-Health Insurance – Cost associated with health insurance premiums for employees coverage.
- 6312 Employee Benefits-Dental Insurance – Cost associated with dental insurance premiums for employees coverage.
- 6314 Employee Benefits-Vision Insurance – Cost associated with vision insurance premiums for employees coverage.
- 6320 Employee Benefits-Life Insurance – Cost associated with life insurance premiums for employees coverage.
- 6330 Employee Benefits-TCDRS – Cost associated with monthly contributions paid for employee’s retirement benefits to the Texas County & District Retirement System.
- 6335 Employee Benefits-401(k) – Cost associated with monthly contributions paid for employee’s retirement benefits in an optional 401(k) plan.
- 6350 Workers’ Compensation Insurance – Cost associated with workers’ compensation insurance premiums for employee’s coverage.

PROFESSIONAL FEES:

These accounts reflect the expenses associated with professional services rendered:

6360 Engineering – Cost associated with engineering services received by the authority not related to capitalized projects.

6380 Legal Expense – Cost associated with legal services received.

CAPITAL IMPROVEMENTS:

These accounts reflect the expenses associated with capital expenditures:

8254 Capital – Cost associated with the purchase of land, improvements, buildings, building improvements, vehicles, machinery, equipment, infrastructure and all other tangible or intangible assets that are used in operations with a total acquisition cost of \$5,000 or more and that have an initial useful lives extending beyond a single reporting period.

Capital Projects are assigned asset numbers at the time they are initiated.

****These definitions do not include General & Administrative expenses as they are duplicative.**