



Thomas Mackey Water Treatment Plant

Annual Comprehensive Financial Report For the Fiscal Year Ended August 31, 2023

Gulf Coast Water Authority * Texas City, Texas

Annual Comprehensive Financial Report

**For the Fiscal Year Ended
August 31, 2023**

Gulf Coast Water Authority

Texas City, Texas

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Gulf Coast Water Authority

GULF COAST WATER AUTHORITY

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INTRODUCTORY SECTION





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February 15, 2024

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

We are pleased to submit the Annual Comprehensive Financial Report (the “ACFR”) of the Gulf Coast Water Authority (the “Authority”) for the fiscal year ended August 31, 2023. The purpose of the ACFR is to provide reliable financial information about the Authority to the Authority’s Board of Directors, customers, and other interested parties. The Authority’s Accounting Department has prepared the ACFR in accordance with generally accepted accounting principles (“GAAP”). Management assumes full responsibility for the completeness and reliability of the information contained in the ACFR, based upon a comprehensive framework of internal controls that are established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective of such internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Our auditor, Whitley Penn, LLP, Certified Public Accountants, has issued an unmodified (“clean”) opinion on the Authority’s financial statements for the year ended August 31, 2023. The independent auditors’ report is located at the front of the financial section of the ACFR.

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

Profile of the Government Agency

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

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

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

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

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

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

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

Canal Systems - The Authority operates three main canal systems: the American, Briscoe, and Juliff/Chocolate Bayou Canal systems. This includes approximately 276 miles of main-line canals and laterals, and about 380,000 ac-ft. of water rights on the lower basin of the Brazos River. These arteries allow river water to be delivered to 1) approximately 17,000 acres of commercial and hybrid seed rice in Brazoria and Galveston Counties as well as a Rice Research Facility located outside of Alvin, Texas, a provider of world-wide technology for the rice industry, 2) industrial customers served by the Canal Division include INEOS Olefins and Polymers, Rice Tec and Ascend Performance Materials, 3) municipal customers served include the cities of Sugar Land, Pearland and Missouri City, as well as Ft. Bend WCID #2 and Pecan Grove MUD, and 4) to the Industrial and Municipal divisions in Galveston County.

Industrial Group - Prompted by land subsidence caused by the over withdrawal of groundwater, a private venture by Texas City industries in the late 1940's constructed an extension of the Briscoe and American canal system to provide surface water to the rapidly growing industrial complex following World War II. Through acquisitions and exchanges, the Industrial Division was acquired by the Authority in 1971. The Industrial Division operates an 8,700 acre-feet off-channel reservoir, a canal system, and a pump station contracted to deliver 73 million gallons per day (MGD), with a firm capacity of 95 million gallons per day (MGD) of surface water per day to Texas City industries. Industrial customers served include DOW/Union Carbide Corp., Marathon Galveston Bay Refinery, Marathon Texas Refining, Valero Refining Texas, Eastman Chemical Company, Ashland Specialty Chemicals, INEOS, and Topaz Energy.

Water Treatment – The Authority owns and operates the Thomas S. Mackey Water Treatment Plant located in Texas City. The 57.6 million gallon per day (MGD) conventional surface water plant serves 13 water utilities in Galveston County. The plant was originally constructed by the City of Texas City in 1978 and acquired by the Authority in 1983. The plant's most recent expansion occurred in 2000. The Authority is planning an expansion to upgrade sections of the plant to ensure the delivery of the 7.9 million gallon per day (MGD) rerate approved by the TCEQ which is included in the 57.6 million gallon per day (MGD) Those customers include the cities of Texas City, La Marque, Galveston, Hitchcock, League City, GCWCID #1, GCWCID #8, GCWCID #12, GCFWD #6, GCMUD #12, Bacliff MUD, Bayview MUD and San Leon MUD.

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

ECONOMIC CONDITIONS AND OUTLOOK

The Local & Regional Economy. The Authority and its customers are part of the Greater Houston Metropolitan Area. According to the Bureau of Labor Statistics, the Houston Metro Area added 96,800 total nonfarm jobs over the year in July '23 (year over year). Of the twelve largest metropolitan areas in the country, Houston ranked fourth in the number of jobs added over the year and third in annual rate of job growth. Local unemployment remained unchanged over the past year at 4.8 percent in July 2023, which is slightly higher than the state average of 4.5 percent and the national rate of 3.8 percent. Continued population growth within the Authority's service area will necessitate the Authority's continued quest for additional water supplies to meet this growing demand for more water.

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

GCWA's REVENUE SOURCE

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

FINANCIAL INFORMATION

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

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

MAJOR INITIATIVES

Throughout the years, the need for GCWA to provide water to customers has grown; however, our facilities and infrastructure have not always kept up with this growth. In 2023, we were able to make improvements to existing infrastructure and construct new facilities. There were 67 completed projects this year, 6 were Federal Emergency Management Agency (FEMA) projects, two were classified as major projects, and 59 were classified as minor projects. These projects totaled \$29.7M and will assist us in completing our mission of reliably delivering water to our customers.

ACKNOWLEDGEMENTS

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

Awards. The Government Finance Officers Association of the United States and Canada ("GFOA") awarded the Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Annual Comprehensive Financial Report ("ACFR") for the fiscal year ended August 31, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

Sincerely,



Brandon Wade, MPA, PE
General Manager / CEO



David E. Davis Jr. CPA
Assistant General Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

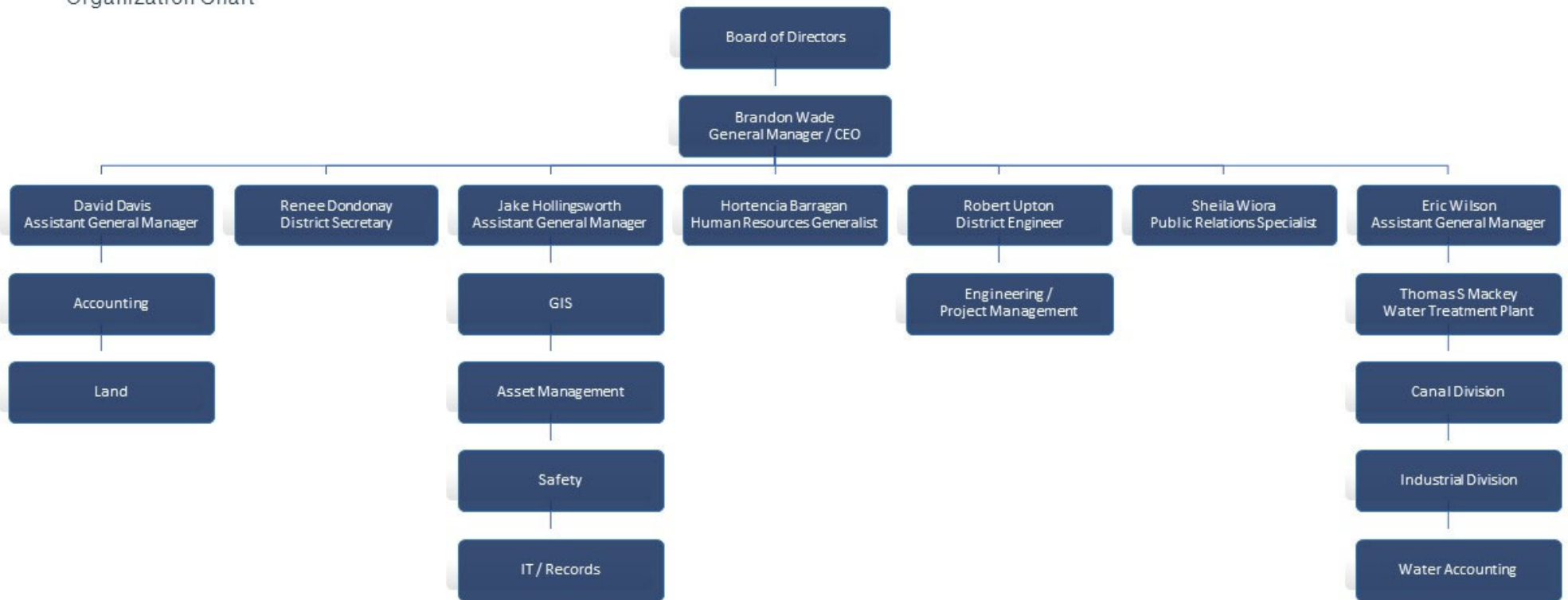
**Gulf Coast Water Authority
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2022

Christopher P. Morill

Executive Director/CEO



GULF COAST WATER AUTHORITY**BOARD OF DIRECTORS***As of August 31, 2023*

POSITION & NAME	OFFICE / COMMITTEES	TERM
GALVESTON COUNTY MUNICIPAL POSITION NO. 1 Mr. Jody Hooks	Director	2021-2023
GALVESTON COUNTY INDUSTRIAL POSITION NO.1 Mr. Jimmy Laurito	Director	2021-2023
GALVESTON COUNTY INDUSTRIAL POSITION NO. 2 Mr. Kevin D. Moore	Secretary	2022-2024
GALVESTON COUNTY AT LARGE POSITION NO. 1 Mr. Duane Cole	Director	2021-2023
GALVESTON COUNTY AT LARGE POSITION NO. 2 Mr. Brad Matlock, P.E.	President	2022-2024
BRAZORIA COUNTY MUNICIPAL POSITION NO. 1 Mr. John McDonald	Director	2021-2023
BRAZORIA COUNTY INDUSTRIAL POSITION NO. 1 Mr. Bennie Jones Jr.	Treasurer	2022-2024
BRAZORIA COUNTY AGRICULTURAL POSITION NO. 1 Mr. Cliff Mock	Vice President	2022-2024
FORT BEND COUNTY MUNICIPAL POSITION NO. 1 Mr. Allen Bogard	Director	2021-2023
FORT BEND COUNTY AT LARGE POSITION NO. 1 Ms. Trisha Frederick, P.E.	Assistant Secretary	2022-2024

September 1, 2022 - August 31, 2023



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gulf Coast Water Authority (the "Authority") as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of August 31, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The information in the supplementary section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in the supplementary sections is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

Houston, Texas
February 15, 2024



GULF COAST WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Gulf Coast Water Authority (the "Authority") offers readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended August 31, 2023. We encourage readers to consider the information presented here in conjunction with the financial statements and the notes to the financial statements.

Financial Highlights

- The Authority's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$173,266,308. Of this amount, \$105,519,007 represents net investment in capital assets; \$3,818,547 is restricted net position and the remaining \$63,928,754 represents unrestricted net position.
- The Authority's total net position decreased by \$6,529,312 from \$179,795,620 at the end of the prior year to an ending net position of \$173,266,308 at August 31, 2023. The decrease is primarily due to the prior period adjustment of \$23.0 million as described in Note 13, partially offset by acquisition and construction of capital assets of \$9.4 million, federal grants received of \$2.5 million, Thomas Mackey Water Treatment Plant expansion buy-in fees resulting in \$2.6 million of revenue recognition, unrestricted investment earnings of \$1.8 million and restricted investment earnings of \$0.9 million.
- Operating expenses for the Authority were \$51,422,336 and were less than operating revenues of \$64,305,923 by \$12,883,587. Non-operating revenues for the Authority exceeded non-operating expenses by \$3,594,624.

Overview of the Financial Statements

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

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

The statement of revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, some revenues and expenses reported in this statement result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

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

Financial Analysis

Net position may serve over time as a useful indicator of a financial statement position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$173,266,308 at the close of the most recent fiscal year.

Net Position (with comparative totals for August 31, 2022)

	2023	2022 as Restated	Increase / (Decrease)	
			\$	%
Current and other assets	\$ 130,385,173	\$ 69,171,013	\$ 61,214,160	88.5%
Capital assets	129,810,013	126,001,041	3,808,972	3.0%
Total Assets	260,195,186	195,172,054	65,023,132	33.3%
Total Deferred Outflows of Resources	2,340,763	1,980,180	360,583	18.2%
Current liabilities	10,853,461	9,697,438	1,156,023	11.9%
Noncurrent liabilities	54,656,612	25,880,851	28,775,761	111.2%
Total Liabilities	65,510,073	35,578,289	29,931,784	84.1%
Total Deferred Inflows of Resources	23,759,568	4,785,848	18,973,720	396.5%
Net Position:				
Net Investment in capital assets	105,519,007	99,800,423	5,718,584	5.7%
Restricted:				
Debt Service	3,818,547	2,347,311	1,471,236	62.7%
Unrestricted	63,928,754	54,640,363	9,288,391	17.0%
Total Net Position	\$ 173,266,308	\$ 156,788,097	\$ 16,478,211	10.5%

- Current and other assets increased by approximately \$61.2 million, or 88.5%, primarily due to unspent bond proceeds and financing receivables for the 2022 Series Contract Revenue Bonds League City SEWPP, 2023 Series Contract Revenue Bonds South Transmission System, and the 2023A and S2023B Series Contract Revenue Bonds Thomas Mackey Water Treatment Plant Expansion, partially offset by decrease in Net Pension Asset.
- Capital assets, net of depreciation increased by approximately \$3.8 million, or 3.0%, from the prior year primarily due write-off of infrastructure net assets of approximately \$23.1 million, as described in Note 13, and \$7.4 million depreciation expense. This decrease was partially offset by capital outlay of approximately \$4.8 million in the Canal Division, \$2.1 million in Administrative Division, \$1.8 million in the Water Treatment Plant, \$1.8 million in the South Transmission System, \$0.7 million in the Chocolate Bayou Division, and \$0.2 million in the Texas City Industrial Division. Depreciable capital assets decreased by approximately \$1.3 million due write-off of infrastructure assets of approximately \$23.1 million, as described in Note 13, and \$7.4 million depreciation expense. This decrease is partially offset by completed projects being transferred from construction in progress. Construction in progress decreased by \$18.2 million from the prior year.
- Current liabilities increased by approximately \$1.2 million, or 11.9%, due primarily to an increase in the current portion of long-term debt as a result of the issuance of the 2022 Series Contract Revenue Bonds League City SEWPP, 2023 Series Contract Revenue Bonds South Transmission System, and the 2023A and S2023B Series Contract Revenue Bonds Thomas Mackey Water Treatment Plant Expansion, and customer deposits for the FY23 Water Treatment Plant contract quantity increase, partially offset by bond payments of \$2.4 million and accounts payable and accrued liabilities related to ongoing projects at August 31, 2023.
- Noncurrent liabilities increased by approximately \$28.8 million, or 111.2%, from the prior year primarily due to the issuance of the 2022 Series Contract Revenue Bonds League City SEWPP (\$5.2 million), 2023 Series Contract Revenue Bonds South Transmission System (\$3.6 million), and the 2023A and S2023B Series Contract Revenue Bonds Thomas Mackey Water Treatment Plant Expansion (\$16.4 million and \$4.7 million, respectively), an increase in the net pension liability of \$1.7 million, partially offset by a reduction in the long-term portion of outstanding bond issues.

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

Statement of Revenues, Expenses and Changes in Net Position

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

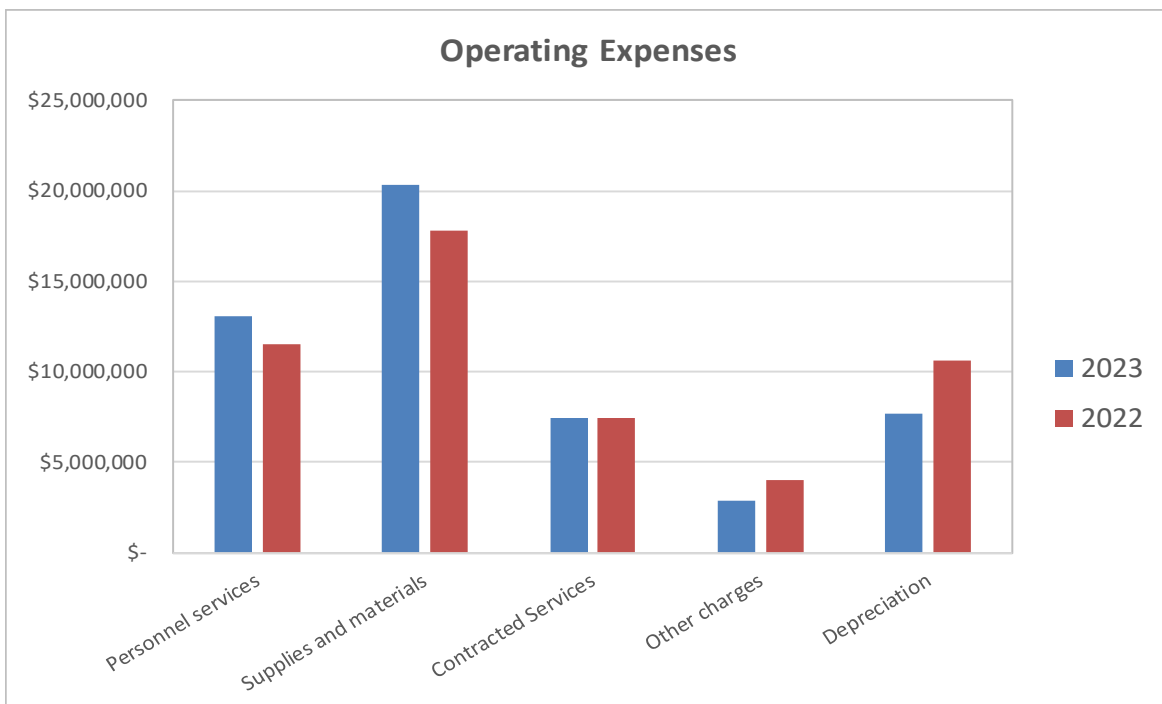
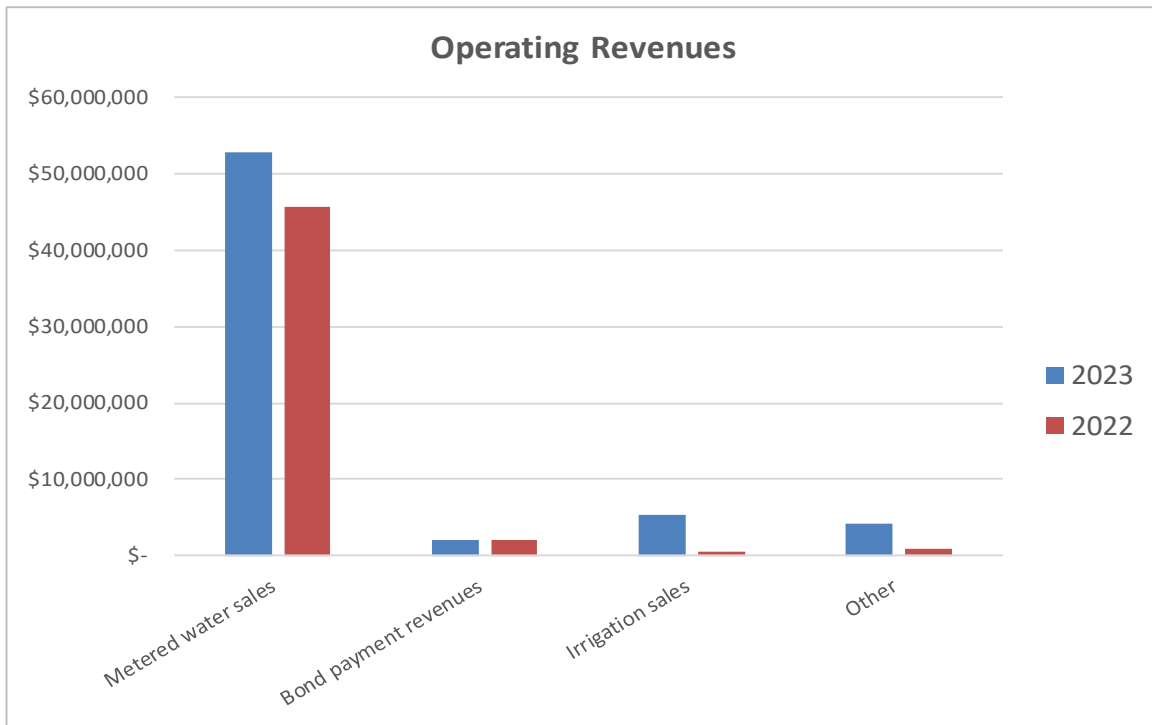
Changes in Net Position - Year Ended August 31, 2023
(With comparative totals for year ended August 31, 2022)

	2023	2022	Change
Operating Revenues:			
Metered water sales	\$ 52,848,164	\$ 45,673,901	\$ 7,174,263
Bond payment revenue	1,964,202	1,977,988	(13,786)
Irrigation sales	5,296,328	521,241	4,775,087
Other	4,197,229	837,304	3,359,925
Total Operating Revenues	64,305,923	49,010,434	15,295,489
Expenses:			
Personnel services	13,074,892	11,478,437	1,596,455
Supplies and materials	20,345,355	17,819,540	2,525,815
Contracted services	7,397,128	7,406,661	(9,533)
Other charges	2,905,249	4,017,296	(1,112,047)
Depreciation/Amortization	7,699,712	10,589,168	(2,889,456)
Total Expenses	51,422,336	51,311,102	111,234
Operating income (loss)	12,883,587	(2,300,668)	15,184,255
Non-operating revenues (expenses)	3,594,624	9,047,678	(5,453,054)
Income (loss) before capital grants and contributions	16,478,211	6,747,010	9,731,201
Capital contributions	-	46,860	(46,860)
Change in Net Position	16,478,211	6,793,870	9,684,341
Beginning Net Position	179,795,620	173,001,750	6,793,870
Prior period adjustment	(23,007,523)	-	(23,007,523)
Ending Net Position	\$ 173,266,308	\$ 179,795,620	\$ (6,529,312)

- Metered water sales increased by approximately \$7.2 million or 15.7%, primarily due to increased capacity at the Thomas Mackey Water Treatment Plant, conversion of option water to contract water and increase in BRA water costs in the Canal Division .
- Irrigation sales increased by approximately \$4.8 million, or 0.0%, primarily due to fiscal year 2022 crop revenues billed in fiscal year 2023, fiscal year 2022 being a rainy summer compared to fiscal year 2023 when more water was sold.
- Other revenues increased by approximately \$3.4 million, or 401.3%, primarily due to buy-in fee revenue of \$3.1 million for the increased capacity at the Thomas Mackey Water Treatment Plant and \$0.4 million of electricity revenue share for power sold into the grid from the generators at the Industrial Pump Station.
- Personnel services increased by approximately \$1.6 million, or 13.9%, primarily due to fiscal year 2023 pension expense of \$0.9 million, or 7.7%, and annual merit and cost of living pay rate adjustments of \$0.5 million, or 4.2%.
- Supplies and materials increased by approximately \$2.5 million, or 14.2%, primarily due to \$1.7 million recharge costs from the City of Houston for the League City SE Water Purification Plant and increased BRA water costs in the Canal Division.
- Other charges decreased by approximately \$1.1 million, or 27.7%, primarily due to fiscal year 2022 costs for Cullinan Park bridges repairs, which are not assets of the Authority, at the Chocolate Bayou plant, emergency equipment rental and repairs due to a pump failure in the Canal division, chemical area and pump repairs at the Thomas Mackey Water Treatment Plant, and pump rental for debris removal in the Industrial division.
- Depreciation/amortization expense decreased by approximately \$2.9 million, or 27.3%, due to write-off of infrastructure assets as described in Note 13, offset by approximately \$29.7 million of capital assets being placed into service during the current fiscal year.
- Non-operating revenues (expenses) decreased by approximately \$5.5 million, or 60.3%, due to lower federal grants, partially offset by increased investment income.

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

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



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

Capital Assets and Long-Term Debt

Capital Assets

The Authority's capital assets totaled \$129,810,013 as of August 31, 2023. These capital assets include land; construction in progress; office furniture, fixtures and equipment; other machinery and equipment; automobiles and trucks; buildings; and infrastructure. The total net decrease in the Authority's capital assets for the current fiscal year was \$19.2, or 12.9%.

	2023	2022	Increase/(Decrease)	
			\$	%
Land	\$ 3,125,997	\$ 2,799,794	\$ 326,203	11.7%
Construction in progress	16,216,295	34,437,637	(18,221,342)	-52.9%
Infrastructure	226,823,504	282,786,086	(55,962,582)	-19.8%
Buildings	25,435,055	6,035,566	19,399,489	321.4%
Plant and equipment	11,676,185	10,188,676	1,487,509	14.6%
Right-to-use assets	3,155,985	3,039,396	116,589	3.8%
Less accumulated depreciation	(156,623,008)	(190,278,591)	33,655,583	-17.7%
Total	\$ 129,810,013	\$ 149,008,564	\$ (19,198,551)	-12.9%

During the current fiscal year, the Authority received \$2.5 in federal grant reimbursements for capital projects. Additional information on the Authority's capital assets can be found in Note 3 to the financial statements.

Long-Term Debt

At the end of the current fiscal year, the Authority had long-term debt outstanding of \$54.9 million. The debt includes bonds secured solely by specified revenue sources (i.e. contract revenue bonds).

	2023	2022	Increase/(Decrease)	
			\$	%
Revenue bonds	\$ 51,025,000	\$ 23,545,000	\$ 27,480,000	116.7%
Bond premiums	1,214,513	716,452	498,061	69.5%
Lease liability	2,626,185	2,832,039	(205,854)	-7.3%
SBITA liability	47,209	-	47,209	100.0%
Totals	\$ 54,912,907	\$ 27,093,491	\$ 27,819,416	102.7%

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

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

Requests for Information

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



BASIC FINANCIAL STATEMENTS



GULF COAST WATER AUTHORITY
STATEMENT OF NET POSITION
August 31, 2023

Assets

Current assets:

Cash and cash equivalents:	
Unrestricted	\$ 40,673,867
Restricted for debt service	2,843,270
Restricted for construction	10,563,629
Investments:	
Unrestricted	20,088,491
Restricted for debt service	1,928,633
Restricted for construction	11,429,218
Accounts receivable	7,171,143
Interest receivable	273,136
Prepaid items	1,103,942
Financing receivable - due within one year	824,317
Lease receivable - due within one year	16,078

Total Current Assets	96,915,724
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Noncurrent Assets:

Financing receivable - due in more than one year	32,903,676
Lease receivable - due in more than one year	565,773
Capital assets not being depreciated	19,342,292
Capital assets, net of accumulated depreciation	110,467,721

Total noncurrent assets	163,279,462
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Total Assets	260,195,186
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Deferred Outflows of Resources

Deferred charge on refunding	105,386
Pension related	2,191,386
OPEB related	43,991

Total Deferred Outflows of Resources	2,340,763
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Liabilities

Current Liabilities:

Accounts payable	3,820,399
Accrued liabilities	2,510,760
Accrued wages payable	546,046
Accrued interest payable	88,522
Unearned revenue	399,783
Bonds payable - due within one year	3,020,072
Compensated absences - due within one year	467,879

Total Current Liabilities	10,853,461
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Noncurrent Liabilities:

Due in more than one year:	
Bonds payable	51,892,835
Compensated absences	935,757
Net pension liability	1,658,429
Net OPEB liability	169,591

Total Noncurrent Liabilities	54,656,612
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Total Liabilities	65,510,073
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Deferred Inflows of Resources

Pension related	164,614
OPEB related	61,011
Financing agreements	22,981,424
Leases	552,519

Total Deferred Inflows of Resources	23,759,568
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Net Position

Net investment in capital assets	105,519,007
Restricted for:	
Debt service	3,818,547
Unrestricted	63,928,754

Total Net Position	\$ 173,266,308
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GULF COAST WATER AUTHORITY**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****For the Year Ended August 31, 2023****Operating Revenues**

Charges for sales and services:

Metered water sales	\$ 52,848,164
Bond payment revenue	1,964,202
Irrigation sales	5,296,328
Other income	4,197,229

Total Operating Revenues 64,305,923**Operating Expenses**

Personnel services	13,074,892
Supplies and materials	20,345,355
Contractual services	7,397,128
Other charges	2,905,249
Depreciation/Amortization	7,699,712

Total Operating Expenses 51,422,336Operating Income (loss) 12,883,587**Nonoperating Revenues (Expenses)**

Investment income (loss)	2,760,257
Amortization of deferred gains/losses and premiums	52,230
Federal grants and contracts	2,452,346
Gain(loss) on sale of asset	(77,060)
Interest expense	(1,593,149)

Total Nonoperating Revenues (Expenses) 3,594,624

Change in Net Position 16,478,211

Beginning Net Position 179,795,620

Prior period adjustment (23,007,523)

Ending Net Position \$ 173,266,308

GULF COAST WATER AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2023

Page 1 of 2

Cash Flows from Operating Activities

Receipts from customers and users	\$ 64,814,386
Payments to suppliers	(32,809,073)
Payments to employees	(12,999,669)
Net Cash Provided (Used) by Operating Activities	<u>19,005,644</u>

Cash Flows from Noncapital Financing Activities

Payments received on long-term receivable	712,257
Intergovernmental payment for long-term receivable	(5,297,890)
Proceeds from sale of noncapital bonds	5,479,511
Principal paid on noncapital bonds	(365,000)
Interest paid on noncapital bonds	(234,238)
Payment of bond issuance costs	(181,621)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>113,019</u>

Cash Flows from Capital and Related Financing Activities

Acquisition and construction of capital assets	(8,427,993)
Proceeds from sale of revenue bonds	25,582,241
Principal paid on bonds	(2,080,000)
Principal paid on leases	(228,661)
Interest paid on bonds	(1,040,092)
Interest paid on leases	(84,581)
Lease payments received	32,710
Payment of bond issuance costs	(691,847)
Grants for capital projects	2,452,346
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>15,514,123</u>

Cash Flows from Investing Activities

Maturity (purchase) of investments	(12,267,996)
Interest received	2,520,301
Net Cash Provided (Used) by Investing Activities	<u>(9,747,695)</u>

Net Increase (Decrease) in Cash and Cash Equivalents	24,885,091
Beginning Cash and Cash Equivalents	29,195,675
Ending Cash and Cash Equivalents	<u>\$ 54,080,766</u>

GULF COAST WATER AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2023

Page 2 of 2

**Reconciliation of Operating Income (Loss) to
Net Cash Provided (Used) by Operating Activities**

Operating income (loss)	\$ 12,883,587
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation/amortization	7,699,712
Interest on lease receivable	(18,241)
(Increase) decrease in:	
Accounts receivable	1,781,276
Prepaid items	(525,273)
Increase (decrease) in:	
Accounts payable and accrued liabilities	(1,636,068)
Wages payable	196,887
Compensated absences payable	32,577
Unearned revenue	399,775
Customer deposits	(1,625,000)
Deferred inflows - leases	(29,347)
Pension/OPEB related amounts	(154,241)
Net Cash Provided (Used) by Operating Activities	\$ 19,005,644

Noncash Investing, Capital, and Financing Activities

Gain (loss) on disposal of capital assets	\$ (77,060)
Issuance of lease/SBITA payable	70,016
Payables related to capital purchases	3,087,735



GULF COAST WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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

C. Cash and Cash Equivalents

Cash and cash equivalents include amounts in checking, savings, money market mutual funds, and local government investment pool accounts.

D. Investments

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

E. Accounts Receivable

Accounts receivable consist of balances due from customers of the various activities of the Authority. An allowance for doubtful accounts is established when necessary to provide an estimate of bad debts charged to revenues. Losses are charged against the allowance when management believes the collectability of a receivable is unlikely. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. As of August 31, 2023, no allowance for bad debts is recorded.

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

Note 1 - Summary of Significant Accounting Policies (continued)

F. Capital Assets

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

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

G. Deferred Outflows and Inflows of Resources

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

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

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

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

I. Unamortized Bond Discounts and Premiums

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

J. Prepaid Items

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

K. Leases and Subscription-Based Information Technology Arrangements (SBITAs)

The Authority is under contract for various leases for the right to use assets and SBITAs for the right to use subscription assets (software). The leases/SBITAs are noncancellable, and the Authority recognizes liabilities and intangible right to use assets in the financial statements. The Authority recognizes lease and SBITA liabilities with an initial, individual value of \$5,000 or more.

At the commencement of the lease/SBITA, the Authority initially measures the liability at the present value of payments expected to be made during the contract term. Subsequently, the liability is reduced by the principal portion of payments made. The intangible right to use asset is initially measured as the sum of (1) the initial liability amount, (2) payments made to the vendor before commencement of the contract term, and (3) capitalizable implementation costs, less any incentives received from the vendor at or before the commencement of the contract term. Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected payments to present value, (2) contract term, and (3) payments.

- The Authority uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate.
- The contract term includes the noncancellable period of the contract term and payments included in the measurement of the liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its leases/SBITAs and will remeasure the related asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. Right to use assets are reported with capital assets and lease/SBITA liabilities are reported with long-term debt on the statement of net position.

L. Estimates

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

M. Date of Management's Review

Subsequent events have been evaluated through February 15, 2024, which is the date the financial statements were available to be issued.

N. Net Position

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

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

N. Net Position (continued)

A summary of net investment in capital assets by division as of August 31, 2023 is as follows:

Division	Capital Assets Net of Depreciation/ Amortization	Unspent Bond Proceeds	Capital Related Long-Term Liabilities ¹	Capital Related Accrued Expenses	Net Investment In Capital Assets
Thomas S. Mackey Water Treatment Plant (TMWTP)	\$ 15,125,694	\$ 17,378,664	\$ (21,942,095)	\$ (242,705)	\$ 10,319,558
American / Briscoe Canal Operations	32,963,754	-	-	(174,063)	32,789,691
Galveston County WCID #12	891,510	-	(1,005,000)	-	(113,490)
1997 Galveston Projects	1,124,715	-	-	-	1,124,715
South Transmission System	3,788,182	3,684,383	(3,671,024)	(1,241,080)	2,560,461
Juliff / Chocolate Bayou Operations	20,804,494	-	-	(25,801)	20,778,693
North Transmission System	200,458	-	-	-	200,458
Bayshore Transmission System	8,665	-	-	-	8,665
Texas City Reservoir Operations (TCR)	13,877,482	929,800	(4,650,000)	(25,415)	10,131,867
Texas City Industrial Operations (TCI)	28,429,432	-	(11,880,790)	(96,944)	16,451,698
Administrative Operations	12,595,627	-	(47,209)	(1,281,727)	11,266,691
	<u>\$ 129,810,013</u>	<u>\$ 21,992,847</u>	<u>\$ (43,196,118)</u>	<u>\$ (3,087,735)</u>	<u>\$ 105,519,007</u>

¹ Includes capital related bonds, premiums/discounts, deferred gains/losses on refunding, leases, and SBITAs

Does not include noncapital related bonds in the League City SE Water Purification Plant (SEWPP) in the amount of \$11,611,403.

A summary of net position restricted for debt service as of August 31, 2023 is as follows:

Division	Cash/Investments Restricted for Debt Service	Accrued Interest Payable	Financing Agreement Receivables	Financing Agreement Deferred Inflows	Noncapital Bonds Payable	Total
League City SE Water Purification Plant (SEWPP)	\$ 882,655	\$ (17,821)	\$ 10,746,569	\$ -	\$ (11,611,403)	\$ -
Thomas S. Mackey Water Treatment Plant (TMWTP)	1,543,181	(41,243)	19,541,567	(19,541,567)	-	1,501,938
Galveston County WCID #12	309,349	(1,487)	-	-	-	307,862
South Transmission System	234,070	(6,679)	3,439,857	(3,439,857)	-	227,391
Texas City Reservoir Operations (TCR)	154,485	(5,295)	-	-	-	149,190
Texas City Industrial Operations (TCI)	1,648,163	(15,997)	-	-	-	1,632,166
Total	<u>\$ 4,771,903</u>	<u>\$ (88,522)</u>	<u>\$ 33,727,993</u>	<u>\$ (22,981,424)</u>	<u>\$ (11,611,403)</u>	<u>\$ 3,818,547</u>

A summary of investments restricted by category as of August 31, 2023 is as follows:

Restricted Cash and Investments	Amount
Unspent Bond Proceeds	\$ 21,992,847
Debt Service	1,695,882
Debt Service on Behalf of Customers	3,076,021
	<u>\$ 26,764,750</u>

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

Note 1 - Summary of Significant Accounting Policies (continued)

O. Implementation of New Accounting Standards

GASB Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* was issued in March 2020 and is effective for periods beginning after June 15, 2022. This Statement addresses issues related to public-private and public-public partnership arrangements (PPPs). The Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for periods beginning after June 15, 2022. The Authority has evaluated the effects of this standard and has determined that it does not impact the financial statements.

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* (SBITA), was issued in May 2020 and was effective for periods beginning after June 15, 2022. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Authority has evaluated the effects of this standard and has determined that it does impact the financial statements. As such the Authority has incorporated such SBITAs into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures.

GASB issued Statement No. 99, *Omnibus 2022* was issued in April 2022. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements of this Statement are effective immediately upon issuance, for periods beginning after June 15, 2022 and June 15, 2023, depending on the topical area.

Note 2 - Cash and Cash Equivalents and Investments

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

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

Deposits

As authorized in bond provisions, deposits of the Authority are in short-term certificates of deposit, demand accounts and interest-bearing money market accounts. Deposits of \$600,864 are secured as of August 31, 2023 by FDIC coverage and by pledged U.S. Government securities held by an agent of the bank in the name of the depository bank. The carrying value of the Authority's cash and cash equivalents as of August 31, 2023 is as follows:

	Amount
Demand Deposits	\$ 296,934
Investment Pools	28,971,215
Money Market Mutual Fund	24,812,617
Total	\$ 54,080,766

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

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

Investments

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

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

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

State law and the Authority's investment policy limits investments in agency securities to be rated AA or better with a stated maturity not to exceed three years. Commercial paper is A1/P1 rated with a stated maturity not to exceed 180 days. As of August 31, 2023, all investments were made in accordance with the Authority's investment policy. Investments that are not represented by specific identifiable investment securities such as mutual fund investment pools are not classified as to credit risk.

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

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

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

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

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

Investments (continued)

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

Investment Type	Fair Value / Amortized Cost	Percentage of Portfolio	Less than 1 Year	1-2 Years	Weighted Average Maturity
TexPool	\$ 1,089,404	1.3%	\$ 1,089,404	\$ -	24
TexPool Prime	27,881,811	32.0%	27,881,811	-	32
Total Investment Pools	28,971,215	33.2%	28,971,215	-	
US Agency Securities	20,500,000	23.5%	13,749,767	6,750,233	269
Commercial Paper	12,946,342	14.8%	12,946,342	-	153
Money Market Mutual Fund	24,812,617	28.4%	24,812,617	-	1
Total	\$ 87,230,174	100%	\$ 80,479,941	\$ 6,750,233	97

Note 3 - Capital Assets

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

	Beginning Balance, as Restated	Additions	Retirements	Transfers	Ending Balance
Capital Assets Not Being Depreciated:					
Land	\$ 2,799,794	\$ -	\$ -	\$ 326,203	\$ 3,125,997
Construction in progress	34,437,637	11,537,227	-	(29,758,569)	16,216,295
Total capital assets not being depreciated	37,237,431	11,537,227	-	(29,432,366)	19,342,292
Capital assets being depreciated/amortized.:					
Office furniture, fixtures and equipment	713,804	-	(125,585)	1,204,383	1,792,602
Other machinery and equipment	7,295,477	-	(53,258)	105,099	7,347,318
Automobiles and trucks	2,179,397	-	(16,854)	373,722	2,536,265
Buildings	6,035,565	-	(563,887)	19,963,377	25,435,055
Infrastructure	219,286,222	-	(248,503)	7,785,785	226,823,504
Right-to-use assets	3,039,396	-	-	-	3,039,396
SBITA assets	116,589	-	-	-	116,589
Total capital assets being depreciated/amortized	238,666,450	-	(1,008,087)	29,432,366	267,090,729
Less accumulated depreciation/amortization for:					
Office furniture, fixtures and equipment	(278,833)	(160,687)	125,584	-	(313,936)
Other machinery and equipment	(5,140,731)	(467,776)	40,695	-	(5,567,812)
Automobiles and trucks	(1,768,076)	(193,691)	16,854	-	(1,944,913)
Buildings	(3,902,497)	(255,997)	546,891	-	(3,611,603)
Infrastructure	(138,456,194)	(6,342,779)	132,929	-	(144,666,044)
Right-to-use assets	(239,918)	(239,918)	-	-	(479,836)
SBITA assets	-	(38,864)	-	-	(38,864)
Total accumulated depreciation/amortization	(149,786,249)	(7,699,712)	862,953	-	(156,623,008)
Total capital assets being depreciated/amortized, net	88,880,201	(7,699,712)	(145,134)	-	110,467,721
Total Capital Assets, net	\$ 126,117,632	\$ 3,837,515	\$ (145,134)	\$ -	\$ 129,810,013

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

Note 3 - Capital Assets (continued)

Construction in Progress

Construction in progress for the various projects and remaining commitments under these construction contracts as of August 31, 2023, are as follows:

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
TM WATER TREATMENT PLANT			
Projects Under \$500,000	\$ 3,451,213	\$ 3,135,270	\$ 315,943
	<u>3,451,213</u>	<u>3,135,270</u>	<u>315,943</u>
CANAL DIVISION			
SHANNON INTAKE (FEMA)	9,110,075	4,853,175	4,256,900
Projects Under \$500,000	2,233,484	1,377,573	855,911
	<u>11,343,559</u>	<u>6,230,748</u>	<u>5,112,811</u>
SOUTH TRANSMISSION SYSTEM			
42 INCH RELOCATION ON SH3 TXDOT	8,147,319	1,709,221	6,438,098
Projects Under \$500,000	483,482	409,553	73,929
	<u>8,630,801</u>	<u>2,118,774</u>	<u>6,512,027</u>
CHOCOLATE BAYOU DIVISION			
MUSTANG RESERVOIR	21,986,635	2,507,558	19,479,077
Projects Under \$500,000	255,070	335,206	(80,136)
	<u>22,241,705</u>	<u>2,842,764</u>	<u>19,398,941</u>
NORTH TRANSMISSION SYSTEM			
Projects Under \$500,000	48,037	33,203	14,834
	<u>48,037</u>	<u>33,203</u>	<u>14,834</u>
TEXAS CITY RESERVOIR			
Projects Under \$500,000	320,329	271,685	48,644
	<u>320,329</u>	<u>271,685</u>	<u>48,644</u>
TEXAS CITY INDUSTRIAL			
Projects Under \$500,000	1,824,079	1,583,851	240,228
	<u>1,824,079</u>	<u>1,583,851</u>	<u>240,228</u>
	<u>\$ 47,859,723</u>	<u>\$ 16,216,295</u>	<u>\$ 31,643,428</u>

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

Note 4 - Long-Term Debt

Changes in Long-Term Liabilities

Total long-term liability activity for the year ended August 31, 2023, is as follows:

	Beginning Balance, Restated	Additions	Reductions	Ending Balance	Due Within One Year	Due In More Than One Year
Bonds Payable:						
Revenue bonds	\$ 23,545,000	\$ 29,925,000	\$ (2,445,000)	\$ 51,025,000	\$ 2,785,000	\$ 48,240,000
Bond premiums	716,452	551,873	(53,812)	1,214,513	-	1,214,513
Total bonds payable	24,261,452	30,476,873	(2,498,812)	52,239,513	2,785,000	49,454,513
Compensated absences	1,371,059	32,577	-	1,403,636	467,879	935,757
Lease liability	2,832,039	-	(205,854)	2,626,185	212,115	2,414,070
SBITA liability	70,016	-	(22,807)	47,209	22,957	24,252
Long term liabilities	\$ 28,534,566	\$ 30,509,450	\$ (2,727,473)	\$ 56,316,543	\$ 3,487,951	\$ 52,828,592

Revenue bond long-term activity for the year ended August 31, 2023, is as follows:

Series	Division	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
2016A	Industrial Division	\$ 2,575,000	\$ -	\$ (495,000)	\$ 2,080,000	\$ 505,000
2016B	Industrial Division	3,165,000	-	(595,000)	2,570,000	615,000
2017	Industrial Division	10,885,000	-	(755,000)	10,130,000	785,000
2018	Industrial Division	1,090,000	-	(85,000)	1,005,000	85,000
	Subtotal	17,715,000	-	(1,930,000)	15,785,000	1,990,000
2021	League City Southeast Division	5,830,000	-	(215,000)	5,615,000	225,000
2022	League City Southeast Division	-	5,210,000	(150,000)	5,060,000	165,000
	Subtotal	5,830,000	5,210,000	(365,000)	10,675,000	390,000
2023A	Thomas S. Mackey Water Treatment Plant	-	16,425,000	(100,000)	16,325,000	275,000
2023B	Thomas S. Mackey Water Treatment Plant	-	4,700,000	(25,000)	4,675,000	70,000
	Subtotal	-	21,125,000	(125,000)	21,000,000	345,000
2023	South Transmission System	-	3,590,000	(25,000)	3,565,000	60,000
	Total Bonds Payable	\$ 23,545,000	\$ 29,925,000	\$ (2,445,000)	\$ 51,025,000	\$ 2,785,000

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

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

Note 4 - Long-Term Debt (continued)

Changes in Long Term Liabilities (continued)

In March 2023, the Authority issued \$16,425,000 of Contract Revenue Bonds (Thomas S. Mackey Water Treatment Plant Expansion) Series 2023A (Tax-Exempt) with a premium of \$174,678 and \$4,700,000 of Contract Revenue Bonds (Thomas S. Mackey Water Treatment Plant Expansion) Series 2023B (Taxable) with a discount of 106,969. These bonds are issued to fund the construction, acquisition, equipment and improvement of facilities and capital charges associated with the acquisition of raw water required in connection with a 7.9 million gallon per day expansion of the capacity of the Mackey Plant. The bonds are special revenue obligations of the Authority that are equally and ratably payable both as to principal and interest solely from and secured by a first lien on pledged revenues as set forth in a water supply contract dated January 19, 2023 between the Authority and the participants (City of Hitchcock, City of La Marque, City of League City, Galveston County Water Control & Improvement District No. 12, and Galveston Water Control & Improvement District No. 8.) The water supply contract unconditionally obligates the participants to pay principal, interest, banking fees, and other charges associated with the bonds. Future payments due for outstanding bonds are as follows

Fiscal Year(s)	Principal	Interest	Total
2024	\$ 2,785,000	\$ 2,124,525	\$ 4,909,525
2025	2,895,000	2,023,515	4,918,515
2026	2,990,000	1,918,143	4,908,143
2027	3,095,000	1,807,318	4,902,318
2028	2,660,000	1,694,193	4,354,193
2029 to 2033	11,280,000	6,771,557	18,051,557
2034 to 2038	6,915,000	4,945,005	11,860,005
2039 to 2043	7,180,000	3,453,182	10,633,182
2044 to 2048	5,675,000	2,103,476	7,778,476
2049 to 2053	5,550,000	662,512	6,212,512
Total	\$ 51,025,000	\$ 27,503,426	\$ 78,528,426

Lease Liabilities

The authority has two agreements in place to lease equipment (generators). The first agreement in the Industrial Pump Station Division consists of monthly payments of \$16,000 through April 2034 with an interest rate of 3.00%, resulting in a right-to-use the asset of \$2,026,264, which is amortized over the life of the lease. The second agreement in the Thomas S. Mackey Water Treatment Plant consists of monthly payments of \$8,000 through April 2034 with an interest rate of 3.00%, resulting in a right-to-use the asset of \$1,013,132, which is amortized over the life of the lease. Future payments due for outstanding leases are as follows:

Fiscal Year(s)	Principal	Interest	Total
2024	\$ 212,115	\$ 75,885	\$ 288,000
2025	218,567	69,433	288,000
2026	225,215	62,785	288,000
2027	232,065	55,935	288,000
2028	239,123	48,877	288,000
2029 to 2033	1,309,241	130,759	1,440,000
2034 to 2038	189,859	2,141	192,000
Total	\$ 2,626,185	\$ 445,815	\$ 3,072,000

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

Note 4 - Long-Term Debt (continued)

SBITA Liabilities

The authority has one agreement in place for the right to use subscription assets (software). The SBITA consists of annual payments through August 2025 with an interest rate of 5.50%, prepayments of \$40,798, and other capitalizable implementation costs of \$5,775, resulting in a right-to-use the asset of \$116,589, which is amortized over the life of the subscription term.

Future payments due for the SBITA is as follows:

Fiscal Year(s)	Principal	Interest	Total
2024	22,957	2,663	25,620
2025	24,252	1,368	25,620
Total	\$ 47,209	\$ 4,031	\$ 51,240

Note 5 - Compensated Absences

All full-time employees begin accruing paid sick leave eight (8) hours per month from the date of employment. Full-time employees who have completed five (5) years of service and are separated for non-disciplinary reasons shall be paid for one half of their accrued sick leave up to a maximum of 360 hours. Employees who have completed ten (10) years of service and are separated for non-disciplinary reasons shall be paid the balance of accumulated sick leave up to a maximum of nine hundred and sixty (960) hours.

Full-time employees will accrue vacation hours each pay period beginning on their hire date. The maximum accrued balance an employee may carry is two times their annual accrual limit. The annual accrual limit for each employee is dependent on their years of service and ranges from 80 hours accrued per year for employees with less than 5 years of service to a maximum of 240 hours accrued per year for employees with more than 30 years of service. At August 31, 2023, accrued compensated absences were \$1,403,636 with \$467,879 due within one year.

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

Note 6 - Defined Benefit Pension Plan

Plan Description

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

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

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

At the December 31, 2022 measurement date, the following employees were covered by the benefit terms:

Number of inactive employees entitled to but not yet receiving benefits	60
Number of active employees	99
Number of inactive employees receiving benefits	44

Funding Policy/Contributions

The employer has chosen a variable rate plan under the provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer for the fiscal year was 10.10% for September 2022 through December 2022 and 9.22% for January 2023 through August 2023. The contribution rate for employees was 7%, as adopted by the governing body of the employer. The contribution rate of the employer is not actuarially determined and is one of the rates that can be adopted in accordance with the TCDRS Act. However, the plan of benefits adopted by the employer at the time of plan inception or when benefit increases were adopted was limited by the TCDRS Act to what the actuary determined could be adequately financed by the commitment of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer with options available in the TCDRS ACT.

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

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

Note 6 - Defined Benefit Pension Plan (continued)

Net Pension Liability (Asset)

The Authority's Net Pension Liability (Asset) ("NPL" or "NPA") was measured as of December 31, 2022, and the Total Pension Liability ("TPL") used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of December 31, 2022.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%
Growth in membership	0.00%
Payroll growth	2.00%

Valuation date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry Age (level percent of pay) ⁽¹⁾
Amortization method	Level percentage of payroll, closed
Remaining Amortization Period	18.0 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset valuation method	5-year smoothed market
Inflation rate	2.50%
Salary increases	Varies by age and service; 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions ¹	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions ¹	2015: Employer contributions reflect that a 2% flat COLA was adopted. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: Employer contributions reflect that a 100% CPI COLA was adopted 2020: No changes in plan provisions were reflected in the schedule. 2021: Employer contributions reflect that a 100% CPI COLA was adopted 2022: No changes in plan provisions were reflected in the Schedule.

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

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

Note 6 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

Actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study over the years 2017-2020, except where required to be different by GASB 68. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS. The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
US Equities	11.50%	4.95%
Global Equities	2.50%	4.95%
Int'l Equities - Developed Markets	5.00%	4.95%
Int'l Equities - Emerging Markets	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.95%
Hedge Funds	6.00%	2.90%
Cash Equivalents	2.00%	0.20%
Total Assets	100.00%	

Changes in Actuarial Assumptions and Methods

There were changes to the investment return and inflation assumptions.

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

Note 6 - Defined Benefit Pension Plan (continued)

Discount Rate

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

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2021	\$ 33,127,682	\$ 35,603,149	\$ (2,475,467)
Changes for the Year:			
Service cost	1,052,943	-	1,052,943
Interest on total pension liability	2,532,021	-	2,532,021
Effect of economic/demographic gains or losses	(65,705)	-	(65,705)
Refund of contributions	(1,629)	(1,629)	-
Benefit payments	(1,759,737)	(1,759,737)	-
Administrative expenses	-	(19,472)	19,472
Member contributions	-	604,999	(604,999)
Net investment income	-	(2,062,939)	2,062,939
Employer contributions	-	872,927	(872,927)
Other	-	(10,152)	10,152
Balances as of December 31, 2022	<u>\$ 34,885,575</u>	<u>\$ 33,227,146</u>	<u>\$ 1,658,429</u>

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

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

	1% Decrease in Discount Rate 6.60%	Discount Rate 7.60%	1% Increase in Discount Rate 8.60%
Total pension liability	\$ 39,131,285	\$ 34,885,575	\$ 31,289,013
Fiduciary net position	33,227,145	33,227,145	33,227,145
	<u>\$ 5,904,140</u>	<u>\$ 1,658,430</u>	<u>\$ (1,938,132)</u>

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

Note 6 - Defined Benefit Pension Plan (continued)

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

For the year ended August 31, 2023, the Authority recognized pension expense of \$681,434.

As of August 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 209,769	\$ 79,477
Changes in assumptions	806,162	85,137
Net difference between projected and actual earnings	642,374	-
Contributions made subsequent to the measurement date	533,081	-
	<u>\$ 2,191,386</u>	<u>\$ 164,614</u>

The \$533,081 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in the year ending August 31, 2024.

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

Year Ended August 31,	Amount
2024	\$ (121,724)
2025	270,757
2026	406,379
2027	938,279
	<u>\$ 1,493,691</u>

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

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

Plan Description

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

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

Membership Information

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Number of inactive employees entitled to but not yet receiving benefits	20
Number of active employees	99
Number of inactive employees receiving benefits	36

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

Contributions

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

The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown on the exhibit on the next page. The contributions for active coverage are not considered an OPEB benefit under GASB 75 and are treated as a current benefit. Contributions made by the employer for retiree GTL benefits have been made at 0.07% for the 2022 plan (calendar) year and 0.05% for the 2023 plan (calendar) year.

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

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

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

Actuarial Assumptions

The Authority's Total OPEB Liability ("TOL") was measured as of December 31, 2022 and was determined by an actuarial valuation as of December 31, 2022 using the following actuarial assumptions:

Valuation timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry Age Level Percent of Salary
Amortization method	Straight-line amortization over expected working life
Investment rate of return	3.72%; 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2022.
Disability	Custom table based on TCDRS experience
Mortality - depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality - service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Mortality - disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Retirement	Custom table based on TCDRS experience
Other Termination of Employment	Custom table based on TCDRS experience

Discount Rate

The TCDRS GTL program is treated as unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.72% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2022.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances as of December 31, 2021	\$ 224,175
Changes for the year:	
Service cost	10,204
Interest on total OPEB liability	4,766
Effect of economic/demographic experience	(4,123)
Effect of assumptions changes or inputs	(59,381)
Benefit payments	(6,050)
Balances as of December 31, 2022	\$ 169,591

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

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

Sensitivity Analysis

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 3.72%, as well as what total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease 2.72%	Current Discount Rate 3.72%	1% Increase 4.72%
Total OPEB liability	\$ 202,323	\$ 169,591	\$ 143,953

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

For the year ended August 31, 2023, the Authority recognized OPEB expense of \$15,370.

As of August 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 10,426	\$ 5,750
Changes in assumptions	30,675	55,261
Contributions made subsequent to the measurement date	2,890	-
	<u>\$ 43,991</u>	<u>\$ 61,011</u>

The \$2,890 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending August 31, 2024.

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

Year Ended August 31,	Amount
2023	\$ 398
2024	(108)
2025	922
2026	(3,567)
2027	(8,483)
Thereafter	(9,072)
	<u>\$ (19,910)</u>

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

Note 8 - Long-Term Contracts

Customer Contracts

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

Cost Sharing Water Project with City of Houston

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

Brooks Lake Diversion Weir Agreement with City of Sugar Land

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

Note 9 - Employee 401(K) Plan Trust

The Authority adopted the Gulf Coast Water Authority Employee 401(K) Plan (the "Plan") for the benefit of its employees. The Plan is exempt from tax under section 501(a) of the Internal Revenue Code of 1986, by reason of qualifying under section 401 (a) of the Code. The Plan is self-directed, as each participant directs the trustees as to the investment of the assets for each participant's account. Employer contributions are 4% of gross income for employees hired prior to January 1, 1999, the effective date of the Plan. For employees employed after the effective date of the Plan, the Authority will match on a dollar-for-dollar basis up to a maximum of 4% of employee's gross income from the Authority to the Plan; any employee would be vested in 100% of the Authority's contributions to the Plan who has been employed with the Authority for three (3) years of continuous service, including service prior to the effective date of the Plan. Employees may contribute to the Plan up to the maximum amount permitted under the Internal Revenue Code. Total employer contributions for the year ended August 31, 2023, were \$322,103.

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

Note 10 - Insurance

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

At August 31, 2023, the Authority had a property and machinery breakdown coverage of \$97,350,118; flood and earth movement coverage of \$5,000,000; general liability coverage with a per occurrence limit of \$1,000,000 and a general aggregate limit of \$3,000,000; umbrella liability of \$1,000,000; director's liability of \$1,000,000; automobile liability of \$1,000,000; and workers compensation with statutory coverage.

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

Note 11 - Financing Agreement Long-Term Receivable

Southeast Transmission Line Project

The Authority has entered into a cost sharing agreement in the League City SE Water Purification Plant Division to issue revenue bonds in order to finance the expansion of the Southeast Transmission Line Project (the "SETL Project") on-behalf of the City of League City (the "City"). The principal and interest for these bonds are paid solely from payments received from the City. The Authority has rights to the water transportation capacity of those assets and will have a beneficial interest in the assets once the associated bonds are deemed to be paid in full. From and after the completion of the SETL Project, the Authority shall provide for the operation and maintenance of the SETL Project. As such, the Authority reports a long-term receivable which represents the remaining balance to be paid by the City over the life of the bonds, less the amount of the current receivable billed and outstanding as of August 31, 2023. Since the City will fund the remaining portion of the outstanding liability and related costs, there is no net position reported for this division.

Thomas Mackey Water Treatment Plant Expansion

The Authority has entered into multiple agreements to issue revenue bonds in order to finance the Thomas Mackey Water Treatment Plant Expansion (the "TMWTP Project") on-behalf of municipal customers. The principal and interest for these bonds are paid solely from payments received from the participating customers. The Authority is the legal owner of the assets and shall own all of the water delivered through the TMWTP Project until it passes through the delivery point. The Authority is responsible for operation and maintenance of the TMWTP Project at the sole cost and expense of the participants. The Authority reports a long-term receivable which represents the remaining balance to be paid by the customer over the life of the bonds, less the amount of the current receivable billed and outstanding as of August 31, 2023. A deferred inflow is reported and will be recognized as the project costs are incurred. As a result, there is no net position reported for this division.

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

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

South Transmission System Project

The Authority has entered into multiple agreements to issue revenue bonds in order to finance the South Transmission System Project (the "STS Project") on-behalf of municipal customers. The principal and interest for these bonds are paid solely from payments received from the participating customers. The Authority is the legal owner of the assets and shall own all of the water delivered through the STS Project until it passes through the delivery point. The Authority is responsible for operation and maintenance of the STS Project at the sole cost and expense of the participants. The Authority reports a long-term receivable which represents the remaining balance to be paid by the customer over the life of the bonds, less the amount of the current receivable billed and outstanding as of August 31, 2023. A deferred inflow is reported and will be recognized as the project costs are incurred. As a result, there is no net position reported for this division.

Note 12 - Leases Receivable

The Authority has two agreements in place in which payments are received by the Authority in exchange for the right-to-use Authority assets. The first agreement consists of monthly payments of \$1,000 with an interest rate of 3% through July 2044, resulting in a lease receivable of \$423,504 as of August 31, 2023. The second agreement consists of initial monthly payments of \$1,000, escalated annually at a rate of three percent (3%) through July 2038, resulting in a lease receivable of \$158,348 as of August 31, 2023. A deferred inflow of resources for future revenue recognition is reported as of August 31, 2023 for each receivable in the amount of \$400,076 and \$152,442, respectively.

Note 13 - Prior Period Adjustment

The Authority has made a prior period adjustment to its financial statements removing infrastructure capital asset and related accumulated depreciation. The capital assets removed were not owned by the Authority and were the property of other entities in the financing agreement. The Authority also had a prior period adjustment due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Beginning Net Position	\$ 179,795,620
Removal of capital assets:	
Infrastructure	(63,499,866)
Accumulated depreciation	40,445,770
Total removal of capital assets	<u>(23,054,096)</u>
Implementation of GASB 96	<u>46,573</u>
Total prior period adjustment	<u>(23,007,523)</u>
Beginning Net Position - As Restated	<u><u>\$ 156,788,097</u></u>



REQUIRED SUPPLEMENTARY INFORMATION

GULF COAST WATER AUTHORITY

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TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS
For the Last Nine Measurement Years Ended December 31

	2022	2021	2020	2019
Total Pension Liability				
Service cost	\$ 1,052,943	\$ 985,642	\$ 715,152	\$ 605,629
Interest on total pension liability	2,532,021	2,395,424	2,215,895	2,107,188
Effect of plan changes	-	-	515,387	-
Effect of economic/demographic gains or losses	(65,705)	102,073	292,206	(80,745)
Effect of assumptions changes or inputs	-	(141,895)	1,612,325	-
Difference between expected and actual performance	-	-	-	-
Refund of contributions	(1,629)	(15,608)	(47,704)	(61,401)
Benefit payments/refunds of contributions	(1,759,737)	(1,450,851)	(1,403,340)	(1,288,586)
Net change in total pension liability	1,757,893	1,874,785	3,899,921	1,282,085
Total pension liability, beginning	33,127,682	31,252,896	27,352,975	26,070,890
Total pension liability, ending (a)	\$ 34,885,575	\$ 33,127,681	\$ 31,252,896	\$ 27,352,975
Fiduciary Net Position				
Employer contributions	\$ 872,927	\$ 715,791	\$ 668,565	\$ 509,285
Member contributions	604,999	549,401	522,316	409,769
Investment income net of investment expenses	(2,062,939)	6,432,203	2,778,172	3,859,668
Benefit payments	(1,759,737)	(1,450,851)	(1,403,340)	(1,288,586)
Refunds of contributions	(1,629)	(15,608)	(47,704)	(61,401)
Administrative expenses	(19,472)	(19,262)	(21,504)	(20,497)
Other	(10,152)	2,393	(5,033)	(11,007)
Net change in fiduciary net position	(2,376,003)	6,214,067	2,491,472	3,397,231
Fiduciary net position, beginning	35,603,149	29,389,082	26,897,610	23,500,379
Fiduciary net position, ending (b)	\$ 33,227,146	\$ 35,603,149	\$ 29,389,082	\$ 26,897,610
Net pension liability / (asset), ending = (a) - (b)	\$ 1,658,429	\$ (2,475,468)	\$ 1,863,814	\$ 455,365
Fiduciary net position as a % of total pension liability	95.25%	107.47%	94.04%	98.34%
Covered payroll	\$ 8,642,845	\$ 7,848,586	\$ 7,461,659	\$ 5,853,586
Net pension liability / (asset) as a % of covered payroll	19.19%	-31.54%	24.98%	7.78%

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

GULF COAST WATER AUTHORITY

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TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS
For the Last Nine Measurement Years Ended December 31

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 570,662	\$ 525,024	\$ 521,896	\$ 446,105	\$ 424,292
Interest on total pension liability	1,906,466	1,793,234	1,705,631	1,600,213	1,451,551
Effect of plan changes	1,162,542	-	-	(50,096)	-
Effect of economic/demographic gains or losses	14,528	37,814	(541,362)	(76,245)	-
Effect of assumptions changes or inputs	-	(2,147)	-	145,422	-
Difference between expected and actual performance	-	-	-	-	508,957
Refund of contributions	(41,552)	(29,821)	(39,657)	(52,491)	-
Benefit payments/refunds of contributions	(1,035,984)	(898,838)	(781,376)	(637,742)	(526,744)
Net change in total pension liability	2,576,662	1,425,266	865,132	1,375,166	1,858,056
Total pension liability, beginning	23,494,228	22,068,962	21,203,830	19,828,664	17,970,608
Total pension liability, ending (a)	\$ 26,070,890	\$ 23,494,228	\$ 22,068,962	\$ 21,203,830	\$ 19,828,664
Fiduciary Net Position					
Employer contributions	\$ 435,105	\$ 406,156	\$ 374,433	\$ 332,112	\$ 550,788
Member contributions	351,296	327,923	302,310	268,141	242,851
Investment income net of investment expenses	(455,435)	3,116,068	1,511,562	(222,362)	1,283,888
Benefit payments	(1,035,984)	(898,838)	(781,376)	(637,742)	(526,744)
Refunds of contributions	(41,552)	(29,821)	(39,657)	(52,491)	-
Administrative expenses	(18,876)	(16,142)	(16,435)	(14,817)	(15,246)
Other	(6,234)	(2,760)	(403,097)	23,896	365,134
Net change in fiduciary net position	(771,680)	2,902,586	947,740	(303,263)	1,900,671
Fiduciary net position, beginning	24,272,059	21,369,473	20,421,733	20,724,996	18,824,325
Fiduciary net position, ending (b)	\$ 23,500,379	\$ 24,272,059	\$ 21,369,473	\$ 20,421,733	\$ 20,724,996
Net pension liability / (asset), ending = (a) - (b)	\$ 2,570,511	\$ (777,831)	\$ 699,489	\$ 782,097	\$ (896,332)
Fiduciary net position as a % of total pension liability	90.14%	103.31%	96.83%	96.31%	104.52%
Covered payroll	\$ 5,018,511	\$ 4,684,610	\$ 4,318,716	\$ 3,830,584	\$ 3,469,295
Net pension liability / (asset) as a % of covered payroll	51.22%	-16.60%	16.20%	20.42%	-25.84%

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



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

Year Ending August 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Employee Payroll
2015	\$ 332,112	\$ 332,112	\$ -	\$ 3,830,588	8.67%
2016	363,871	363,871	-	4,198,263	8.67%
2017	381,828	381,828	-	4,404,014	8.67%
2018	448,326	448,326	-	5,171,004	8.67%
2019	477,326	477,326	-	5,492,147	8.69%
2020	600,623	600,623	-	6,761,061	8.88%
2021	691,128	691,128	-	7,625,319	9.06%
2022	715,791	715,791	-	8,456,160	8.46%
2023	872,927	872,927	-	8,879,696	9.83%

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

GULF COAST WATER AUTHORITY

Page 1 of 2

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

	2022	2021	2020
Total OPEB Liability			
Service cost	\$ 10,204	\$ 8,579	\$ 8,329
Interest on total OPEB liability	4,766	4,633	4,886
Effect of economic/demographic experience	(4,123)	2,034	11,669
Effect of assumptions changes or inputs	(59,381)	2,125	22,707
Benefit payments/refunds of contributions	(6,050)	(6,279)	(8,954)
Net change in total OPEB liability	(54,584)	11,092	38,637
Total OPEB liability, beginning	224,175	213,083	174,446
Total OPEB liability, ending	\$ 169,591	\$ 224,175	\$ 213,083

Covered-employee payroll	\$ 8,642,845	\$ 7,848,586	\$ 7,461,659
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Total OPEB liability as a % of covered-employee payroll	1.96%	2.86%	2.86%
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Notes:

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

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

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

	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 4,888	\$ 5,435	\$ 4,818
Interest on total OPEB liability	5,773	4,976	5,162
Effect of economic/demographic experience	(4,146)	8,066	(3,071)
Effect of assumptions changes or inputs	35,556	(15,263)	6,619
Benefit payments/refunds of contributions	(7,025)	(6,022)	(6,090)
Net change in total OPEB liability	35,046	(2,808)	7,438
Total OPEB liability, beginning	139,400	142,208	134,770
Total OPEB liability, ending	<u>\$ 174,446</u>	<u>\$ 139,400</u>	<u>\$ 142,208</u>

Covered-employee payroll	\$ 5,853,586	\$ 5,018,511	\$ 4,684,610
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Total OPEB liability as a % of covered-employee payroll	2.98%	2.78%	3.04%
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Notes:

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

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

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

Year Ending August 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Employee Payroll
2016	\$ 5,261	\$ 5,261	\$ -	\$ 4,198,263	0.13%
2017	4,981	4,981	-	4,404,014	0.11%
2018	6,324	6,324	-	5,171,004	0.12%
2019	6,590	6,590	-	5,492,147	0.12%
2020	8,114	8,114	-	6,761,061	0.12%
2021	7,176	7,176	-	7,625,319	0.09%
2022	6,211	6,211	-	8,456,160	0.07%
2023	5,058	5,058	-	8,879,696	0.06%

Notes:

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

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

SUPPLEMENTARY INFORMATION



GULF COAST WATER AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended August 31, 2023

	Budgeted Amounts		Actual ¹	Variance with Final Budget
	Original	Final		
Operating Revenues:				
Metered water sales	\$ 82,306,801	\$ 87,209,219	\$ 78,215,019	\$ (8,994,200)
Bond payment revenue	2,541,302	2,541,303	1,964,202	(577,101)
Irrigation sales	2,290,089	2,398,283	5,296,328	2,898,045
Other income	26,426,154	26,426,154	4,197,229	(22,228,925)
Total Operating Revenues	113,564,346	118,574,959	89,672,778	(28,902,181)
Operating Expenses:				
Personnel services	13,493,699	13,462,700	13,074,892	387,808
Supplies and materials	47,189,624	52,577,757	45,712,210	6,865,547
Contract services	7,858,940	7,889,940	7,397,128	492,812
Other charges	2,468,500	2,090,979	2,905,249	(814,270)
Capital	17,753,751	54,194,509	11,537,227	42,657,282
Total Operating Expenses	88,764,514	130,215,885	80,626,706	49,589,179
Nonoperating Revenues (Expenses)				
Investment income (loss)	50,000	50,000	2,760,257	2,710,257
Federal grants and contracts	-	-	2,452,346	2,452,346
Gain(loss) on sale of asset	-	-	(77,060)	(77,060)
Interest expense	(2,540,739)	(2,540,739)	(1,593,149)	947,590
Total Nonoperating Revenues (Expenses)	(2,490,739)	(2,490,739)	3,542,394	6,033,133
Change in Net Position	22,309,093	(14,131,665)	12,588,466	26,720,131
Beginning Net Position	179,795,620	179,795,620	179,795,620	-
Prior Period Adjustment	-	-	(23,007,523)	(23,007,523)
Ending Net Position	\$ 202,104,713	\$ 165,663,955	\$ 169,376,563	\$ 3,712,608
Reconciliation to GAAP based Financial Statements				
Net Position budgetary basis			\$ 169,376,563	
Add: Capital outlay			11,537,227	
Add: Amortization of bond premiums			52,230	
Less: Depreciation			(7,699,712)	
Net Position GAAP Basis			<u>\$ 173,266,308</u>	

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

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - NET POSITION
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	League City SE Water Purification Plant (SEWPP)	Thomas S. Mackey Water Treatment Plant (TMWTP)	American / Briscoe Canal Operations	Galveston County WCID #12
Assets				
Current assets:				
Cash and cash equivalents:				
Unrestricted	\$ 660,279	\$ 3,644,177	\$ 16,072,964	\$ 146,721
Restricted for debt service	454,022	253,181	-	309,349
Restricted for construction	-	6,941,300	-	-
Investments:				
Unrestricted	-	3,816,900	6,656,974	-
Restricted for debt service	428,633	1,290,000	-	-
Restricted for construction	-	10,437,364	-	-
Accounts receivable	1,213,702	775,333	2,284,291	-
Interest receivable	-	103,757	39,553	-
Prepaid items	-	192,712	617,648	-
Financing receivable - due within one year	417,233	346,667	-	-
Lease receivable - due within one year	-	7,958	8,120	-
Total current assets	3,173,869	27,809,349	25,679,550	456,070
Noncurrent assets:				
Financing receivable - due in more than one year	10,329,336	19,194,900	-	-
Lease receivable - due in more than one year	-	150,389	415,384	-
Capital assets not being depreciated	-	3,783,029	7,271,341	-
Capital assets, net of accumulated depreciation	-	11,342,665	25,692,413	891,510
Total noncurrent assets	10,329,336	34,470,983	33,379,138	891,510
Total Assets	13,503,205	62,280,332	59,058,688	1,347,580
Deferred Outflows of Resources				
Deferred charge on refunding	-	105,386	-	-
Pension related	-	876,554	920,383	-
OPEB related	-	17,596	18,477	-
Total Deferred Outflows of Resources	-	999,536	938,860	-
Liabilities				
Current liabilities:				
Accounts payable	818,816	712,683	845,867	1,773
Accrued liabilities	-	37,583	33,538	-
Accrued wages payable	-	105,945	109,110	-
Accrued interest payable	17,821	41,243	-	1,487
Unearned revenue	-	-	399,783	-
Bonds and leases payable - due within one year	390,000	415,705	-	85,000
Compensated absences - due within one year	-	96,367	154,291	-
Total current liabilities	1,226,637	1,409,526	1,542,589	88,260
Noncurrent liabilities:				
Due in more than one year:				
Bonds and leases payable	11,221,403	21,631,776	-	920,000
Compensated absences	-	192,734	308,583	-
Net pension liability	-	663,372	696,540	-
Net OPEB liability	-	67,836	71,229	-
Total noncurrent liabilities	11,221,403	22,555,718	1,076,352	920,000
Total Liabilities	12,448,040	23,965,244	2,618,941	1,008,260
Deferred Inflows of Resources				
Pension related	-	65,846	69,137	-
OPEB related	-	24,404	25,625	-
Financing agreement	-	19,541,567	-	-
Leases	-	152,442	400,077	-
Total Deferred Inflows of Resources	-	19,784,259	494,839	-
Net Position				
Net investment in capital assets	-	10,319,558	32,789,691	(113,490)
Restricted for:				
Debt service	-	1,501,938	-	307,862
Unrestricted	1,055,165	7,708,869	24,094,077	144,948
Total Net Position	\$ 1,055,165	\$ 19,530,365	\$ 56,883,768	\$ 339,320

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COMBINING INFORMATION BY DIVISION - NET POSITION
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	1997 Galveston Projects	South Transmission System	1998 C Series Texas City Projects	1998 D La Marque Projects
Assets				
Current assets:				
Cash and cash equivalents:				
Unrestricted	\$ 2,346,093	\$ 259,073	\$ 184,954	\$ 50,084
Restricted for debt service	-	24,070	-	-
Restricted for construction	-	2,692,529	-	-
Investments:				
Unrestricted	-	-	-	-
Restricted for debt service	-	210,000	-	-
Restricted for construction	-	991,854	-	-
Accounts receivable	-	11,936	-	-
Interest receivable	-	3,776	-	-
Prepaid items	-	-	-	-
Financing receivable - due within one year	-	60,417	-	-
Lease receivable - due within one year	-	-	-	-
Total current assets	2,346,093	4,253,655	184,954	50,084
Noncurrent assets:				
Financing receivable - due in more than one year	-	3,379,440	-	-
Lease receivable - due in more than one year	-	-	-	-
Capital assets not being depreciated	-	2,513,930	-	-
Capital assets, net of accumulated depreciation	1,124,715	1,274,252	-	-
Total noncurrent assets	1,124,715	7,167,622	-	-
Total Assets	3,470,808	11,421,277	184,954	50,084
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	-	-
Pension related	-	-	-	-
OPEB related	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-
Liabilities				
Current liabilities:				
Accounts payable	-	46,019	-	-
Accrued liabilities	-	1,085,653	184,954	50,084
Accrued wages payable	-	-	-	-
Accrued interest payable	-	6,679	-	-
Unearned revenue	-	-	-	-
Bonds and leases payable - due within one year	-	60,000	-	-
Compensated absences - due within one year	-	-	-	-
Total current liabilities	-	1,198,351	184,954	50,084
Noncurrent liabilities:				
Due in more than one year:				
Bonds and leases payable	-	3,611,024	-	-
Compensated absences	-	-	-	-
Net pension liability	-	-	-	-
Net OPEB liability	-	-	-	-
Total noncurrent liabilities	-	3,611,024	-	-
Total Liabilities	-	4,809,375	184,954	50,084
Deferred Inflows of Resources				
Pension related	-	-	-	-
OPEB related	-	-	-	-
Financing agreement	-	3,439,857	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	-	3,439,857	-	-
Net Position				
Net investment in capital assets	1,124,715	2,560,461	-	-
Restricted for:				
Debt service	-	227,391	-	-
Unrestricted	2,346,093	384,193	-	-
Total Net Position	\$ 3,470,808	\$ 3,172,045	\$ -	\$ -

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - NET POSITION
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	2002 Galveston Projects	Juliff / Chocolate Bayou Operations	Pearland Southeast Water Purification Plant (PSEWPP)	North Transmission System
Assets				
Current assets:				
Cash and cash equivalents:				
Unrestricted	\$ 2,235	\$ 5,540,850	\$ 272,243	\$ 262,373
Restricted for debt service	-	-	-	-
Restricted for construction	-	-	-	-
Investments:				
Unrestricted	-	2,033,198	-	-
Restricted for debt service	-	-	-	-
Restricted for construction	-	-	-	-
Accounts receivable	-	1,549,179	624,424	699
Interest receivable	-	21,408	-	-
Prepaid items	-	77,336	-	-
Financing receivable - due within one year	-	-	-	-
Lease receivable - due within one year	-	-	-	-
Total current assets	2,235	9,221,971	896,667	263,072
Noncurrent assets:				
Financing receivable - due in more than one year	-	-	-	-
Lease receivable - due in more than one year	-	-	-	-
Capital assets not being depreciated	-	3,012,925	-	33,203
Capital assets, net of accumulated depreciation	-	17,791,569	-	167,255
Total noncurrent assets	-	20,804,494	-	200,458
Total Assets	2,235	30,026,465	896,667	463,530
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	-	-
Pension related	-	394,449	-	-
OPEB related	-	7,918	-	-
Total Deferred Outflows of Resources	-	402,367	-	-
Liabilities				
Current liabilities:				
Accounts payable	-	164,130	452,782	560
Accrued liabilities	2,235	-	81,652	-
Accrued wages payable	-	50,798	-	-
Accrued interest payable	-	-	-	-
Unearned revenue	-	-	-	-
Bonds and leases payable - due within one year	-	-	-	-
Compensated absences - due within one year	-	72,383	-	-
Total current liabilities	2,235	287,311	534,434	560
Noncurrent liabilities:				
Due in more than one year:				
Bonds and leases payable	-	-	-	-
Compensated absences	-	144,765	-	-
Net pension liability	-	298,517	-	-
Net OPEB liability	-	30,526	-	-
Total noncurrent liabilities	-	473,808	-	-
Total Liabilities	2,235	761,119	534,434	560
Deferred Inflows of Resources				
Pension related	-	29,631	-	-
OPEB related	-	10,982	-	-
Financing agreement	-	-	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	-	40,613	-	-
Net Position				
Net investment in capital assets	-	20,778,693	-	200,458
Restricted for:				
Debt service	-	-	-	-
Unrestricted	-	8,848,407	362,233	262,512
Total Net Position	\$ -	\$ 29,627,100	\$ 362,233	\$ 462,970

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COMBINING INFORMATION BY DIVISION - NET POSITION
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	Bayshore Transmission System	Texas City Reservoir Operations (TCR)	Texas City Industrial Operations (TCI)	Capital Improvement
Assets				
Current assets:				
Cash and cash equivalents:				
Unrestricted	\$ 133,718	\$ 4,654,861	\$ 4,266,440	\$ -
Restricted for debt service	-	154,485	1,648,163	-
Restricted for construction	-	929,800	-	-
Investments:				
Unrestricted	-	2,626,700	4,954,719	-
Restricted for debt service	-	-	-	-
Restricted for construction	-	-	-	-
Accounts receivable	2,383	-	645,446	-
Interest receivable	-	65,347	39,295	-
Prepaid items	-	-	139,010	-
Financing receivable - due within one year	-	-	-	-
Lease receivable - due within one year	-	-	-	-
Total current assets	136,101	8,431,193	11,693,073	-
Noncurrent assets:				
Financing receivable - due in more than one year	-	-	-	-
Lease receivable - due in more than one year	-	-	-	-
Capital assets not being depreciated	-	984,691	1,714,608	-
Capital assets, net of accumulated depreciation	8,665	12,892,791	26,714,824	-
Total noncurrent assets	8,665	13,877,482	28,429,432	-
Total Assets	144,766	22,308,675	40,122,505	-
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	-	-
Pension related	-	-	-	-
OPEB related	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-
Liabilities				
Current liabilities:				
Accounts payable	60	26,527	194,653	-
Accrued liabilities	-	-	-	-
Accrued wages payable	-	-	-	-
Accrued interest payable	-	5,295	15,997	-
Unearned revenue	-	-	-	-
Bonds and leases payable - due within one year	-	1,120,000	926,410	-
Compensated absences - due within one year	-	-	-	-
Total current liabilities	60	1,151,822	1,137,060	-
Noncurrent liabilities:				
Due in more than one year:				
Bonds and leases payable	-	3,530,000	10,954,380	-
Compensated absences	-	-	-	-
Net pension liability	-	-	-	-
Net OPEB liability	-	-	-	-
Total noncurrent liabilities	-	3,530,000	10,954,380	-
Total Liabilities	60	4,681,822	12,091,440	-
Deferred Inflows of Resources				
Pension related	-	-	-	-
OPEB related	-	-	-	-
Financing agreement	-	-	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Net Position				
Net investment in capital assets	8,665	10,131,867	16,451,698	-
Restricted for:				
Debt service	-	149,190	1,632,166	-
Unrestricted	136,041	7,345,796	9,947,201	-
Total Net Position	\$ 144,706	\$ 17,626,853	\$ 28,031,065	\$ -

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COMBINING INFORMATION BY DIVISION - NET POSITION
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	Administrative Operations	Eliminations	Total
Assets			
Current assets:			
Cash and cash equivalents:			
Unrestricted	\$ 2,176,802	\$ -	\$ 40,673,867
Restricted for debt service	-	-	2,843,270
Restricted for construction	-	-	10,563,629
Investments:			
Unrestricted	-	-	20,088,491
Restricted for debt service	-	-	1,928,633
Restricted for construction	-	-	11,429,218
Accounts receivable	63,750	-	7,171,143
Interest receivable	-	-	273,136
Prepaid items	77,236	-	1,103,942
Financing receivable - due within one year	-	-	824,317
Lease receivable - due within one year	-	-	16,078
Total current assets	2,317,788	-	96,915,724
Noncurrent assets:			
Financing receivable - due in more than one year	-	-	32,903,676
Lease receivable - due in more than one year	-	-	565,773
Capital assets not being depreciated	28,565	-	19,342,292
Capital assets, net of accumulated depreciation	12,567,062	-	110,467,721
Total noncurrent assets	12,595,627	-	163,279,462
Total Assets	14,913,415	-	260,195,186
Deferred Outflows of Resources			
Deferred charge on refunding	-	-	105,386
Pension related	-	-	2,191,386
OPEB related	-	-	43,991
Total Deferred Outflows of Resources	-	-	2,340,763
Liabilities			
Current liabilities:			
Accounts payable	556,529	-	3,820,399
Accrued liabilities	1,035,061	-	2,510,760
Accrued wages payable	280,193	-	546,046
Accrued interest payable	-	-	88,522
Unearned revenue	-	-	399,783
Bonds and leases payable - due within one year	22,957	-	3,020,072
Compensated absences - due within one year	144,838	-	467,879
Total current liabilities	2,039,578	-	10,853,461
Noncurrent liabilities:			
Due in more than one year:			
Bonds and leases payable	24,252	-	51,892,835
Compensated absences	289,675	-	935,757
Net pension liability	-	-	1,658,429
Net OPEB liability	-	-	169,591
Total noncurrent liabilities	313,927	-	54,656,612
Total Liabilities	2,353,505	-	65,510,073
Deferred Inflows of Resources			
Pension related	-	-	164,614
OPEB related	-	-	61,011
Financing agreement	-	-	22,981,424
Leases	-	-	552,519
Total Deferred Inflows of Resources	-	-	23,759,568
Net Position			
Net investment in capital assets	11,266,691	-	105,519,007
Restricted for:			
Debt service	-	-	3,818,547
Unrestricted	1,293,219	-	63,928,754
Total Net Position	\$ 12,559,910	\$ -	\$ 173,266,308

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION
Year Ended August 31, 2023

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	League City SE Water Purification Plant (SEWPP)	Thomas S. Mackey Water Treatment Plant (TMWTP)	American / Briscoe Canal Operations	Galveston County WCID #12
Operating Revenues				
Charges for sales and services:				
Metered water sales	\$ 5,686,865	\$ 19,764,869	\$ 20,111,881	\$ 84,100
Bond payment revenue	319,051	314,405	-	125,882
Irrigation sales	-	-	1,378,608	-
Other income	657,000	2,612,238	190,029	-
Total Operating Revenues	<u>6,662,916</u>	<u>22,691,512</u>	<u>21,680,518</u>	<u>209,982</u>
Operating Expenses				
Personnel services	-	3,226,891	3,293,435	-
Supplies and materials	5,050,815	10,312,904	8,338,167	177
Contractual services	-	1,852,950	2,254,986	16,335
Other charges	657,000	263,385	958,963	-
Administrative allocation	55,600	849,146	4,070,386	50,475
Depreciation	-	1,124,600	1,907,691	44,628
Total Operating Expenses	<u>5,763,415</u>	<u>17,629,876</u>	<u>20,823,628</u>	<u>111,615</u>
Operating income (loss)	<u>899,501</u>	<u>5,061,636</u>	<u>856,890</u>	<u>98,367</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	121,187	931,431	304,202	21,162
Amortization of deferred gains/ losses and premiums	49,560	1,010	-	-
Federal grants and contracts	-	316,016	2,318,926	-
Gain(loss) on sale of asset	-	(64,967)	(12,093)	-
Interest expense	(421,734)	(428,349)	-	(40,057)
Total Nonoperating Revenues (Expenses)	<u>(250,987)</u>	<u>755,141</u>	<u>2,611,035</u>	<u>(18,895)</u>
Income (Loss) before Capital Grants, Contributions, and Transfers	<u>648,514</u>	<u>5,816,777</u>	<u>3,467,925</u>	<u>79,472</u>
Transfers in	-	-	8,676,376	-
Transfers out	-	(6,912,500)	-	-
Income (loss) after Capital Grants, Contributions, and Transfers	<u>648,514</u>	<u>(1,095,723)</u>	<u>12,144,301</u>	<u>79,472</u>
Changes in Net Position	648,514	(1,095,723)	12,144,301	79,472
Beginning Net Position	10,564,072	20,626,088	44,739,467	259,848
Prior period adjustment	(10,157,421)	-	-	-
Ending Net Position	<u>\$ 1,055,165</u>	<u>\$ 19,530,365</u>	<u>\$ 56,883,768</u>	<u>\$ 339,320</u>

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION
Year Ended August 31, 2023

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	1997 Galveston Projects	South Transmission System	1998 C Series Texas City Projects	1998 D La Marque Projects
Operating Revenues				
Charges for sales and services:				
Metered water sales	\$ -	\$ 594,466	\$ -	\$ -
Bond payment revenue	-	80,602	-	-
Irrigation sales	-	-	-	-
Other income	-	-	-	-
Total Operating Revenues	<u>-</u>	<u>675,068</u>	<u>-</u>	<u>-</u>
Operating Expenses				
Personnel services	-	-	-	-
Supplies and materials	-	3,012	-	-
Contractual services	11,337	36,903	-	-
Other charges	-	45,064	7,133	400
Administrative allocation	-	89,475	-	-
Depreciation	67,910	82,941	-	-
Total Operating Expenses	<u>79,247</u>	<u>257,395</u>	<u>7,133</u>	<u>400</u>
Operating income (loss)	<u>(79,247)</u>	<u>417,673</u>	<u>(7,133)</u>	<u>(400)</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	57,653	94,190	8,183	1,344
Amortization of deferred gains/ losses and premiums	-	1,660	-	-
Federal grants and contracts	-	-	-	-
Gain(loss) on sale of asset	-	-	-	-
Interest expense	-	(76,684)	(1,050)	(944)
Total Nonoperating Revenues (Expenses)	<u>57,653</u>	<u>19,166</u>	<u>7,133</u>	<u>400</u>
Income (Loss) before Capital Grants, Contributions, and Transfers	<u>(21,594)</u>	<u>436,839</u>	<u>-</u>	<u>-</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Income (loss) after Capital Grants, Contributions, and Transfers	<u>(21,594)</u>	<u>436,839</u>	<u>-</u>	<u>-</u>
Changes in Net Position	(21,594)	436,839	-	-
Beginning Net Position	3,510,361	2,735,206	-	-
Prior period adjustment	(17,959)	-	-	-
Ending Net Position	<u>\$ 3,470,808</u>	<u>\$ 3,172,045</u>	<u>\$ -</u>	<u>\$ -</u>

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION
Year Ended August 31, 2023

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	2002 Galveston Projects	Juliff / Chocolate Bayou Operations	Pearland Southeast Water Purification Plant (PSEWPP)	North Transmission System
Operating Revenues				
Charges for sales and services:				
Metered water sales	\$ -	\$ 3,926,763	\$ 2,157,518	\$ 90,500
Bond payment revenue	-	-	-	-
Irrigation sales	-	3,917,720	-	-
Other income	936	7,162	-	-
Total Operating Revenues	<u>936</u>	<u>7,851,645</u>	<u>2,157,518</u>	<u>90,500</u>
Operating Expenses				
Personnel services	-	1,418,561	-	-
Supplies and materials	-	1,130,660	1,753,762	2,857
Contractual services	-	699,975	-	-
Other charges	-	498,628	-	43,053
Administrative allocation	-	1,342,839	55,600	65,875
Depreciation	-	1,388,289	-	16,218
Total Operating Expenses	<u>-</u>	<u>6,478,952</u>	<u>1,809,362</u>	<u>128,003</u>
Operating income (loss)	<u>936</u>	<u>1,372,693</u>	<u>348,156</u>	<u>(37,503)</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	94	369,772	1,124	8,528
Amortization of deferred gains/ losses and premiums	-	-	-	-
Federal grants and contracts	-	(182,596)	-	-
Gain(loss) on sale of asset	-	-	-	-
Interest expense	(1,030)	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(936)</u>	<u>187,176</u>	<u>1,124</u>	<u>8,528</u>
Income (Loss) before Capital Grants, Contributions, and Transfers	<u>-</u>	<u>1,559,869</u>	<u>349,280</u>	<u>(28,975)</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Income (loss) after Capital Grants, Contributions, and Transfers	<u>-</u>	<u>1,559,869</u>	<u>349,280</u>	<u>(28,975)</u>
Changes in Net Position	-	1,559,869	349,280	(28,975)
Beginning Net Position	-	28,067,231	12,891,669	491,945
Prior period adjustment	-	-	(12,878,716)	-
Ending Net Position	<u>\$ -</u>	<u>\$ 29,627,100</u>	<u>\$ 362,233</u>	<u>\$ 462,970</u>

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION
Year Ended August 31, 2023

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	Bayshore Transmission System	Texas City Reservoir Operations (TCR)	Texas City Industrial Operations (TCI)	Capital Improvement
Operating Revenues				
Charges for sales and services:				
Metered water sales	\$ 88,800	\$ 13,340,793	\$ 11,754,208	\$ 614,256
Bond payment revenue	-	1,248,678	1,124,262	-
Irrigation sales	-	-	-	-
Other income	-	297,359	365,266	-
Total Operating Revenues	88,800	14,886,830	13,243,736	614,256
Operating Expenses				
Personnel services	-	-	-	-
Supplies and materials	-	12,222,133	7,590,522	-
Contractual services	862	72,482	830,122	-
Other charges	16,878	61,689	34,979	-
Administrative allocation	54,675	900,213	2,094,123	-
Depreciation	-	901,694	1,966,098	-
Total Operating Expenses	72,415	14,158,211	12,515,844	-
Operating income (loss)	16,385	728,619	727,892	614,256
Nonoperating Revenues (Expenses)				
Investment income (loss)	3,583	365,330	406,761	24,300
Amortization of deferred gains/ losses and premiums	-	-	-	-
Federal grants and contracts	-	-	-	-
Gain(loss) on sale of asset	-	-	-	-
Interest expense	-	(155,899)	(464,967)	-
Total Nonoperating Revenues (Expenses)	3,583	209,431	(58,206)	24,300
Income (Loss) before Capital Grants, Contributions, and Transfers	19,968	938,050	669,686	638,556
Transfers in	-	-	-	-
Transfers out	-	-	-	(1,763,876)
Income (loss) after Capital Grants, Contributions, and Transfers	19,968	938,050	669,686	(1,125,320)
Changes in Net Position	19,968	938,050	669,686	(1,125,320)
Beginning Net Position	124,738	16,688,803	27,361,379	1,125,320
Prior period adjustment	-	-	-	-
Ending Net Position	\$ 144,706	\$ 17,626,853	\$ 28,031,065	\$ -

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION
Year Ended August 31, 2023

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	Administrative Operations	Eliminations	Total
Operating Revenues			
Charges for sales and services:			
Metered water sales	\$ -	\$ (25,366,855)	\$ 52,848,164
Bond payment revenue	-	(1,248,678)	1,964,202
Irrigation sales	-	-	5,296,328
Other income	67,239	-	4,197,229
Total Operating Revenues	67,239	(26,615,533)	64,305,923
Operating Expenses			
Personnel services	5,136,005	-	13,074,892
Supplies and materials	555,879	(26,615,533)	20,345,355
Contractual services	1,621,176	-	7,397,128
Other charges	318,077	-	2,905,249
Administrative allocation	(9,628,407)	-	-
Depreciation	199,643	-	7,699,712
Total Operating Expenses	(1,797,627)	(26,615,533)	51,422,336
Operating income (loss)	1,864,866	-	12,883,587
Nonoperating Revenues (Expenses)			
Investment income (loss)	41,413	-	2,760,257
Amortization of deferred gains/ losses and premiums	-	-	52,230
Federal grants and contracts	-	-	2,452,346
Gain(loss) on sale of asset	-	-	(77,060)
Interest expense	(2,435)	-	(1,593,149)
Total Nonoperating Revenues (Expenses)	38,978	-	3,594,624
Income (Loss) before Capital Grants, Contributions, and Transfers	1,903,844	-	16,478,211
Transfers in	-	-	8,676,376
Transfers out	-	-	(8,676,376)
Income (loss) after Capital Grants, Contributions, and Transfers	1,903,844	-	16,478,211
Changes in Net Position	1,903,844	-	16,478,211
Beginning Net Position	10,609,493	-	179,795,620
Prior period adjustment	46,573	-	(23,007,523)
Ending Net Position	\$ 12,559,910	\$ -	\$ 173,266,308

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
Year Ended August 31, 2023

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	League City SE Water Purification Plant (SEWPP)	Thomas S. Mackey Water Treatment Plant (TMWTP)	American / Briscoe Canal Operations	Galveston County WCID #12
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 6,223,070	\$ 21,450,701	\$ 24,115,318	\$ 209,982
Payments to intragovernmental users	(55,600)	(849,146)	(4,070,386)	(50,475)
Payments to suppliers	(5,581,241)	(12,875,630)	(11,928,477)	(18,513)
Payments to employees	-	(3,265,153)	(3,249,304)	-
Net Cash Provided (Used) by Operating Activities	586,229	4,460,772	4,867,151	140,994
Cash Flows from Noncapital Financing Activities				
Intragovernmental transfers in (out)	-	(6,912,500)	8,676,376	-
Payments received on long-term receivable	712,257	-	-	-
Intergovernmental payment	(5,297,890)	-	-	-
Proceeds from sale of noncapital bonds	5,479,511	-	-	-
Principal paid on noncapital bonds	(365,000)	-	-	-
Interest paid on noncapital bonds	(231,214)	-	-	-
Payment of bond issuance costs	(181,621)	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	116,043	(6,912,500)	8,676,376	-
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	(1,597,292)	(4,648,494)	-
Proceeds from sale of revenue bonds	-	21,683,576	-	-
Principal paid on bonds	-	(125,000)	-	(85,000)
Principal paid on leases	-	(68,618)	-	-
Interest paid on bonds	-	(359,724)	-	(40,290)
Interest paid on leases	-	(27,382)	-	-
Lease payments received	-	12,600	20,110	-
Payment of bond issuance costs	-	(490,866)	-	-
Grants for capital projects	-	316,016	2,318,926	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	19,343,310	(2,309,458)	(125,290)
Cash Flows from Investing Activities				
Maturity (purchase) of investments	(36,469)	(13,044,264)	(809,591)	-
Interest received	123,461	835,750	265,291	21,162
Net Cash Provided (Used) by Investing Activities	86,992	(12,208,514)	(544,300)	21,162
Net Increase (Decrease) in Cash and Cash Equivalents	789,264	4,683,068	10,689,769	36,866
Beginning Cash and Cash Equivalents	325,037	6,155,590	5,383,195	419,204
Ending Cash and Cash Equivalents	\$ 1,114,301	\$ 10,838,658	\$ 16,072,964	\$ 456,070
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 899,501	\$ 5,061,636	\$ 856,890	\$ 98,367
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization	-	1,124,600	1,907,691	44,628
Interest on lease receivable	-	(5,418)	(12,823)	-
(Increase) decrease in:				
Accounts receivable	(439,846)	274,835	2,066,967	-
Prepaid items	-	(192,712)	(206,172)	-
Increase (decrease) in:				
Accounts payable and accrued liabilities	126,574	(253,679)	(170,189)	(2,001)
Wages payable	-	14,808	28,885	-
Compensated absences payable	-	8,076	80,855	-
Unearned revenue	-	(8)	399,783	-
Customer deposits	-	(1,500,000)	-	-
Deferred inflows - leases	-	(10,220)	(19,127)	-
Pension/OPEB related amounts	-	(61,146)	(65,609)	-
Net Cash Provided (Used) by Operating Activities	\$ 586,229	\$ 4,460,772	\$ 4,867,151	\$ 140,994
Noncash Investing, Capital, and Financing Activities				
Gain (loss) on disposal of capital assets	\$ -	\$ (64,967)	\$ (12,093)	\$ -
Issuance of lease/SBITA payable	-	-	-	-
Payables related to capital purchases	-	242,705	174,063	-

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
Year Ended August 31, 2023

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	1997 Galveston Projects	South Transmission System	1998 C Series Texas City Projects	1998 D La Marque Projects
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 61,858	\$ 732,068	\$ -	\$ 1,083
Payments to intragovernmental users	-	(89,475)	-	-
Payments to suppliers	(11,337)	(203,213)	-	(40)
Payments to employees	-	-	-	-
Net Cash Provided (Used) by Operating Activities	50,521	439,380	-	1,043
Cash Flows from Noncapital Financing Activities				
Intragovernmental transfers in (out)	-	-	-	-
Payments received on long-term receivable	-	-	-	-
Intergovernmental payment	-	-	-	-
Proceeds from sale of noncapital bonds	-	-	-	-
Principal paid on noncapital bonds	-	-	-	-
Interest paid on noncapital bonds	-	-	(1,050)	(944)
Payment of bond issuance costs	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	(1,050)	(944)
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	(591,585)	-	-
Proceeds from sale of revenue bonds	-	3,898,665	-	-
Principal paid on bonds	-	(25,000)	-	-
Principal paid on leases	-	-	-	-
Interest paid on bonds	-	(70,005)	-	-
Interest paid on leases	-	-	-	-
Lease payments received	-	-	-	-
Payment of bond issuance costs	-	(200,981)	-	-
Grants for capital projects	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	3,011,094	-	-
Cash Flows from Investing Activities				
Maturity (purchase) of investments	1,458,529	(1,201,854)	94,102	-
Interest received	57,653	90,414	8,183	1,344
Net Cash Provided (Used) by Investing Activities	1,516,182	(1,111,440)	102,285	1,344
Net Increase (Decrease) in Cash and Cash Equivalents	1,566,703	2,339,034	101,235	1,443
Beginning Cash and Cash Equivalents	779,390	636,638	83,719	48,641
Ending Cash and Cash Equivalents	\$ 2,346,093	\$ 2,975,672	\$ 184,954	\$ 50,084
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (79,247)	\$ 417,673	\$ (7,133)	\$ (400)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization	67,910	82,941	-	-
Interest on lease receivable	-	-	-	-
(Increase) decrease in:				
Accounts receivable	61,858	57,000	-	1,083
Prepaid items	-	-	-	-
Increase (decrease) in:				
Accounts payable and accrued liabilities	-	(118,234)	7,133	360
Wages payable	-	-	-	-
Compensated absences payable	-	-	-	-
Unearned revenue	-	-	-	-
Customer deposits	-	-	-	-
Deferred inflows - leases	-	-	-	-
Pension/OPEB related amounts	-	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ 50,521	\$ 439,380	\$ -	\$ 1,043
Noncash Investing, Capital, and Financing Activities				
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -
Issuance of lease/SBITA payable	-	-	-	-
Payables related to capital purchases	-	1,241,080	-	-

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
Year Ended August 31, 2023

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	2002 Galveston Projects	Juliff / Chocolate Bayou Operations	Pearland Southeast Water Purification Plant (PSEWPP)	North Transmission System
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 936	\$ 7,751,835	\$ 1,958,147	\$ 91,427
Payments to intragovernmental users	-	(1,342,839)	(55,600)	(65,875)
Payments to suppliers	(936)	(2,523,152)	(1,716,766)	(45,350)
Payments to employees	-	(1,495,846)	-	-
Net Cash Provided (Used) by Operating Activities	-	2,389,998	185,781	(19,798)
Cash Flows from Noncapital Financing Activities				
Intragovernmental transfers in (out)	-	-	-	-
Payments received on long-term receivable	-	-	-	-
Intergovernmental payment	-	-	-	-
Proceeds from sale of noncapital bonds	-	-	-	-
Principal paid on noncapital bonds	-	-	-	-
Interest paid on noncapital bonds	(1,030)	-	-	-
Payment of bond issuance costs	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,030)	-	-	-
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	(695,120)	-	(27,000)
Proceeds from sale of revenue bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Principal paid on leases	-	-	-	-
Interest paid on bonds	-	-	-	-
Interest paid on leases	-	-	-	-
Lease payments received	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Grants for capital projects	-	(182,596)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(877,716)	-	(27,000)
Cash Flows from Investing Activities				
Maturity (purchase) of investments	3,152	(219,848)	-	-
Interest received	94	355,205	1,124	8,528
Net Cash Provided (Used) by Investing Activities	3,246	135,357	1,124	8,528
Net Increase (Decrease) in Cash and Cash Equivalents	2,216	1,647,639	186,905	(38,270)
Beginning Cash and Cash Equivalents	19	3,893,211	85,338	300,643
Ending Cash and Cash Equivalents	\$ 2,235	\$ 5,540,850	\$ 272,243	\$ 262,373
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 936	\$ 1,372,693	\$ 348,156	\$ (37,503)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization	-	1,388,289	-	16,218
Interest on lease receivable	-	-	-	-
(Increase) decrease in:				
Accounts receivable	-	(99,810)	(199,371)	927
Prepaid items	-	89,857	-	-
Increase (decrease) in:				
Accounts payable and accrued liabilities	(936)	(283,746)	36,996	560
Wages payable	-	10,372	-	-
Compensated absences payable	-	(60,171)	-	-
Unearned revenue	-	-	-	-
Customer deposits	-	-	-	-
Deferred inflows - leases	-	-	-	-
Pension/OPEB related amounts	-	(27,486)	-	-
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 2,389,998	\$ 185,781	\$ (19,798)
Noncash Investing, Capital, and Financing Activities				
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -
Issuance of lease/SBITA payable	-	-	-	-
Payables related to capital purchases	-	25,801	-	-

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
Year Ended August 31, 2023

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	Bayshore Transmission System	Texas City Reservoir Operations (TCR)	Texas City Industrial Operations (TCI)	Capital Improvement
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 86,706	\$ 14,761,830	\$ 13,367,213	\$ 614,256
Payments to intragovernmental users	(54,675)	(900,213)	(2,094,123)	-
Payments to suppliers	(28,059)	(12,578,247)	(8,645,814)	-
Payments to employees	-	-	-	-
Net Cash Provided (Used) by Operating Activities	3,972	1,283,370	2,627,276	614,256
Cash Flows from Noncapital Financing Activities				
Intragovernmental transfers in (out)	-	-	-	(1,763,876)
Payments received on long-term receivable	-	-	-	-
Intergovernmental payment	-	-	-	-
Proceeds from sale of noncapital bonds	-	-	-	-
Principal paid on noncapital bonds	-	-	-	-
Interest paid on noncapital bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	(1,763,876)
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	(46,578)	(51,380)	-
Proceeds from sale of revenue bonds	-	-	-	-
Principal paid on bonds	-	(1,090,000)	(755,000)	-
Principal paid on leases	-	-	(137,236)	-
Interest paid on bonds	-	(157,532)	(412,541)	-
Interest paid on leases	-	-	(54,764)	-
Lease payments received	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Grants for capital projects	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,294,110)	(1,410,921)	-
Cash Flows from Investing Activities				
Maturity (purchase) of investments	-	957,013	(207,499)	738,733
Interest received	3,583	300,028	382,768	24,300
Net Cash Provided (Used) by Investing Activities	3,583	1,257,041	175,269	763,033
Net Increase (Decrease) in Cash and Cash Equivalents	7,555	1,246,301	1,391,624	(386,587)
Beginning Cash and Cash Equivalents	126,163	4,492,845	4,522,979	386,587
Ending Cash and Cash Equivalents	\$ 133,718	\$ 5,739,146	\$ 5,914,603	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 16,385	\$ 728,619	\$ 727,892	\$ 614,256
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization	-	901,694	1,966,098	-
Interest on lease receivable	-	-	-	-
(Increase) decrease in:				
Accounts receivable	(2,094)	-	123,477	-
Prepaid items	-	-	(139,010)	-
Increase (decrease) in:				
Accounts payable and accrued liabilities	(10,319)	(221,943)	(51,181)	-
Wages payable	-	-	-	-
Compensated absences payable	-	-	-	-
Unearned revenue	-	-	-	-
Customer deposits	-	(125,000)	-	-
Deferred inflows - leases	-	-	-	-
Pension/OPEB related amounts	-	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ 3,972	\$ 1,283,370	\$ 2,627,276	\$ 614,256
Noncash Investing, Capital, and Financing Activities				
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -
Issuance of lease/SBITA payable	-	-	-	-
Payables related to capital purchases	-	25,415	96,944	-

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
Year Ended August 31, 2023

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	Administrative Operations	Eliminations	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 3,489	\$ (26,615,533)	\$ 64,814,386
Payments to intragovernmental users	9,628,407	-	-
Payments to suppliers	(3,267,831)	26,615,533	(32,809,073)
Payments to employees	(4,989,366)	-	(12,999,669)
Net Cash Provided (Used) by Operating Activities	1,374,699	-	19,005,644
Cash Flows from Noncapital Financing Activities			
Intragovernmental transfers in (out)	-	-	-
Payments received on long-term receivable	-	-	712,257
Intergovernmental payment	-	-	(5,297,890)
Proceeds from sale of noncapital bonds	-	-	5,479,511
Principal paid on noncapital bonds	-	-	(365,000)
Interest paid on noncapital bonds	-	-	(234,238)
Payment of bond issuance costs	-	-	(181,621)
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	113,019
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(770,544)	-	(8,427,993)
Proceeds from sale of revenue bonds	-	-	25,582,241
Principal paid on bonds	-	-	(2,080,000)
Principal paid on leases	(22,807)	-	(228,661)
Interest paid on bonds	-	-	(1,040,092)
Interest paid on leases	(2,435)	-	(84,581)
Lease payments received	-	-	32,710
Payment of bond issuance costs	-	-	(691,847)
Grants for capital projects	-	-	2,452,346
Net Cash Provided (Used) by Capital and Related Financing Activities	(795,786)	-	15,514,123
Cash Flows from Investing Activities			
Maturity (purchase) of investments	-	-	(12,267,996)
Interest received	41,413	-	2,520,301
Net Cash Provided (Used) by Investing Activities	41,413	-	(9,747,695)
Net Increase (Decrease) in Cash and Cash Equivalents	620,326	-	24,885,091
Beginning Cash and Cash Equivalents	1,556,476	-	29,195,675
Ending Cash and Cash Equivalents	\$ 2,176,802	\$ -	\$ 54,080,766
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 1,864,866	\$ -	\$ 12,883,587
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation/amortization	199,643	-	7,699,712
Interest on lease receivable	-	-	(18,241)
(Increase) decrease in:			
Accounts receivable	(63,750)	-	1,781,276
Prepaid items	(77,236)	-	(525,273)
Increase (decrease) in:			
Accounts payable and accrued liabilities	(695,463)	-	(1,636,068)
Wages payable	142,822	-	196,887
Compensated absences payable	3,817	-	32,577
Unearned revenue	-	-	399,775
Customer deposits	-	-	(1,625,000)
Deferred inflows - leases	-	-	(29,347)
Pension/OPEB related amounts	-	-	(154,241)
Net Cash Provided (Used) by Operating Activities	\$ 1,374,699	\$ -	\$ 19,005,644
Noncash Investing, Capital, and Financing Activities			
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ (77,060)
Issuance of lease/SBITA payable	70,016	-	70,016
Payables related to capital purchases	1,281,727	-	3,087,735

UNAUDITED STATISTICAL SECTION
(Unaudited)

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

<u>Contents</u>	<u>Pages</u>
Financial Trends	72
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
Revenue Capacity	76
These schedules contain information to help the reader assess the Authority's most significant local revenue source, the water and sewer service.	
Debt Capacity	79
These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.	
Demographic and Economic Information	82
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.	
Operating Information	85
These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.	

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

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

	2023	2022	2021	2020	2019
Net Position					
Net investment					
in capital assets	\$ 105,519,007	\$ 122,807,946	\$ 106,207,914	\$ 89,866,949	\$ 81,101,796
Restricted	3,818,547	2,347,311	4,033,640	5,268,075	7,277,707
Unrestricted	63,928,754	54,640,363	62,760,196	63,098,832	59,209,358
Total Net Position	\$ 173,266,308	\$ 179,795,620	\$ 173,001,750	\$ 158,233,856	\$ 147,588,861

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

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

	2018	2017	2016	2015	2014
Net Position					
Net investment					
in capital assets	\$ 98,374,073	\$ 89,007,877	\$ 86,052,697	\$ 89,164,201	\$ 89,968,160
Restricted	5,608,342	5,758,363	3,593,830	3,660,154	4,402,858
Unrestricted	50,768,488	43,619,949	45,764,902	40,682,653	39,492,731
Total Net Position	\$ 154,750,903	\$ 138,386,189	\$ 135,411,429	\$ 133,507,008	\$ 133,863,749

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

GULF COAST WATER AUTHORITY

Page 1 of 2

CHANGE IN NET POSITION

Last Ten Fiscal Years

	2023	2022	2021	2020	2019
Operating Revenues					
Metered water sales	\$ 52,848,164	\$ 45,673,901	\$ 44,812,284	\$ 45,677,779	\$ 39,863,810
Bond payment revenue	1,964,202	1,977,988	5,444,033	5,683,620	7,335,248
Irrigation sales and other	9,493,557	1,358,545	5,166,696	3,581,928	5,064,731
Total Operating Revenues	64,305,923	49,010,434	55,423,013	54,943,327	52,263,789
Operating Expenses					
Personnel services	13,074,892	11,478,437	11,171,554	9,969,928	9,421,184
Supplies and materials	20,345,355	17,819,540	20,417,661	22,513,296	15,456,251
Contractual services	7,397,128	7,406,661	3,368,146	2,090,848	2,099,216
Other charges	2,905,249	4,017,296	4,324,141	3,812,115	2,537,911
Depreciation/amortization	7,699,712	10,589,168	8,141,008	8,025,410	11,258,769
Total Operating Expenses	51,422,336	51,311,102	47,422,510	46,411,597	40,773,331
Operating Income (Loss)	12,883,587	(2,300,668)	8,000,503	8,531,730	11,490,458
Nonoperating Revenues (Expenses)					
Investment earnings	2,760,257	283,899	85,850	1,147,767	1,595,974
Other revenues and (expenses)	(24,830)	213,865	82,516	183,850	196,834
Interest expense	(1,593,149)	(1,102,743)	(1,133,390)	(1,358,352)	(1,589,504)
Federal grants and contracts	2,452,346	9,652,657	6,755,027	-	-
Total Nonoperating Revenues (Expenses)	3,594,624	9,047,678	5,790,003	(26,735)	203,304
Income (Loss) before Capital Contributions	16,478,211	6,747,010	13,790,506	8,504,995	11,693,762
Capital contributions	-	46,860	977,388	2,140,000	2,650,000
Change in Net Position	16,478,211	6,793,870	14,767,894	10,644,995	14,343,762
Beginning Net Position	179,795,620	173,001,750	158,233,856	149,842,265	154,750,903
Prior period adjustment	(23,007,523)	-	-	(2,253,404)	(19,252,400)
Ending Net Position	\$ 173,266,308	\$ 179,795,620	\$ 173,001,750	\$ 158,233,856	\$ 149,842,265

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

	2018	2017	2016	2015	2014
Operating Revenues					
Metered water sales	\$ 41,417,047	\$ 35,155,368	\$ 33,425,561	\$ 25,230,737	\$ 25,858,256
Bond payment revenue	6,963,593	7,948,943	6,725,417	5,788,454	5,498,227
Irrigation sales and other	6,855,674	3,948,022	3,704,218	949,941	520,201
Total Operating Revenues	55,236,314	47,052,333	43,855,196	31,969,132	31,876,684
Operating Expenses					
Personnel services	7,147,241	8,214,064	6,501,190	4,988,132	5,272,420
Supplies and materials	14,272,990	15,554,551	14,283,436	12,071,554	13,133,355
Contractual services	1,929,804	1,285,284	1,660,523	1,620,916	1,916,074
Other charges	1,626,799	1,163,632	1,377,152	1,141,508	879,053
Depreciation/amortization	13,135,192	17,285,453	15,026,000	13,446,858	11,521,295
Total Operating Expenses	38,112,026	43,502,984	38,848,301	33,268,968	32,722,197
Operating Income (Loss)	17,124,288	3,549,349	5,006,895	(1,299,836)	(845,513)
Nonoperating Revenues (Expenses)					
Investment earnings	1,150,390	311,266	132,478	68,494	88,724
Other revenues and (expenses)	110,959	450,668	(1,507,389)	927,631	3,805,305
Interest expense	(1,886,153)	(1,336,523)	(951,519)	(1,105,019)	(1,087,835)
Federal grants and contracts	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	(624,804)	(574,589)	(2,326,430)	(108,894)	2,806,194
Income (Loss) before Capital Contributions	16,499,484	2,974,760	2,680,465	(1,408,730)	1,960,681
Capital contributions	-	-	-	-	-
Change in Net Position	16,499,484	2,974,760	2,680,465	(1,408,730)	1,960,681
Beginning Net Position	138,386,189	135,411,429	133,507,008	134,915,738	132,955,057
Prior period adjustment	(134,770)	-	(776,044)	-	-
Ending Net Position	\$ 154,750,903	\$ 138,386,189	\$ 135,411,429	\$ 133,507,008	\$ 134,915,738

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

Fiscal Year	Water Fees	Raw Water Rates¹		Treated Water Rates¹		Irrigation & Other
		Min	Max	Min	Max	
2014	\$ 25,858,256	\$0.120	\$0.380	\$0.660	\$1.150	\$ 520,201
2015	25,230,737	0.140	0.350	0.690	1.530	949,941
2016	33,425,561	0.192	0.365	1.051	2.217	3,704,218
2017	35,155,368	0.200	0.380	1.110	2.090	3,948,022
2018	41,417,047	0.200	0.380	1.110	2.090	6,855,674
2019	39,863,810	0.240	0.420	1.180	2.280	7,714,731
2020	45,677,779	0.250	0.440	1.200	2.410	5,721,928
2021	44,812,284	0.250	0.440	1.220	2.500	12,899,111
2022	44,429,312	0.262	0.462	1.246	2.836	11,012,012
2023	51,599,486	0.276	0.492	1.420	3.698	11,945,903

¹ Rates based on per thousand gallons. Price varies by customer.

Note: This schedule does not include interruptible water.

GULF COAST WATER AUTHORITY

PRINCIPAL WATER FEE PAYERS

Current Year and Nine Years Ago

Customer	2023			2014		
	Revenue Base Attributable	Rank	% Base of The total Revenue Base	Revenue Base Attributable	Rank	% Base of The total Revenue Base
City of League City	\$ 8,627,646	1	14%	\$ 2,673,018	4	10%
Blanchard Refining (Marathon)	7,836,728	2	12%	3,348,731	3	13%
City of Galveston	7,826,304	3	12%	4,420,757	2	17%
City of Texas City	4,336,067	4	7%	1,975,512	5	7%
INEOS	3,926,763	5	6%	713,878	10	3%
Union Carbide Corp./DOW	2,580,719	6	4%	1,450,843	6	6%
City of Missouri City	2,295,319	7	4%			0%
City of Pearland	2,157,518	8	3%			0%
City of La Marque	1,874,376	9	3%			0%
Galveston County WCID #1	1,817,955	10	3%	848,692	7	3%
Eastman (Sterling) Chemical			0%	8,793,313	1	33%
Ascend			0%	795,210	8	3%
Valero Refining			0%	762,246	9	3%
Totals	<u>\$ 43,279,395</u>		<u>68%</u>	<u>\$ 25,782,200</u>		<u>98%</u>

GULF COAST WATER AUTHORITY

LIST OF PRINCIPAL CUSTOMERS

August 31, 2023

Industrial Customers

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

Canal Division

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

Municipal Customers

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

Chocolate Bayou

INEOS Olefind & Polymers USA
Rice Tec

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

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

Fiscal Year	Water Revenue Bonds ¹	Leases	SBITAs	Percentage of Revenue ²
2014	\$ 36,750,000	\$ -	\$ -	115.29%
2015	36,750,000	-	-	114.95%
2016	28,939,556	-	-	65.99%
2017	47,290,250	-	-	100.51%
2018	43,114,284	-	-	78.05%
2019	37,153,318	-	-	71.09%
2020	30,952,352	-	-	56.34%
2021	24,541,381	-	-	44.28%
2022	24,261,452	2,832,039	-	55.28%
2023	52,239,513	2,626,185	47,209	85.39%

¹ Includes premium on bonds.

² Based on operating revenues.

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

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



GULF COAST WATER AUTHORITY
PLEDGE - REVENUE COVERAGE BY DIVISION
Fiscal Year Ended August 31, 2023

Division	Water Revenue Bonds					
	Revenue	Less Operating Expenses ³	Net Available for Debt Service	Debt Service		Coverage Ratio
				Due Within One Year		
				Principal	Interest	
Galveston County WCID #12	\$ 231,144	\$ 66,987	\$ 164,157	\$ 85,000	\$ 38,695	1.33
Texas City Reservoir Operations (TCR) ¹	15,252,160	13,256,517	1,995,643	1,090,000	156,782	1.60
Texas City Industrial Operations (TCI) ¹	13,650,497	10,549,746	3,100,751	755,000	412,542	2.66
League City SE Water Purification Plant ²	7,177,309	5,763,415	1,413,894	215,000	200,750	3.40
Thomas S. Mackey Water Treatment Plant (TMWTP)	23,622,943	16,505,276	7,117,667	345,000	989,844	5.33
South Transmission System	979,270	174,454	804,816	60,000	160,300	3.65

¹ Revenue includes operating revenues and investment income.

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

³ Operating expenses do not include depreciation.

Source: Current and prior year audited financial statements.

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

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

<u>County/City</u>	<u>Population</u>
Fort Bend County	889,146
Brazoria County	388,181
Galveston County	357,117
City of Pearland	126,949
City of League City	115,418
City of Sugar Land	109,414
City of Missouri City	76,500
City of Texas City	55,667
City of Galveston	53,809
City of La Marque	19,147

Source US Census Bureau, Quick Facts

Educational Attainment

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

Source US Census Bureau, Quick Facts

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

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

Note: Information not available as of the report date.

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

Source Annual Comprehensive Financial Report for each entity

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

Source US Census Bureau, Quick Facts

<u>County/City</u>	<u>Unemployment Rate</u>
City of Pearland	4.5%
City of League City	3.9%
City of Sugar Land	4.0%
City of La Marque	6.3%
Fort Bend County	4.6%
City of Galveston	4.5%
Galveston County	4.9%
City of Missouri City	5.1%
Brazoria County	5.1%
City of Texas City	6.3%

Source <http://texaslmi.com/LMIbyCategory/LAUS> @ August 2023

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

Division	Full-Time Equivalent Employees by Division									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Administrative	29	31	29	24	11	8	10	10	11	10
Industrial	-	-	-	-	-	-	1	2	2	2
Texas City Reservoir	-	-	-	-	1	1	-	-	-	-
Texas City Industrial	-	-	-	-	5	2	-	-	-	-
Water treatment plant	27	26	25	22	24	24	21	19	17	12
Canal	35	37	38	35	31	28	27	26	22	22
Chocolate Bayou	6	6	6	5	6	5	6	4	5	5
Total	97	100	98	86	78	68	65	61	57	51

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

Source: Active employee list generated from payroll software.

Part time and full time position replacements are not included in count.

GULF COAST WATER AUTHORITY
OPERATING STATISTICS
Last Ten Fiscal Years

Annual Acre Feet	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Industrial	81,445	71,703	58,820	73,178	62,469	49,935	54,292	77,500	77,032	116,816
Irrigation	53,140	54,698	44,376	42,920	48,422	45,136	46,451	82,037	21,091	23,864
Municipal	71,022	75,617	64,373	55,765	49,963	39,517	43,110	67,367	54,648	29,795
Total Pumpage	205,607	202,018	167,569	171,863	160,854	134,588	143,853	226,904	152,771	170,475

Source: Annual Report to Texas Commission on Environmental Quality.

Brazos River Water Rights held by GCWA

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

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

Page 1 of 2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Water Treatment Plant										
Office furniture, fixtures and equipment	\$ -	\$ 145,199	\$ 87,270	\$ -	\$ -	\$ -	\$ 32,228	\$ 38,607	\$ -	\$ 121,377
Other machinery and equipment	5,046	-	15,705	-	75,184	-	-	5,159	15,205	67,924
Automobiles and trucks	49,531	-	-	45,146	-	-	82,347	33,095	32,885	33,445
Buildings	-	-	1,330,151	-	403,433	-	572,268	200,519	65,404	168,524
Infrastructure	1,785,420	1,900,993	531,629	1,195,183	2,651,734	4,830,763	2,410,859	3,082,780	1,714,354	2,663,309
Total Water Treatment Plant	1,839,997	2,046,192	1,964,755	1,240,329	3,130,351	4,830,763	3,097,702	3,360,160	1,827,848	3,054,579
Canal Division										
Land	11,170	447,964	-	-	-	-	-	-	-	-
Office furniture, fixtures and equipment	6,835	-	11,595	-	-	-	-	-	-	23,021
Other machinery and equipment	129,084	328,413	341,558	-	212,635	-	314,979	332,343	57,250	766,934
Automobiles and trucks	170,083	-	82,675	113,512	159,448	-	46,770	102,464	209,334	82,211
Buildings	360,867	-	-	141,723	-	-	28,403	112,303	79,435	286,642
Infrastructure	4,166,015	13,108,799	5,199,961	3,155,825	1,012,457	2,830,294	1,534,180	453,388	762,469	1,425,510
Total Canal Division	4,844,054	13,885,176	5,635,789	3,411,060	1,384,540	2,830,294	1,924,332	1,000,498	1,108,488	2,584,318
Galveston County WCID #12										
Infrastructure	-	-	-	-	1,057,743	931,267	93,269	-	-	-
Total Galveston County WCID #12	-	-	-	-	1,057,743	931,267	93,269	-	-	-
1997 Galveston Projects										
Office furniture, fixtures and equipment	-	-	-	-	-	-	-	-	-	418
Automobiles and trucks	-	-	-	-	-	-	-	-	-	266
Buildings	-	-	-	-	-	-	-	-	-	1,357
Infrastructure	-	-	-	415,383	149,019	29,865	163,512	42,371	-	39,483
Total 1997 Galveston Projects	-	-	-	415,383	149,019	29,865	163,512	42,371	-	41,524
South Transmission System										
Land	-	68,953	-	-	-	-	-	-	-	-
Office furniture, fixtures and equipment	324,453	-	-	-	-	-	-	-	-	-
Infrastructure	1,508,213	176,591	50,803	-	262,570	789,436	263,881	269,326	-	-
Total South Transmission System	1,832,666	245,544	50,803	-	262,570	789,436	263,881	269,326	-	-

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

Page 2 of 2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Chocolate Bayou										
Land	-	143,686	-	-	-	-	-	-	-	-
Office furniture, fixtures and equipment	-	47,520	49,294	-	-	-	-	-	-	6,832
Other machinery and equipment	22,539	24,580	-	-	98,524	-	-	-	-	167,071
Automobiles and trucks	54,655	-	37,490	65,789	37,245	-	33,405	32,248	-	28,486
Buildings	6,408	-	-	1,062,062	-	-	41,972	273,689	30,774	35,772
Infrastructure	637,318	5,646,133	6,031,254	3,642,954	346,172	1,535,450	661,001	734,486	740,258	1,555,893
Total Chocolate Bayou	720,920	5,861,919	6,118,038	4,770,805	481,941	1,535,450	736,378	1,040,423	771,032	1,794,054
Northline Group										
Infrastructure	27,000	6,203	-	51,977	-	-	13,674	100,765	-	-
Total Northline Group	27,000	6,203	-	51,977	-	-	13,674	100,765	-	-
Texas City Reservoir Division										
Automobiles and trucks	53,960	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	25,512	-	-	-	-	-
Infrastructure	18,035	297,111	107,115	160,662	11,515,777	2,701,916	-	-	-	-
Total Texas City Reservoir Division	71,995	297,111	107,115	160,662	11,541,289	2,701,916	-	-	-	-
Texas City Industrial Division										
Office furniture, fixtures and equipment	-	-	3,144	-	-	-	-	-	-	6,159
Other machinery and equipment	-	-	-	-	-	-	-	61,713	5,758	-
Automobiles and trucks	-	-	-	-	-	-	34,302	-	-	3,921
Buildings	96,638	-	199,249	-	-	-	31,139	-	-	-
Infrastructure	51,686	237,294	3,039,887	3,702,085	2,337,562	6,447,948	7,006,745	1,624,938	4,059,378	4,278,111
Total Texas City Industrial Division	148,324	237,294	3,242,280	3,702,085	2,337,562	6,447,948	7,072,186	1,686,651	4,065,136	4,288,191
Bayshore Group										
Infrastructure	-	-	-	-	-	-	43,354	12,159	-	-
Total Bayshore Group	-	-	-	-	-	-	43,354	12,159	-	-
Administrative										
Land	-	426	28,139	-	-	-	-	-	-	-
Office furniture, fixtures and equipment	474,225	800,992	-	78,100	-	-	10,128	7,739	22,598	-
Automobiles and trucks	45,492	-	-	37,106	-	-	32,869	31,453	28,825	-
Buildings	1,532,554	5,896,572	3,818,763	-	-	-	-	9,299	-	-
Infrastructure	-	-	-	-	-	1,367,721	-	-	19,160	-
Total Administrative	2,052,271	6,697,990	3,846,902	115,206	-	1,367,721	42,997	48,491	70,583	-
Total Capital Asset Additions	\$ 11,537,227	\$ 29,277,429	\$ 20,965,682	\$ 13,867,507	\$ 20,345,015	\$ 21,464,660	\$ 13,451,285	\$ 7,560,844	\$ 7,845,102	\$ 11,762,666

