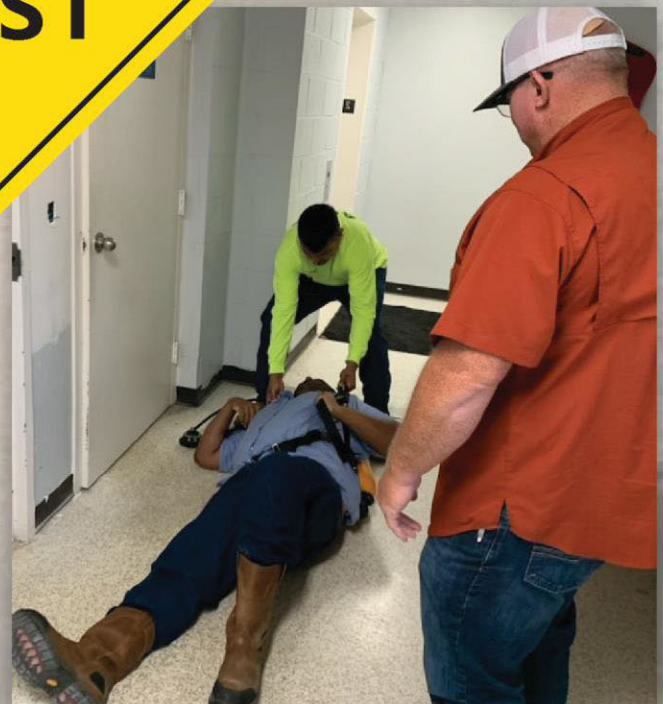
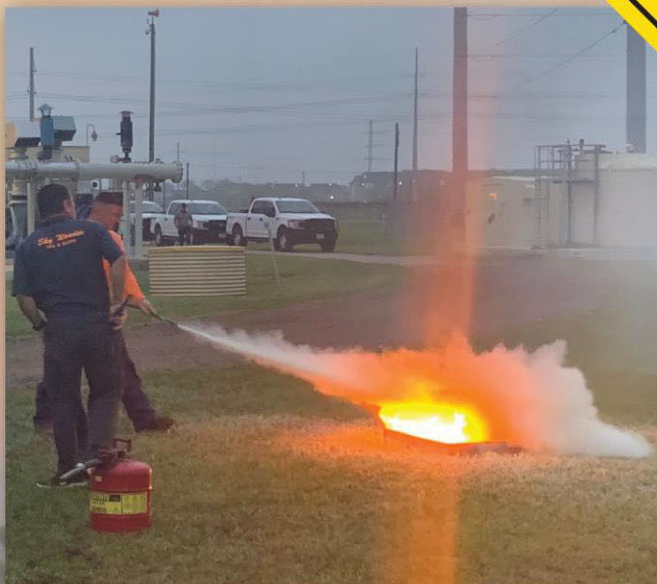




Gulf Coast Water Authority

Annual Comprehensive Financial Report

August 31, 2021



To Reliably Deliver Water to our Customers

Texas City, Texas

Annual Comprehensive Financial Report

**For the Fiscal Year Ended
August 31, 2021**

Gulf Coast Water Authority

Texas City, Texas

Prepared by:

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

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

**Aric Owens
Controller**

**Heather Wrightington
Assistant Controller**



Gulf Coast Water Authority

GULF COAST WATER AUTHORITY

TABLE OF CONTENTS

	Page
Introductory Section	
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	vi
Organizational Chart	vii
Board of Directors	viii
Financial Section	
Independent Auditor's Report	3
Management's Discussion and Analysis	5
Basic Financial Statements:	
Statement of Net Position	13
Statement of Revenues, Expenses and Changes in Net Position	14
Statement of Cash Flows	15
Notes to Financial Statements	17
Required Supplementary Information:	
Schedule of Changes in Net Pension Liabilities and Related Ratios	39
Schedule of Employer Pension Contributions	40
Schedule of Changes in Net OPEB Liabilities and Related Ratios	41
Schedule of Employer OPEB Contributions	42
Supplementary Information:	
Schedule of Revenues and Expenses – Budget and Actual (Budgetary Basis)	45
Combining Information and Statements:	
Combining Information by Division - Net Position	46
Combining Information by Division - Changes in Net Position	51
Combining Information by Division - Cash Flows	56
Statistical Section (Unaudited)	
Net Position by Component Business-Type Activities – Last Ten Fiscal Years	62
Changes in Net Position – Last Ten Fiscal Years	64
Water Sales – Last Ten Fiscal Years	66
Principal Water Fee Payers – Current and Nine Years Ago	67
List of Principal Customers	68
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	69
Pledge – Revenue Coverage by Division – Fiscal Year Ended August 31, 2021	70
Authority Demographics	71
Number of Employees by Division – Last Ten Fiscal Years	73
Operating Statistics – Last Ten Fiscal Years	74
Schedule of Capital Asset Additions – Last Ten Fiscal Years	76



INTRODUCTORY SECTION





3630 FM 1765 Texas City, Texas 77591 409.935.2438 fax 409.935.4156 www.gulfcoastwaterauthority.com

December 2, 2021

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, 2021. 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, 2021. 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 296 miles of main-line canals and laterals, and about 380,000 ac-ft. of water rights on the lower basin of the Brazos River. These arteries allow river water to be delivered to 1) approximately 17,000 acres of commercial and hybrid seed rice in Brazoria and Galveston Counties as well as a Rice Research Facility located outside of Alvin, Texas, a provider of world-wide technology for the rice industry, 2) industrial customers served by the Canal Division include INEOS Olefins and Polymers, and Ascend Performance Materials, 3) municipal customers served include the cities of Sugar Land, Pearland and Missouri City, as well as Ft. Bend WCID #2 and Pecan Grove MUD, and 4) to the Industrial and Municipal divisions in Galveston County.

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

The Local & Regional Economy. The Authority and its customers are part of the Greater Houston Metropolitan Area. According to the Bureau of Labor Statistics, the Houston Metro Area added 136,400 total nonfarm jobs over the year in July '21 (year over year). Of the twelve largest metropolitan areas in the country, Houston ranked ninth in the number of jobs added over the year and tenth in annual rate of job growth. Local unemployment has fell dramatically over the past year to 5.5 percent in July 2021, which is slightly lower than the state average of 6.2 percent and currently higher than the national rate of 4.6 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.

GCWA's REVENUE SOURCE

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

FINANCIAL INFORMATION

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

As demonstrated by the statements and schedules included in the financial section of this report 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

For the Year. During Fiscal Year 2021, the Authority endured the impact of Winter Storm Uri. In 2013, the Authority began investing in back-up electrical services during times of power interruption. The investment in back-up power supply coupled with the Authority's investment in Human Capital allowed the Authority to attain our mission "To Reliably Deliver Water to Our Customers" during Winter Storm Uri without interruption.

The Texas City Industrial Division completed the construction of the 7th Avenue Pump Station \$2,125,000. The Pump Station is a significant accomplishment to the Authority as this project will maintain the consistent line pressure to the eastern most customers of the Industrial Distribution System.

During Fiscal Year 2021, the Thomas Mackey Water Treatment Plant continued Water Treatment Plant Renovations \$1,330,000. The Water Treatment Plant also completed the Rehabilitation of Clarifier 4 and the Replacement of LPU 6.

The Canal Division replaced the Pump Motor for Pump P1 and the Pump Motor and Rotating Element for Pump P3 located at the Briscoe Pump Station. Additionally, the Canal Division completed the houses located at the Shannon Pump Station and the Briscoe Pump Station.

Major initiatives at the Chocolate Bayou section of the Canal Division included the substantial completion of work on improvements to Chocolate Bayou Salt Water Barrier, embankment improvements at Mustang Reservoir related to damages from Hurricane Harvey and substantial completion of the Chocolate Bayou Pump Station, which is a 60 + year old pump station built on wooden pilings on the edge of Chocolate Bayou in Brazoria County.

Long-term projects: The Authority suffered substantial damage to several of our assets during Harvey. As of August 31, the Authority had project obligated by FEMA totaling \$40,282,402 - Thomas Mackey Water Treatment Plant \$733,779; Canal 428 Programs \$7,092,712; Briscoe Pumping Plant \$1,254,567; May Pumping Plant \$3,921,913; Mustang Reservoir \$25,437,269; and Direct Administrative Costs of \$1,817,161.

ACKNOWLEDGEMENTS

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

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

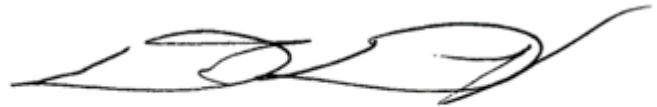
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such as ACFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal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

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

Sincerely,



Brandon Wade, MPA, PE
General Manager / CEO



David E. Davis Jr. CPA
Assistant General Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Gulf Coast Water Authority
Texas**

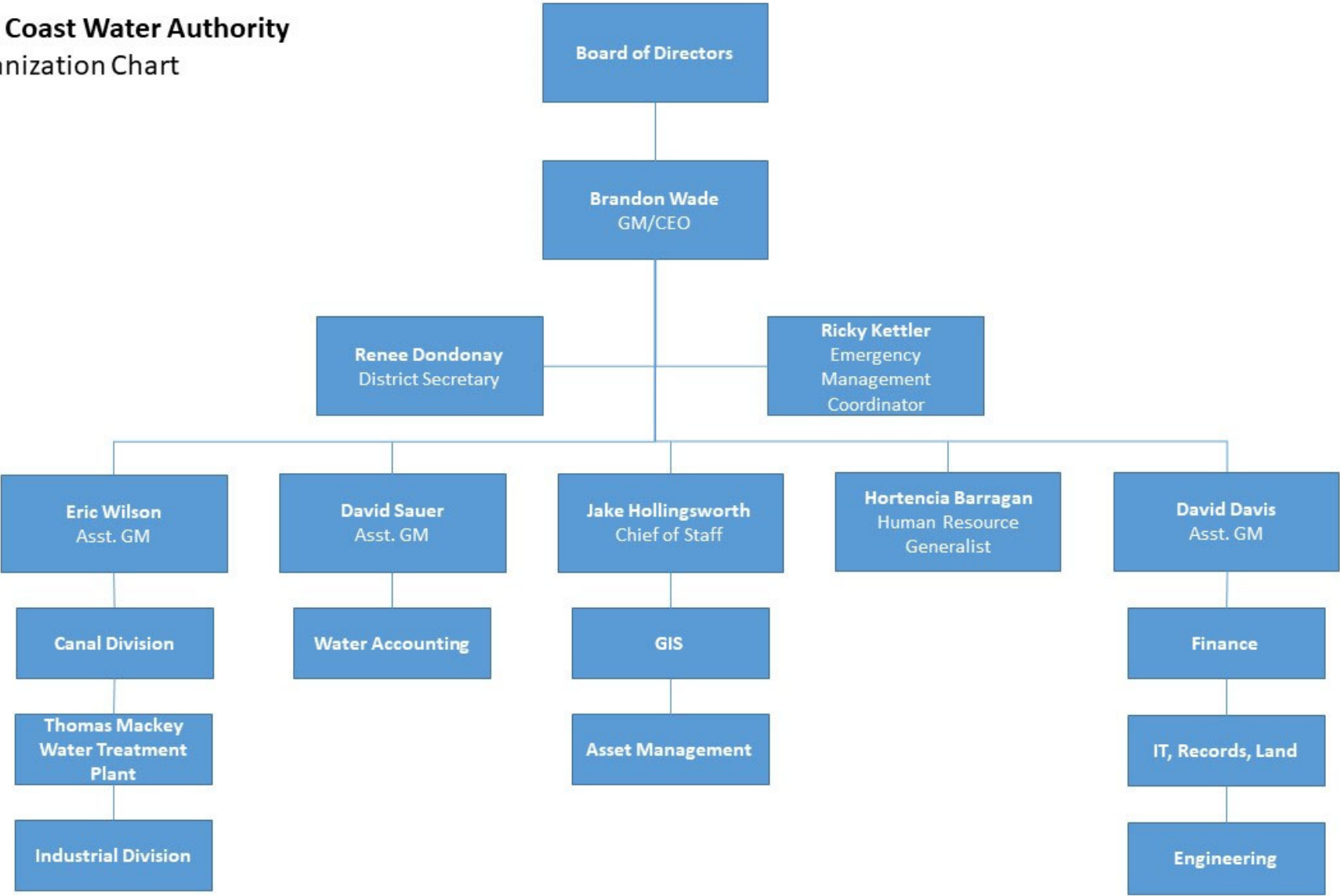
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2020

Christopher P. Morill

Executive Director/CEO

Gulf Coast Water Authority
Organization Chart



GULF COAST WATER AUTHORITY**BOARD OF DIRECTORS***As of August 31, 2021*

POSITION & NAME	OFFICE / COMMITTEES	TERM
GALVESTON COUNTY MUNICIPAL POSITION NO. 1 Mr. James McWhorter, P.E.	Assistant Secretary	2019-2021
GALVESTON COUNTY INDUSTRIAL POSITION NO. 1 Mr. Jimmy Laurito	Director	2020-2021
GALVESTON COUNTY INDUSTRIAL POSITION NO. 2 Mr. Kevin D. Moore	Director	2020-2022
GALVESTON COUNTY AT LARGE POSITION NO. 1 Mr. Shane Hamilton	Director	2019-2021
GALVESTON COUNTY AT LARGE POSITION NO. 2 Mr. Brad Matlock, P.E.	Vice President	2020-2022
BRAZORIA COUNTY MUNICIPAL POSITION NO. 1 Mr. Clarence Wittwer	Director	2019-2021
BRAZORIA COUNTY INDUSTRIAL POSITION NO. 1 Mr. Bennie Jones Jr.	Treasurer	2020-2022
BRAZORIA COUNTY AGRICULTURAL POSITION NO. 1 Mr. Cliff Mock	Secretary	2020-2022
FORT BEND COUNTY MUNICIPAL POSITION NO. 1 Mr. Russell C. Jones	President	2019-2021
FORT BEND COUNTY AT LARGE POSITION NO. 1 Ms. Trisha Frederick, P.E.	Director	2020-2022



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statements of net position and the related statements of revenues, expenses and changes in net position and cash flows of Gulf Coast Water Authority (the "Authority") as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of August 31, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, 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.



Houston, Texas
November 30, 2021

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, 2021. 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 \$173,001,750. Of this amount, \$106,207,914 represents net investment in capital assets; \$4,033,640 is restricted net position and the remaining \$62,760,196 represents unrestricted net position.
- The Authority's total net position increased by \$14,767,894 from \$158,233,856 at the end of the prior year to an ending net position of \$173,001,750 at August 31, 2021. The increase is primarily due to federal grants received in the amount of \$6.8 million.
- Operating expenses for the Authority were \$47,422,510 and were less than operating revenues of \$55,423,013 by \$8,000,503. Non-operating revenues for the Authority exceeded non-operating expenses by \$5,790,003.

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 \$173,001,750 at the close of the most recent fiscal year.

Net Position (with comparative totals for August 31, 2020)

			Increase / (Decrease)	
	2021	2020	\$	%
Current and other assets	\$ 75,724,254	\$ 85,511,401	\$ (9,787,147)	-11.4%
Capital assets	127,349,150	114,928,498	12,420,652	10.8%
Total Assets	203,073,404	200,439,899	2,633,505	1.3%
 Total Deferred Outflows of Resources	 2,148,593	 549,301	 1,599,292	 291.2%
Current liabilities	10,190,659	15,520,917	(5,330,258)	-34.3%
Noncurrent liabilities	20,912,291	26,251,461	(5,339,170)	-20.3%
Total Liabilities	31,102,950	41,772,378	(10,669,428)	-25.5%
 Total Deferred Inflows of Resources	 1,117,297	 982,966	 134,331	 13.7%
 Net Position:				
Net Investment in capital assets	106,207,914	89,866,949	16,340,965	18.2%
Restricted:				
Debt Service	4,033,640	4,587,300	(553,660)	-12.1%
Construction	-	680,775	(680,775)	-100.0%
Unrestricted	62,760,196	63,098,832	(338,636)	-0.5%
Total Net Position	\$ 173,001,750	\$ 158,233,856	\$ 14,767,894	9.3%

- Capital assets, net of depreciation increased by approximately \$12.4 million, or 10.8%, from the prior year due to capital outlay of approximately \$5.1 million in the Canal Division, \$2.7 million in the Texas City Industrial Division, \$2.5 million in the Water Treatment Plant, \$6.2 million in the Chocolate Bayou Division, and \$3.8 million in Administrative Division. Depreciable capital assets increased by \$11.5 million due to completed projects being transferred from construction in progress. Construction in progress increased by \$8.5 million from the prior year.
- Current liabilities decreased by \$5.3 million or 34.3% due primarily to a decrease in accounts payable and accrued liabilities in the League City SE Water Purification Plant related to ongoing projects at August 31, 2021.
- Noncurrent liabilities decreased by approximately \$5.3 million, or 20.3%, from the prior year due to a decrease of outstanding bonds and related premiums of \$6.4 million offset by an increase in the net pension liability of \$1.4 million.

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.

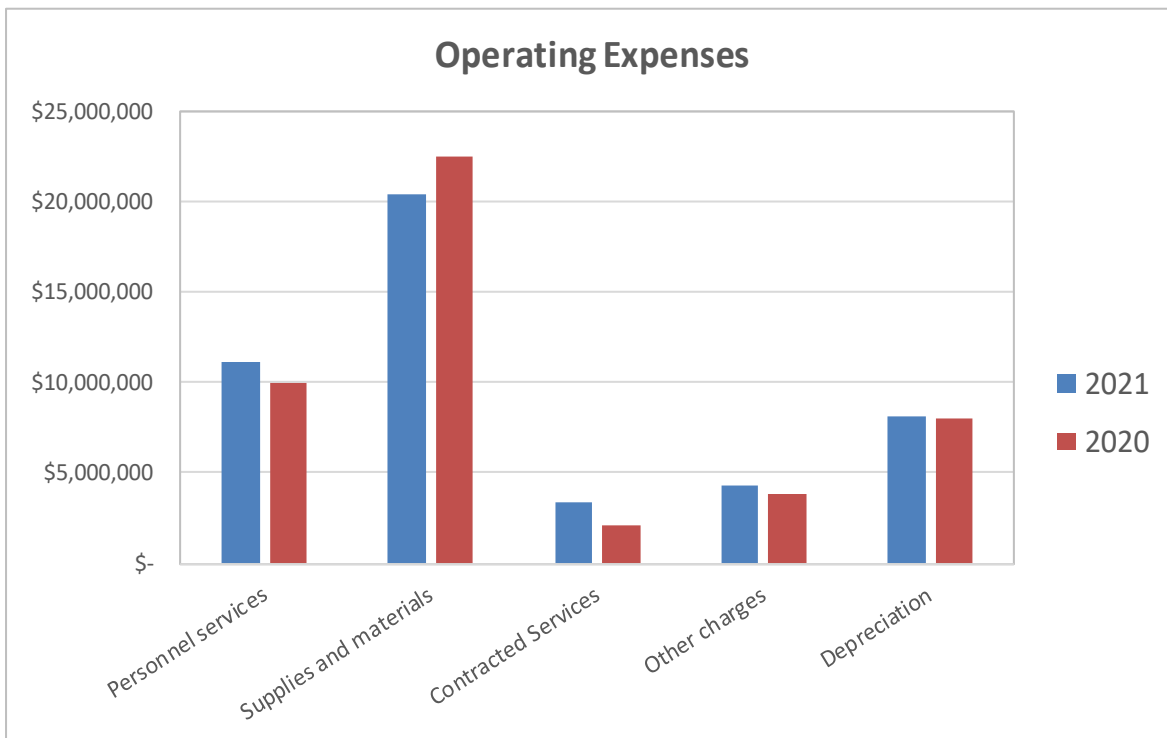
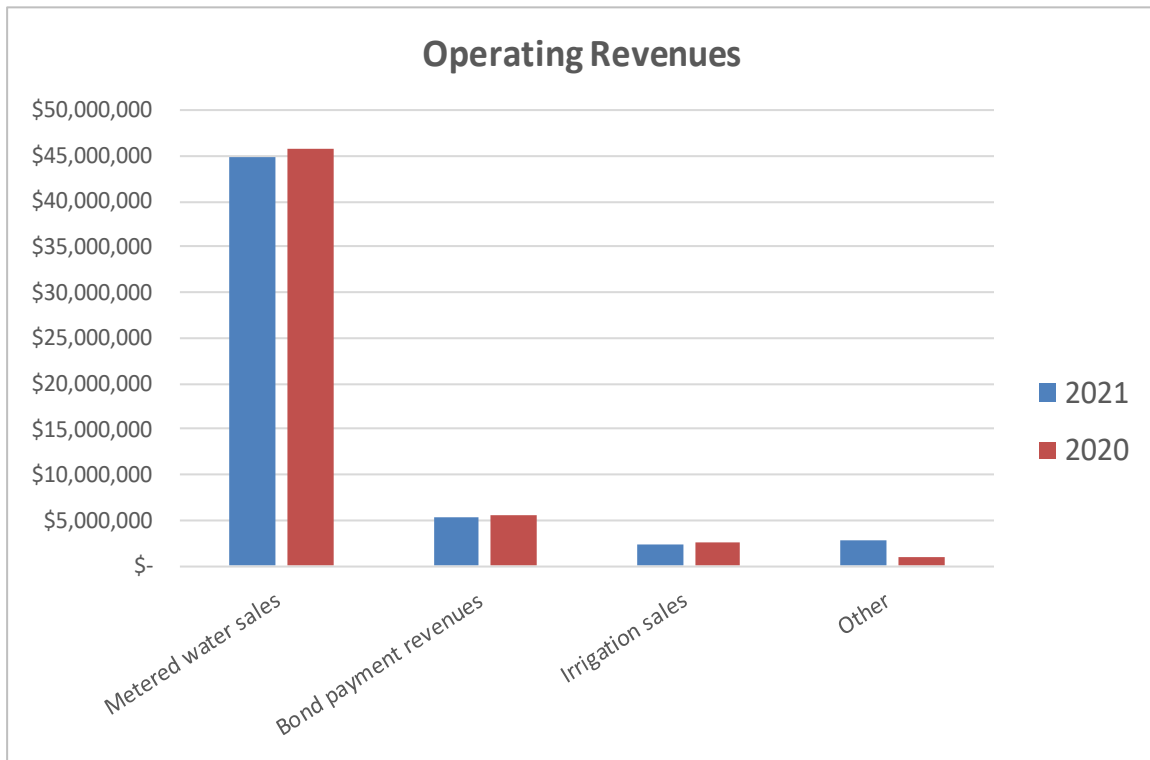
Changes in Net Position- Year Ended August 31, 2021
(With comparative totals for year ended August 31, 2020)

	2021	2020	Increase / (Decrease)	
			\$	%
Operating Revenues:				
Metered water sales	\$ 44,812,284	\$ 45,677,779	\$ (865,495)	-1.9%
Bond payment revenue	5,444,033	5,683,620	(239,587)	-4.2%
Irrigation sales	2,389,603	2,593,058	(203,455)	-7.8%
Other	2,777,093	988,870	1,788,223	180.8%
Total Operating Revenues	55,423,013	54,943,327	479,686	0.9%
Expenses:				
Personnel services	11,171,554	9,969,928	1,201,626	12.1%
Supplies and materials	20,417,661	22,513,296	(2,095,635)	-9.3%
Contracted services	3,368,146	2,090,848	1,277,298	61.1%
Other charges	4,324,141	3,812,115	512,026	13.4%
Depreciation	8,141,008	8,025,410	115,598	1.4%
Total Expenses	47,422,510	46,411,597	1,010,913	2.2%
Operating income (loss)	8,000,503	8,531,730	(531,227)	
Non-operating revenues (expenses)	5,790,003	2,113,265	3,676,738	174.0%
Income (loss) before capital grants and contributions	13,790,506	10,644,995	3,145,511	29.5%
Capital contributions	977,388	-	977,388	100.0%
Change in Net Position	14,767,894	10,644,995	4,122,899	38.7%
Beginning Net Position	158,233,856	149,842,265	8,391,591	5.6%
Prior period adjustment	-	(2,253,404)	2,253,404	
Ending Net Position	\$ 173,001,750	\$ 158,233,856	\$ 14,767,894	9.3%

- Metered water sales decreased by approximately \$0.9 million or 1.9%, due to 2020 having unusually large recharge costs from the City of Houston related to "true-up" capital expenses from the SEWPP.
- Other revenues increased by approximately \$1.8 million or 180.8%, due to reimbursable funding of \$1.5 million from the TXU for power generation by the Authority back-up generators.
- Personnel services increased by approximately \$1.2 million or 12.1%, due to an increase in personnel costs with the addition of eight full-time equivalents when compared to the prior year.
- Supplies and materials decreased by approximately \$2.1 million or 9.3%, due to a decrease in contract water costs from the Southeast Water Purification Plant-League City and Pearland divisions and a decrease in power costs.
- Depreciation expense increased by approximately \$0.1 million or 1.4%, due to numerous large capital assets being placed into service during the current fiscal year.

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

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



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

CAPITAL ASSETS AND LONG-TERM DEBT

CAPITAL ASSETS

The Authority's capital assets totaled \$127,349,150 as of August 31, 2021. These capital assets include land; construction in progress; office furniture, fixtures and equipment; other machinery and equipment; automobiles and trucks; buildings; and infrastructure. The total net increase in the Authority's capital assets for the current fiscal year was \$12.4, or 10.8%.

	2021	2020	Increase/(Decrease)	
			\$	%
Land	\$ 1,987,726	\$ 1,959,587	\$ 28,139	1.4%
Construction in progress	48,608,021	40,100,556	8,507,465	21.2%
Infrastructure	241,262,839	231,992,976	9,269,863	4.0%
Buildings	5,951,711	5,154,162	797,549	15.5%
Plant and equipment	9,601,849	8,159,622	1,442,227	17.7%
Less accumulated depreciation	(180,062,996)	(172,438,405)	(7,624,591)	4.4%
Total	\$ 127,349,150	\$ 114,928,498	\$ 12,420,652	10.8%

During the current fiscal year, the Authority received \$6.8 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 \$24.5 million. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

	2021	2020	Increase/(Decrease)	
			\$	%
Revenue bonds	\$ 24,368,000	\$ 30,598,000	\$ (6,230,000)	-20.4%
Bond premiums	173,381	354,352	(180,971)	-51.1%
Totals	\$ 24,541,381	\$ 30,952,352	\$ (6,410,971)	-20.7%

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, 3630 FM 1765, Texas City, Texas 77591.



BASIC FINANCIAL STATEMENTS



GULF COAST WATER AUTHORITY
STATEMENT OF NET POSITION
August 31, 2021

Assets

Current Assets:

Cash and cash equivalents	\$ 4,251,744
Investments	52,607,962
Accounts receivable	11,386,881
Prepaid items	136,946
Restricted:	
Investments	6,351,840

Total Current Assets	<u>74,735,373</u>
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Noncurrent Assets:

Accounts receivable - due in more than one year	988,881
Capital assets not being depreciated	50,595,747
Capital assets, net of accumulated depreciation	76,753,403

Total Noncurrent Assets	<u>128,338,031</u>
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Total Assets	<u>203,073,404</u>
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Deferred Outflows of Resources

Deferred charge on refunding	23,617
Pension related	2,057,252
OPEB related	67,724

Total Deferred Outflows of Resources	<u>2,148,593</u>
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Liabilities

Current Liabilities:

Accounts payable and accrued liabilities	2,631,562
Accrued wages payable	270,349
Accrued interest payable	37,241
Customer deposits	125,000
Bonds payable - due within one year	6,653,000
Compensated absences - due within one year	473,507

Total Current Liabilities	<u>10,190,659</u>
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Noncurrent Liabilities:

Due in more than one year:	
Bonds payable	17,888,381
Compensated absences	947,013
Net pension liability	1,863,814
Net OPEB liability	213,083

Total Noncurrent Liabilities	<u>20,912,291</u>
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Total Liabilities	<u>31,102,950</u>
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Deferred Inflows of Resources

Deferred gain on refunding	61,212
Pension related	1,043,084
OPEB related	13,001

Total Deferred Inflows of Resources	<u>1,117,297</u>
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Net Position

Net investment in capital assets	106,207,914
Restricted for:	
Debt service	4,033,640
Unrestricted	62,760,196

Total Net Position	<u>\$ 173,001,750</u>
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GULF COAST WATER AUTHORITY**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****For the Year Ended August 31, 2021****Operating Revenues**

Charges for sales and services:

Metered water sales	\$	44,812,284
Bond payment revenue		5,444,033
Irrigation sales		2,389,603
Other income		2,777,093

Total Operating Revenues		<u>55,423,013</u>
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Operating Expenses

Personnel services	11,171,554
Supplies and materials	20,417,661
Contractual services	3,368,146
Other charges	4,324,141
Depreciation	8,141,008

Total Operating Expenses	<u>47,422,510</u>
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Operating Income (loss)	<u>8,000,503</u>
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Nonoperating Revenues (Expenses)

Investment income (loss)	85,850
Interest expense	(1,133,390)
Amortization of deferred gains/losses and premiums	192,920
Federal grants and contracts	6,755,027
Gain(loss) on sale of asset	(110,404)

Total Nonoperating Revenues (Expenses)	<u>5,790,003</u>
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Income (loss) Before Capital Contributions	13,790,506
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Capital contributions	<u>977,388</u>
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Income (loss) After Capital Contributions	<u>14,767,894</u>
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Change in Net Position	14,767,894
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Beginning Net Position	<u>158,233,856</u>
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Ending Net Position	<u><u>\$ 173,001,750</u></u>
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GULF COAST WATER AUTHORITY

STATEMENT OF CASH FLOWS

For the Year Ended August 31, 2021

Cash Flows from Operating Activities

Receipts from customers and users	\$ 54,464,021
Payments to suppliers	(33,625,358)
Payments to employees	(11,024,907)
Net cash provided (used) by operating activities	9,813,756

Cash Flows from Noncapital Financing Activities

Payments received on long-term receivable	1,540,111
Principal paid on noncapital bonds	(1,560,000)
Interest paid on noncapital related debt	(164,775)
Net cash provided (used) by noncapital financing activities	(184,664)

Cash Flows from Capital and Related

Financing Activities

Acquisition and construction of capital assets	(19,694,676)
Principal paid on bonds	(4,670,000)
Interest paid on capital related debt	(1,004,700)
Grants for capital projects	6,755,027
Net cash provided (used) by capital and related financing activities	(18,614,349)

Cash Flows from Investing Activities

Maturity (purchase) of investments	8,165,271
Interest received	85,850
Net cash provided (used) by investing activities	8,251,121

Net increase (decrease) in cash and cash equivalents (734,136)

Beginning cash and cash equivalents	4,985,880
Ending cash and cash equivalents	\$ 4,251,744

Reconciliation of Operating Income (Loss) to

Net Cash Provided (Used) by Operating Activities

Operating income (loss)	\$ 8,000,503
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	8,141,008
(Increase) decrease in assets:	
Accounts receivable	(1,083,992)
Prepaid items	431,621
Deferred outflows - pension related	(1,600,949)
Deferred outflows - OPEB related	(21,975)
Increase (decrease) in liabilities:	
Accounts payable	(5,947,031)
Wages payable	55,331
Compensated absences payable	71,573
Customer deposits	125,000
Deferred inflows - pension related	198,792
Deferred inflows - OPEB related	(3,211)
Total OPEB liability	38,637
Net pension liability	1,408,449
Net cash provided (used) by operating activities	\$ 9,813,756

Noncash Investing, Capital, and Financing Activities

Gain (loss) on disposal of capital assets	\$ (110,404)
Contribution of capital assets	977,388



GULF COAST WATER AUTHORITY

NOTES TO 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 FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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

C. Cash and Cash Equivalents

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

D. Investments

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

E. Accounts Receivable

Accounts receivable consist of balances due from customers of the various activities of the Authority. An allowance for doubtful accounts is established when necessary to provide an estimate of bad debts charged to revenues. Losses are charged against the allowance when management believes the collectability of a receivable is unlikely. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. As of August 31, 2021, no allowance for bad debts is recorded.

F. Capital Assets

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

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

GULF COAST WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

G. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the statement of net position, deferred amounts related to pension, and deferred amounts related to OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The Authority reports deferred amounts related to pension, deferred amounts related to OPEB, and deferred gain on the refunding. The deferred gain on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

I. Unamortized Bond Discounts and Premiums

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

J. Prepaid Items

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

K. Reclassifications

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

GULF COAST WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

L. Estimates

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

M. Date of Management's Review

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

N. Net Position

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

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

A summary of net investment in capital assets by division as of August 31, 2021 is as follows:

Division	Capital Assets Net of Depreciation	Unspent Bond Proceeds	Capital Related Bonds Payable¹	Net Investment In Capital Assets
League City SE Water Purification Plant	\$ 11,139,758	\$ -	\$ -	\$ 11,139,758
Thomas Mackey Water Treatment Plant	12,507,785	-	-	12,507,785
Canal Division	17,662,706	-	-	17,662,706
Galveston County WCID #12	982,895	250,461	(1,170,000)	63,356
1997 Galveston Projects	1,339,852	-	-	1,339,852
1998 A-B Series South Projects	3,170,845	-	(2,895,954)	274,891
Juliff Chocolate Bayou Operations	16,413,736	271	-	16,414,007
Pearland SE Water Purification Plant	14,270,542	-	-	14,270,542
Northline Group	199,692	-	-	199,692
Bayshore Group	14,155	-	-	14,155
Texas City Reservoir	15,168,646	887,209	(6,795,000)	9,260,855
Industrial Pump Station	30,505,923	196,777	(11,615,000)	19,087,700
Administrative Operations	3,972,615	-	-	3,972,615
	<u>\$ 127,349,150</u>	<u>\$ 1,334,718</u>	<u>\$ (22,475,954)</u>	<u>\$ 106,207,914</u>

¹ Includes premium and deferred gains/losses on refunding

GULF COAST WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

N. Net Position (continued)

A summary of net position restricted for debt service as of August 31, 2021 is as follows:

	Restricted Investments for Debt Service	Accrued Interest Payable	Total
League City SE Water Purification Plant	\$ 28,721	\$ -	\$ 28,721
Galveston County WCID #12	24,653	(1,731)	22,922
1998 A-B South Projects	2,395,678	(5,545)	2,390,133
Texas City Reservoir	115,286	(7,731)	107,555
Industrial Pump Station	1,502,651	(18,342)	1,484,309
Total	\$ 4,066,989	\$ (33,349)	\$ 4,033,640

A summary of investments restricted by category as of August 31, 2021 is as follows:

Restricted Investments	Amount
Unspent Bond Proceeds	\$ 1,334,718
Debt Service	4,066,989
Debt Service on Behalf of Customers	950,133
	\$ 6,351,840

O. Implementation of New Accounting Standards

GASB Statement No. 84, *Fiduciary Activities* was issued in January 2017 and effective for periods beginning December 15, 2019. This standard establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The Authority has evaluated the effects of this standard and concluded there is no impact on the financial statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This statement was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement is effective for fiscal years ending after December 15, 2021 but earlier application is encouraged. The Authority implemented this statement in fiscal year 2021.

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.

GULF COAST WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

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

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.

Certificates of deposit are reported at cost. Participating interest-earning investment contracts (repurchase agreements) that mature within one year of acquisition date are reported at fair value; those that mature within one year or less at date of acquisition are reported at amortized cost. Debt securities (U.S. Treasury securities, U.S. government agency securities) are reported at fair value, except those maturing in less than one year, which are recorded at amortized cost. Fair value is determined using quoted market prices. Unrealized gains and losses are included as a component of investment income.

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 \$603,054 are secured as of August 31, 2021 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 deposits as of August 31, 2021 was \$4.3 million, which included \$1.5 million held in a sweep account.

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*.

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, 2021, 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.

GULF COAST WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

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

Investments (continued)

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

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

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

Investment Type	Amortized Cost	Percentage of Portfolio	Weighted Average Maturity (Days)
TexPool	\$ 1,122,848	1.9%	30
TexPool Prime	57,836,954	98.1%	52
Total	<u>\$ 58,959,802</u>	<u>100%</u>	52

Note 3 - Capital Assets

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

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 1,959,587	\$ 28,139	\$ -	\$ -	\$ 1,987,726
Construction in progress	40,100,556	20,643,927	-	(12,136,462)	48,608,021
Total capital assets not being depreciated	<u>42,060,143</u>	<u>20,672,066</u>	<u>-</u>	<u>(12,136,462)</u>	<u>50,595,747</u>
Capital assets being depreciated:					
Office furniture, fixtures and equipment	310,001	-	(35,480)	180,776	455,297
Other machinery and equipment	5,829,895	-	-	1,137,262	6,967,157
Automobiles and trucks	2,019,726	-	(72,265)	231,934	2,179,395
Buildings	5,154,162	-	(51,118)	848,667	5,951,711
Infrastructure	231,992,976	-	(467,960)	9,737,823	241,262,839
Total capital assets being depreciated	<u>245,306,760</u>	<u>-</u>	<u>(626,823)</u>	<u>12,136,462</u>	<u>256,816,399</u>
Less accumulated depreciation for:					
Office furniture, fixtures and equipment	(219,106)	(32,141)	35,480	-	(215,767)
Other machinery and equipment	(4,077,861)	(451,856)	-	-	(4,529,717)
Automobiles and trucks	(1,383,598)	(228,679)	72,265	-	(1,540,012)
Buildings	(3,162,003)	(478,695)	38,764	-	(3,601,934)
Infrastructure	(163,595,837)	(6,949,637)	369,908	-	(170,175,566)
Total accumulated depreciation	<u>(172,438,405)</u>	<u>(8,141,008)</u>	<u>516,417</u>	<u>-</u>	<u>(180,062,996)</u>
Total capital assets being depreciated, net	<u>72,868,355</u>	<u>(8,141,008)</u>	<u>(110,406)</u>		<u>76,753,403</u>
Total Capital Assets, net	<u>\$ 114,928,498</u>	<u>\$ 12,531,058</u>	<u>\$ (110,406)</u>	<u>\$ -</u>	<u>\$ 127,349,150</u>

GULF COAST WATER AUTHORITY
NOTES TO 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, 2021, are as follows:

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
TM WATER TREATMENT PLANT			
Thomas Mackey WTP Admin Bldg	\$ 1,623,627	\$ 1,414,800	\$ 208,827
TMWTP EXPANSION	736,336	736,336	-
Projects Under \$500,000	800,000	767,264	32,736
	<u>3,159,963</u>	<u>2,918,400</u>	<u>241,563</u>
CANAL DIVISION			
SHANNON INTAKE FEMA 22496	8,008,612	2,212,871	5,795,741
BRISCOE PLANT (FEMA) 03077	1,257,790	761,885	495,905
Canal 428 Project (FEMA 4779)	1,813,336	1,598,513	214,823
Projects Under \$500,000	1,672,130	1,612,855	59,275
	<u>12,751,868</u>	<u>6,186,124</u>	<u>6,565,744</u>
GALVESTON 97 BONDS			
Projects Under \$500,000	56,327	51,130	5,197
	<u>56,327</u>	<u>51,130</u>	<u>5,197</u>
1998 A-B SERIES PROJECTS			
Projects Under \$500,000	443,342	435,722	7,620
	<u>443,342</u>	<u>435,722</u>	<u>7,620</u>
CHOCOLATE BAYOU DIVISION			
CB Pump Station Replcmnt Desgn	6,955,000	6,945,034	9,966
May Plant (FEMA 4684)	3,243,834	798,871	2,444,963
MUSTANG RESERVOIR (FEMA)	2,483,350	2,432,480	50,870
Saltwater Barrier Improvements	1,075,000	1,061,969	13,031
Projects Under \$500,000	786,070	779,947	6,123
	<u>14,543,254</u>	<u>12,018,301</u>	<u>2,524,953</u>
TEXAS CITY RESERVOIR			
Drainage Improvements Design	1,289,261	1,263,425	25,836
Projects Under \$500,000	1,568,963	232,721	1,336,242
	<u>2,858,224</u>	<u>1,496,146</u>	<u>1,362,078</u>
TEXAS CITY INDUSTRIAL			
IPS REPLACEMENT PUMP STATION	20,200,189	20,050,189	150,000
Projects Under \$500,000	1,647,253	1,633,246	14,007
	<u>21,847,442</u>	<u>21,683,435</u>	<u>164,007</u>
ADMINISTRATION			
GCWA ADMINISTRATION BLDG	9,898,209	3,818,763	6,079,446
	<u>9,898,209</u>	<u>3,818,763</u>	<u>6,079,446</u>
Total Construction in Progress	<u>\$ 65,558,629</u>	<u>\$ 48,608,021</u>	<u>\$ 16,950,608</u>

GULF COAST WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

Note 4 - Long-Term Debt

Changes in Long-Term Liabilities

Total long-term liability activity for the year ended August 31, 2021, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due In More Than One Year
Bonds Payable:						
Revenue bonds	\$ 30,598,000	\$ -	\$ (6,230,000)	\$ 24,368,000	\$ 6,653,000	\$ 17,715,000
Bond premiums	354,352	-	(180,971)	173,381	-	173,381
Total bonds payable	30,952,352	-	(6,410,971)	24,541,381	6,653,000	17,888,381
Compensated absences	1,348,947	579,401	(507,828)	1,420,520	473,507	947,013
Long term liabilities	\$ 32,301,299	\$ 579,401	\$ (6,918,799)	\$ 25,961,901	\$ 7,126,507	\$ 18,835,394

Revenue bond long-term activity for the year ended August 31, 2021, is as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Industrial Division					
Series 2016 A	\$ 3,525,000	\$ -	\$ (470,000)	\$ 3,055,000	\$ 480,000
Series 2016 B	4,300,000	-	(560,000)	3,740,000	575,000
Series 2017	12,315,000	-	(700,000)	11,615,000	730,000
Series 2018	1,245,000	-	(75,000)	1,170,000	80,000
Total Industrial Division	21,385,000	-	(1,805,000)	19,580,000	1,865,000
League City Southeast Division					
Series 2011 F	260,000	-	(260,000)	-	-
Total League City Southeast Division	260,000	-	(260,000)	-	-
1998 A-B South Projects					
Series 2011 A	4,625,000	-	(2,255,000)	2,370,000	2,370,000
Series 2011 B	715,000	-	(350,000)	365,000	365,000
Total 1998 A-B South Projects	5,340,000	-	(2,605,000)	2,735,000	2,735,000
1998 C Series Texas City Projects					
Series 2011 C	1,965,000	-	(520,000)	1,445,000	1,445,000
Total 1998 C Series Texas City Projects	1,965,000	-	(520,000)	1,445,000	1,445,000
2002 Galveston Projects					
Series 2012	1,158,000	-	(820,000)	338,000	338,000
Total Galveston Projects	1,158,000	-	(820,000)	338,000	338,000
1998 D Series La Marque Projects					
Series 2011 D	490,000	-	(220,000)	270,000	270,000
Total 1998 D Series La Marque Projects	490,000	-	(220,000)	270,000	270,000
Total Bonds Payable	\$ 30,598,000	\$ -	\$ (6,230,000)	\$ 24,368,000	\$ 6,653,000

GULF COAST WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

Note 4 - Long-Term Debt (continued)

Changes in Long Term Liabilities (continued)

Maturities of bonds payable is as follows:

Fiscal Year(s)	Principal	Interest	Total
2022	\$ 6,653,000	\$ 893,797	\$ 7,546,797
2023	1,930,000	608,019	2,538,019
2024	1,990,000	546,675	2,536,675
2025	2,055,000	483,340	2,538,340
2026	2,115,000	417,806	2,532,806
2027 to 2031	9,395,000	1,076,632	10,471,632
2032 to 2033	230,000	12,248	242,248
Total	\$ 24,368,000	\$ 4,038,517	\$ 28,406,517

Note 5 - Compensated Absences

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

Full-time employees will accrue vacation hours each pay period beginning on their hire date. Employees will be able to take vacation upon completion of ninety (90) days of service. The maximum accrued balance an employee may carry is two times their annual accrual limit. The annual accrual limit for each employee is dependent on their years of service and ranges from 80 hours accrued per year for employees with less than 5 years of service to a maximum of 240 hours accrued per year for employees with more than 30 years of service. At August 31, 2021, accrued compensated absences were \$1,420,520 with \$473,507 due within one year.

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.

GULF COAST WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

Note 6 - Defined Benefit Pension Plan (continued)

Plan Description (continued)

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

Number of inactive employees entitled to but not yet receiving benefits	45
Number of active employees	91
Number of inactive employees receiving benefits	42

Funding Policy/Contributions

The employer has chosen a variable rate plan under the provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer for the fiscal year was 9.12% and 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.

Net Pension Liability (Asset)

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

Actuarial Assumptions

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

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%
Growth in membership	0.00%
Payroll growth	1.00%

GULF COAST WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

Note 6 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

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 Normal ¹
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset valuation method	5-year smoothed market
Inflation rate	2.50%
Salary increases	Varies by age and service; 4.6% average over career including inflation.
Investment rate of return	7.5%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
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.
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.

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

Actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, 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%	4.25%
Global Equities	2.50%	4.55%
Int'l Equities - Developed Markets	5.00%	4.25%
Int'l Equities - Emerging Markets	6.00%	4.75%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	2.11%
Direct Lending	16.00%	6.70%
Distressed Debt	4.00%	5.70%
REIT Equities	2.00%	3.45%
Master Limited Partnerships	2.00%	5.10%
Private Real Estate Partnerships	6.00%	4.90%
Private Equity	25.00%	7.25%
Hedge Funds	6.00%	1.85%
Cash Equivalents	2.00%	-0.70%
Total Assets	100.00%	4.94%

GULF COAST WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

Note 6 - Defined Benefit Pension Plan (continued)

Changes in Actuarial Assumptions and Methods

There were no changes in assumptions or methods reflected in the Dec. 31, 2020 actuarial valuation.

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, 2019	\$ 27,352,975	\$ 26,897,610	\$ 455,365
Changes for the Year			
Service cost	715,152	-	715,152
Interest on total pension liability	2,215,895	-	2,215,895
Effect of plan changes	515,387	-	515,387
Effect of economic/demographic gains or losses	292,206	-	292,206
Effect of assumptions changes or inputs	1,612,325	-	1,612,325
Refund of contributions	(47,704)	(47,704)	-
Benefit payments	(1,403,340)	(1,403,340)	-
Administrative expenses	-	(21,504)	21,504
Member contributions	-	522,316	(522,316)
Net investment income	-	2,778,172	(2,778,172)
Employer contributions	-	668,565	(668,565)
Other	-	(5,033)	5,033
Balances as of December 31, 2020	<u>\$ 31,252,896</u>	<u>\$ 29,389,082</u>	<u>\$ 1,863,814</u>

GULF COAST WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

Note 6 - Defined Benefit Pension Plan (continued)

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	\$ 34,919,404	\$ 31,252,896	\$ 28,129,278
Fiduciary net position	29,389,082	29,389,082	29,389,082
	<u>\$ 5,530,322</u>	<u>\$ 1,863,814</u>	<u>\$ (1,259,804)</u>

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

For the year ended August 31, 2021, the Authority recognized pension expense of \$697,420.

As of August 31, 2021, 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	\$ 263,376	\$ 53,829
Changes in assumptions	1,343,604	715
Net difference between projected and actual earnings	-	988,540
Contributions made subsequent to the measurement date	450,272	-
	<u>\$ 2,057,252</u>	<u>\$ 1,043,084</u>

The \$450,272 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, 2022.

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
2022	\$ (1,680)
2023	277,044
2024	(210,685)
2025	181,796
2026	317,421
	<u>\$ 563,896</u>

GULF COAST WATER AUTHORITY
NOTES TO 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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Number of inactive employees entitled to but not yet receiving benefits	19
Number of active employees	91
Number of inactive employees receiving benefits	34

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

Contributions

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

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

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

GULF COAST WATER AUTHORITY
NOTES TO 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, 2020 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Valuation timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry Age Normal
Amortization method	Straight line amortization over expected working life
Investment rate of return	2.12%; 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2020.
Disability	Custom table based on TCDRS experience
Mortality - depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Mortality - service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Mortality - disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Retirement	Custom table based on TCDRS experience
Other Termination of Employment	Custom table based on TCDRS experience

Discount Rate

The TCDRS GTL program is treated as unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.12% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2020.

GULF COAST WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

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

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances as of December 31, 2019	\$ 174,446
Changes for the year:	
Service cost	8,329
Interest on total OPEB liability	4,886
Effect of economic/demographic experience	11,669
Effect of assumptions changes or inputs	22,707
Benefit payments	(8,954)
Balances as of December 31, 2020	<u><u>\$ 213,083</u></u>

Sensitivity Analysis

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 2.12%, 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.

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>1.12%</u>	<u>Discount Rate</u>	<u>3.12%</u>
	<u>2.12%</u>		
Total OPEB liability	\$ 258,956	\$ 213,083	\$ 178,191

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

For the year ended August 31, 2021, the Authority recognized OPEB expense of \$22,092.

As of August 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Differences between expected and actual experiences	\$ 14,612	\$ 4,278
Changes in assumptions	47,696	8,723
Contributions made subsequent to the measurement date	5,416	-
	<u><u>\$ 67,724</u></u>	<u><u>\$ 13,001</u></u>

The \$5,416 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, 2022.

GULF COAST WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity (continued)

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

Year Ended August 31,	Amount
2022	\$ 8,877
2023	8,877
2024	8,875
2025	8,369
2026	9,399
2027	4,910
	<u>\$ 49,307</u>

Note 8 - Long-Term Contracts

Customer Contracts

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

Cost Sharing Water Project with City of Houston

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

Brooks Lake Diversion Weir Agreement with City of Sugar Land

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

Chocolate Bayou Pump Station with INEOS Olefins & Polymers USA

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

GULF COAST WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

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, 2021, were \$268,630.

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, 2021, the Authority had a property and machinery breakdown coverage of \$69,718,440; flood and earth movement coverage of \$5,000,000; general liability coverage with a per occurrence limit of \$1,000,000 and a general aggregate limit of \$3,000,000; umbrella liability of \$1,000,000; director's liability of \$1,000,000; automobile liability of \$1,000,000; and workers compensation with statutory coverage.

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

Note 11 - Financing Agreement (Long-Term Receivable)

The Authority has entered into multiple agreements to issue revenue bonds in order to finance capital projects on-behalf of municipal customers. The principal and interest for these bonds are paid solely from payments received from the participating customers. The Authority is the legal owner of the assets until the bonds are paid in full. However, the customers have exclusive rights to the water transportation capacity of those assets and the customers become the owner of the assets once the associated bonds are deemed to be paid in full. The customers are responsible for operation and maintenance of the assets at the sole cost and expense to the customer. Therefore, the customers report the associated capital assets in their individual financial statements. As such, the Authority reports a long-term receivable which represents the remaining balance to be paid by the customer over the life of the bonds, less the amount of the current receivable billed and outstanding as of August 31, 2021. These agreements are currently active in the following divisions: 1998 C Series Texas City Projects, 1998 D La Marque Projects, and 2002 Galveston Projects. Since the customers will fund the remaining portion of the outstanding liability and related costs, there is no net position reported for these divisions.



REQUIRED SUPPLEMENTARY INFORMATION



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

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 715,152	\$ 605,629	\$ 570,662	\$ 525,024	\$ 521,896	\$ 446,105	\$ 424,292
Interest on total pension liability	2,215,895	2,107,188	1,906,466	1,793,234	1,705,631	1,600,213	1,451,551
Effect of plan changes	515,387	-	1,162,542	-	-	(50,096)	-
Effect of economic/demographic gains or losses	292,206	(80,745)	14,528	37,814	(541,362)	(76,245)	-
Effect of assumptions changes or inputs	1,612,325	-	-	(2,147)	-	145,422	-
Difference between expected and actual performance	-	-	-	-	-	-	508,957
Refund of contributions	(47,704)	(61,401)	(41,552)	(29,821)	(39,657)	(52,491)	-
Benefit payments/refunds of contributions	(1,403,340)	(1,288,586)	(1,035,984)	(898,838)	(781,376)	(637,742)	(526,744)
Net change in total pension liability	3,899,921	1,282,085	2,576,662	1,425,266	865,132	1,375,166	1,858,056
Total pension liability, beginning	27,352,975	26,070,890	23,494,228	22,068,962	21,203,830	19,828,664	17,970,608
Total pension liability, ending (a)	<u>\$ 31,252,896</u>	<u>\$ 27,352,975</u>	<u>\$ 26,070,890</u>	<u>\$ 23,494,228</u>	<u>\$ 22,068,962</u>	<u>\$ 21,203,830</u>	<u>\$ 19,828,664</u>
Fiduciary Net Position							
Employer contributions	\$ 668,565	\$ 509,285	\$ 435,105	\$ 406,156	\$ 374,433	\$ 332,112	\$ 550,788
Member contributions	522,316	409,769	351,296	327,923	302,310	268,141	242,851
Investment income net of investment expenses	2,778,172	3,859,668	(455,435)	3,116,068	1,511,562	(222,362)	1,283,888
Benefit payments	(1,403,340)	(1,288,586)	(1,035,984)	(898,838)	(781,376)	(637,742)	(526,744)
Refunds of contributions	(47,704)	(61,401)	(41,552)	(29,821)	(39,657)	(52,491)	-
Administrative expenses	(21,504)	(20,497)	(18,876)	(16,142)	(16,435)	(14,817)	(15,246)
Other	(5,033)	(11,007)	(6,234)	(2,760)	(403,097)	23,896	365,134
Net change in fiduciary net position	2,491,472	3,397,231	(771,680)	2,902,586	947,740	(303,263)	1,900,671
Fiduciary net position, beginning	<u>26,897,610</u>	<u>23,500,379</u>	<u>24,272,059</u>	<u>21,369,473</u>	<u>20,421,733</u>	<u>20,724,996</u>	<u>18,824,325</u>
Fiduciary net position, ending (b)	<u>\$ 29,389,082</u>	<u>\$ 26,897,610</u>	<u>\$ 23,500,379</u>	<u>\$ 24,272,059</u>	<u>\$ 21,369,473</u>	<u>\$ 20,421,733</u>	<u>\$ 20,724,996</u>
Net pension liability / (asset), ending = (a) - (b)	\$ 1,863,814	\$ 455,365	\$ 2,570,511	\$ (777,831)	\$ 699,489	\$ 782,097	\$ (896,332)
Fiduciary net position as a % of total pension liability	94.04%	98.34%	90.14%	103.31%	96.83%	96.31%	104.52%
Covered payroll	7,461,659	5,853,586	5,018,511	4,684,610	4,318,716	3,830,584	3,469,295
Net pension liability / (asset) as a % of covered payroll	24.98%	7.78%	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 Seven Fiscal Years

Year Ending August 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered 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%

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

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

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

Notes:

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

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

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

Year Ending August 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered 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	8,552	8,552	-	7,625,319	0.11%

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, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual¹	
Operating Revenues:				
Metered water sales	\$ 71,044,742	\$ 71,044,742	\$ 69,743,017	\$ (1,301,725)
Bond payment revenue	7,020,750	7,020,750	5,444,033	(1,576,717)
Irrigation sales	2,289,092	2,289,092	2,389,603	100,511
Other income	3,909,769	1,764,256	2,777,093	1,012,837
Total Operating Revenues	84,264,353	82,118,840	80,353,746	(1,765,094)
Operating Expenses:				
Personnel services	11,265,600	11,525,480	11,171,554	353,926
Supplies and materials	44,477,149	44,477,149	45,348,394	(871,245)
Contract services	2,592,720	2,872,450	3,368,146	(495,696)
Other charges	2,926,250	3,977,739	4,324,141	(346,402)
Capital	50,942,206	89,443,303	19,694,676	69,748,627
Total Operating Expenses	112,203,925	152,296,121	83,906,911	68,389,210
Nonoperating Revenues (Expenses)				
Investment income (loss)	934,300	934,300	85,850	(848,450)
Other revenues and (expenses)	-	-	(110,404)	(110,404)
Federal grants and contracts	14,328,000	29,843,731	6,755,027	(23,088,704)
Other sources	10,000,000	10,000,000	-	(10,000,000)
Interest expense	(1,189,588)	(1,189,588)	(1,133,390)	56,198
Total Nonoperating Revenues (Expenses)	24,072,712	39,588,443	5,597,083	(33,991,360)
Income (loss) before capital grants and contributions	(3,866,860)	(30,588,838)	2,043,918	(104,145,664)
Capital contributions	-	-	977,388	977,388
Change in Net Position	(3,866,860)	(30,588,838)	3,021,306	33,610,144
Beginning Net Position	158,233,856	158,233,856	158,233,856	-
Ending Net Position	\$ 154,366,996	\$ 127,645,018	\$ 161,255,162	\$ 33,610,144
Reconciliation to GAAP based Financial Statements				
Net Position budgetary basis			\$ 161,255,162	
Add: Capital outlay			19,694,676	
Add: Amortization of bond premiums			192,920	
Less: Depreciation			(8,141,008)	
Net Position GAAP Basis			<u>\$ 173,001,750</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
August 31, 2021

Page 1 of 5

	League City SE Water Purification Plant	Thomas S. Mackey Water Treatment Plant	Canal Division	Galveston County WCID #12
Assets				
Current Assets:				
Cash and cash equivalents	\$ 128,722	\$ 82,511	\$ 2,054,396	\$ 35,688
Investments	144,477	10,276,467	15,997,098	43,746
Accounts receivable	694,807	1,662,864	2,685,326	35,267
Prepaid items	-	-	111,486	-
Restricted:				
Investments	28,721	-	-	275,114
Total current assets	996,727	12,021,842	20,848,306	389,815
Noncurrent assets:				
Accounts receivable - due in more than one year	-	-	-	-
Capital assets not being depreciated	-	3,566,159	6,633,214	-
Capital assets, net of accumulated depreciation	11,139,758	8,941,626	11,029,492	982,895
Total noncurrent assets	11,139,758	12,507,785	17,662,706	982,895
Total assets	12,136,485	24,529,627	38,511,012	1,372,710
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	-	-
Pension related	-	884,618	802,329	-
OPEB related	-	29,121	26,413	-
Total deferred outflows of resources	-	913,739	828,742	-
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	653,610	342,072	448,200	-
Accrued wages payable	-	63,134	69,061	-
Accrued interest payable	-	-	-	1,731
Customer deposits	-	-	-	-
Bonds payable - due within one year	-	-	-	80,000
Compensated absences - due within one year	-	88,518	152,338	-
Total current liabilities	653,610	493,724	669,599	81,731
Noncurrent liabilities:				
Due in more than one year:				
Bonds payable	-	-	-	1,090,000
Compensated absences	-	177,035	304,676	-
Net pension liability	-	801,440	726,887	-
Net OPEB liability	-	91,626	83,102	-
Total noncurrent liabilities	-	1,070,101	1,114,665	1,090,000
Total liabilities	653,610	1,563,825	1,784,264	1,171,731
Deferred Inflows of Resources				
Deferred gain on refunding	-	-	-	-
Pension related	-	448,526	406,803	-
OPEB related	-	5,590	5,071	-
Total deferred inflows of resources	-	454,116	411,874	-
Net Position				
Net investment in capital assets	11,139,758	12,507,785	17,662,706	63,356
Restricted for:				
Debt service	28,721	-	-	22,922
Unrestricted	314,396	10,917,640	19,480,910	114,701
Total Net Position	\$ 11,482,875	\$ 23,425,425	\$ 37,143,616	\$ 200,979

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - NET POSITION
August 31, 2021

Page 2 of 5

	1997 Galveston Projects	1998 A-B Series South Projects	1998 C Series Texas City Projects	1998 D La Marque Projects
Assets				
Current Assets:				
Cash and cash equivalents	\$ 567,542	\$ 247,304	\$ -	\$ 29,462
Investments	1,018,595	614,363	7	42,309
Accounts receivable	61,824	276,826	50,659	20,966
Prepaid items	-	-	-	-
Restricted:				
Investments	-	2,395,678	635,159	238,303
Total current assets	<u>1,647,961</u>	<u>3,534,171</u>	<u>685,825</u>	<u>331,040</u>
Noncurrent assets:				
Accounts receivable - due in more than one year	-	-	820,093	-
Capital assets not being depreciated	51,130	435,722	-	-
Capital assets, net of accumulated depreciation	1,288,722	2,735,123	-	-
Total noncurrent assets	<u>1,339,852</u>	<u>3,170,845</u>	<u>820,093</u>	<u>-</u>
Total assets	<u>2,987,813</u>	<u>6,705,016</u>	<u>1,505,918</u>	<u>331,040</u>
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	-	-
Pension related	-	-	-	-
OPEB related	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	-	-	-	38,747
Accrued wages payable	-	-	-	-
Accrued interest payable	-	5,545	3,010	562
Customer deposits	-	-	-	-
Bonds payable - due within one year	-	2,735,000	1,445,000	270,000
Compensated absences - due within one year	-	-	-	-
Total current liabilities	<u>-</u>	<u>2,740,545</u>	<u>1,448,010</u>	<u>309,309</u>
Noncurrent liabilities:				
Due in more than one year:				
Bonds payable	-	109,665	47,985	15,731
Compensated absences	-	-	-	-
Net pension liability	-	-	-	-
Net OPEB liability	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>109,665</u>	<u>47,985</u>	<u>15,731</u>
Total liabilities	<u>-</u>	<u>2,850,210</u>	<u>1,495,995</u>	<u>325,040</u>
Deferred Inflows of Resources				
Deferred gain on refunding	-	51,289	9,923	-
Pension related	-	-	-	-
OPEB related	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>51,289</u>	<u>9,923</u>	<u>-</u>
Net Position				
Net investment in capital assets	1,339,852	274,891	-	-
Restricted for:				
Debt service	-	2,390,133	-	-
Unrestricted	1,647,961	1,138,493	-	6,000
Total Net Position	<u>\$ 2,987,813</u>	<u>\$ 3,803,517</u>	<u>\$ -</u>	<u>\$ 6,000</u>

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - NET POSITION
August 31, 2021

Page 3 of 5

	2002 Galveston Projects	Juliff-Chocolate Bayou Operations	Pearland Southeast Water Purification Plant	Northline Group
Assets				
Current Assets:				
Cash and cash equivalents	\$ -	\$ 44,885	\$ 21,471	\$ 14,136
Investments	19	7,155,529	59,790	299,912
Accounts receivable	69,225	3,157,897	359,975	5,273
Prepaid items	-	25,460	-	-
Restricted:				
Investments	76,671	271	-	-
Total current assets	145,915	10,384,042	441,236	319,321
Noncurrent assets:				
Accounts receivable - due in more than one year	168,788	-	-	-
Capital assets not being depreciated	-	12,039,276	-	-
Capital assets, net of accumulated depreciation	-	4,374,460	14,270,542	199,692
Total noncurrent assets	168,788	16,413,736	14,270,542	199,692
Total assets	314,703	26,797,778	14,711,778	519,013
Deferred Outflows of Resources				
Deferred charge on refunding	23,617	-	-	-
Pension related	-	370,305	-	-
OPEB related	-	12,190	-	-
Total deferred outflows of resources	23,617	382,495	-	-
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	-	487,520	432,360	14,468
Accrued wages payable	-	32,482	-	-
Accrued interest payable	320	-	-	-
Customer deposits	-	-	-	-
Bonds payable - due within one year	338,000	-	-	-
Compensated absences - due within one year	-	75,847	-	-
Total current liabilities	338,320	595,849	432,360	14,468
Noncurrent liabilities:				
Due in more than one year:				
Bonds payable	-	-	-	-
Compensated absences	-	151,694	-	-
Net pension liability	-	335,487	-	-
Net OPEB liability	-	38,355	-	-
Total noncurrent liabilities	-	525,536	-	-
Total liabilities	338,320	1,121,385	432,360	14,468
Deferred Inflows of Resources				
Deferred gain on refunding	-	-	-	-
Pension related	-	187,755	-	-
OPEB related	-	2,340	-	-
Total deferred inflows of resources	-	190,095	-	-
Net Position				
Net investment in capital assets	-	16,414,007	14,270,542	199,692
Restricted for:				
Debt service	-	-	-	-
Unrestricted	-	9,454,786	8,876	304,853
Total Net Position	\$ -	\$ 25,868,793	\$ 14,279,418	\$ 504,545

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - NET POSITION
August 31, 2021

Page 4 of 5

	Bayshore Group	Texas City Reservoir	Industrial Pump Station	Capital Improvement
Assets				
Current Assets:				
Cash and cash equivalents	\$ 7,537	\$ 384,933	\$ 54,880	\$ 384,243
Investments	110,815	6,008,010	7,446,572	334,230
Accounts receivable	7,835	10,926	2,240,035	47,176
Prepaid items	-	-	-	-
Restricted:				
Investments	-	1,002,495	1,699,428	-
Total current assets	126,187	7,406,364	11,440,915	765,649
Noncurrent assets:				
Accounts receivable - due in more than one year	-	-	-	-
Capital assets not being depreciated	-	2,209,152	21,814,192	-
Capital assets, net of accumulated depreciation	14,155	12,959,494	8,691,731	-
Total noncurrent assets	14,155	15,168,646	30,505,923	-
Total assets	140,342	22,575,010	41,946,838	765,649
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	-	-
Pension related	-	-	-	-
OPEB related	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	-	19,210	5,654	-
Accrued wages payable	-	-	-	-
Accrued interest payable	-	7,731	18,342	-
Customer deposits	-	125,000	-	-
Bonds payable - due within one year	-	1,055,000	730,000	-
Compensated absences - due within one year	-	-	-	-
Total current liabilities	-	1,206,941	753,996	-
Noncurrent liabilities:				
Due in more than one year:				
Bonds payable	-	5,740,000	10,885,000	-
Compensated absences	-	-	-	-
Net pension liability	-	-	-	-
Net OPEB liability	-	-	-	-
Total noncurrent liabilities	-	5,740,000	10,885,000	-
Total liabilities	-	6,946,941	11,638,996	-
Deferred Inflows of Resources				
Deferred gain on refunding	-	-	-	-
Pension related	-	-	-	-
OPEB related	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Net Position				
Net investment in capital assets	14,155	9,260,855	19,087,700	-
Restricted for:				
Debt service	-	107,555	1,484,309	-
Unrestricted	126,187	6,259,659	9,735,833	765,649
Total Net Position	140,342	15,628,069	30,307,842	765,649

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - NET POSITION
August 31, 2021

Page 5 of 5

	Administrative Operations	Eliminations	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 194,034	\$ -	\$ 4,251,744
Investments	3,056,023	-	52,607,962
Accounts receivable	-	-	11,386,881
Prepaid items	-	-	136,946
Restricted:			
Investments	-	-	6,351,840
Total current assets	3,250,057	-	74,735,373
Noncurrent assets:			
Accounts receivable - due in more than one year	-	-	988,881
Capital assets not being depreciated	3,846,902	-	50,595,747
Capital assets, net of accumulated depreciation	125,713	-	76,753,403
Total noncurrent assets	3,972,615	-	128,338,031
Total assets	7,222,672	-	203,073,404
Deferred Outflows of Resources			
Deferred charge on refunding	-	-	23,617
Pension related	-	-	2,057,252
OPEB related	-	-	67,724
Total deferred outflows of resources	-	-	2,148,593
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	189,721	-	2,631,562
Accrued wages payable	105,672	-	270,349
Accrued interest payable	-	-	37,241
Customer deposits	-	-	125,000
Bonds payable - due within one year	-	-	6,653,000
Compensated absences - due within one year	156,804	-	473,507
Total current liabilities	452,197	-	10,190,659
Noncurrent liabilities:			
Due in more than one year:			
Bonds payable	-	-	17,888,381
Compensated absences	313,608	-	947,013
Net pension liability	-	-	1,863,814
Net OPEB liability	-	-	213,083
Total noncurrent liabilities	313,608	-	20,912,291
Total liabilities	765,805	-	31,102,950
Deferred Inflows of Resources			
Deferred gain on refunding	-	-	61,212
Pension related	-	-	1,043,084
OPEB related	-	-	13,001
Total deferred inflows of resources	-	-	1,117,297
Net Position			
Net investment in capital assets	3,972,615	-	106,207,914
Restricted for:			
Debt service	-	-	4,033,640
Unrestricted	2,484,252	-	62,760,196
Total Net Position	\$ 6,456,867	\$ -	\$ 173,001,750

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION
Year Ended August 31, 2021

Page 1 of 5

	League City SE Water Purification Plant	Thomas S. Mackey Water Treatment Plant	Canal Division	Galveston County WCID #12
Operating revenues				
Charges for sales and services:				
Metered water sales	\$ 4,306,194	\$ 16,161,382	\$ 17,744,146	\$ 85,560
Bond payment revenue	-	-	-	126,043
Irrigation sales	-	-	490,188	-
Other income	1,072,209	848,598	211,259	-
Total operating revenues	5,378,403	17,009,980	18,445,593	211,603
Operating expenses				
Personnel services	-	2,836,806	2,801,965	12,000
Supplies and materials	4,660,874	9,699,477	7,709,613	9,746
Contractual services	591	536,892	976,061	180
Other charges	1,070,910	299,847	1,162,136	80
Administrative allocation	53,150	1,094,627	2,583,705	33,265
Depreciation	1,175,827	959,604	1,502,521	46,417
Total operating expenses	6,961,352	15,427,253	16,736,001	101,688
Operating income (loss)	(1,582,949)	1,582,727	1,709,592	109,915
Nonoperating revenues (expenses)				
Investment income (loss)	620	13,665	17,826	401
Interest expense	(9,967)	-	-	(44,087)
Amortization of deferred gains/ losses and premiums	2,369	-	-	2,562
Federal grants and contracts	-	274,724	3,093,547	-
Gain(loss) on sale of asset	-	(38,435)	(10,275)	-
Total nonoperating revenues (expenses)	(6,978)	249,954	3,101,098	(41,124)
Income (loss) before capital grants, contributions, and transfers	(1,589,927)	1,832,681	4,810,690	68,791
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(1,215,726)	(1,639,509)	-
Income (loss) after capital grants, contributions, and transfers	(1,589,927)	616,955	3,171,181	68,791
Changes in Net Position	(1,589,927)	616,955	3,171,181	68,791
Beginning Net Position	13,072,802	22,808,470	33,972,435	132,188
Ending Net Position	\$ 11,482,875	\$ 23,425,425	\$ 37,143,616	\$ 200,979

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION
Year Ended August 31, 2021

Page 2 of 5

	1997 Galveston Projects	1998 A-B Series South Projects	1998 C Series Texas City Projects	1998 D La Marque Projects
Operating revenues				
Charges for sales and services:				
Metered water sales	\$ 741,900	\$ 421,200	\$ -	\$ 6,480
Bond payment revenue	-	2,799,173	43,662	13,238
Irrigation sales	-	-	-	-
Other income	-	-	-	-
Total operating revenues	<u>741,900</u>	<u>3,220,373</u>	<u>43,662</u>	<u>19,718</u>
Operating expenses				
Personnel services	45,600	33,600	-	480
Supplies and materials	10,897	45,835	-	-
Contractual services	1,070	3,838	-	-
Other charges	81	-	-	-
Administrative allocation	33,267	33,263	-	-
Depreciation	31,989	1,322,816	-	-
Total operating expenses	<u>122,904</u>	<u>1,439,352</u>	<u>-</u>	<u>480</u>
Operating income (loss)	<u>618,996</u>	<u>1,781,021</u>	<u>43,662</u>	<u>19,238</u>
Nonoperating revenues (expenses)				
Investment income (loss)	1,203	4,472	951	413
Interest expense	-	(254,569)	(97,166)	(24,041)
Amortization of deferred gains/ losses and premiums	-	154,838	52,553	10,390
Federal grants and contracts	-	-	-	-
Gain(loss) on sale of asset	-	-	-	-
Total nonoperating revenues (expenses)	<u>1,203</u>	<u>(95,259)</u>	<u>(43,662)</u>	<u>(13,238)</u>
Income (loss) before capital grants, contributions, and transfers	<u>620,199</u>	<u>1,685,762</u>	<u>-</u>	<u>6,000</u>
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Income (loss) after capital grants, contributions, and transfers	<u>620,199</u>	<u>1,685,762</u>	<u>-</u>	<u>6,000</u>
Changes in Net Position	620,199	1,685,762	-	6,000
Beginning Net Position	2,367,614	2,117,755	-	-
Ending Net Position	<u>\$ 2,987,813</u>	<u>\$ 3,803,517</u>	<u>\$ -</u>	<u>\$ 6,000</u>

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION
Year Ended August 31, 2021

Page 3 of 5

	2002 Galveston Projects	Juliff-Chocolate Bayou Operations	Pearland Southeast Water Purification Plant	Northline Group
Operating revenues				
Charges for sales and services:				
Metered water sales	\$ -	\$ 3,350,820	\$ 2,174,296	\$ 58,800
Bond payment revenue	53,868	-	-	-
Irrigation sales	-	1,899,415	-	-
Other income	-	9,964	-	-
Total operating revenues	53,868	5,260,199	2,174,296	58,800
Operating expenses				
Personnel services	-	1,227,695	-	24,000
Supplies and materials	-	1,641,105	2,298,580	800
Contractual services	-	345,405	-	-
Other charges	-	604,372	-	-
Administrative allocation	-	840,983	53,150	33,268
Depreciation	-	395,671	1,388,012	12,453
Total operating expenses	-	5,055,231	3,739,742	70,521
Operating income (loss)	53,868	204,968	(1,565,446)	(11,721)
Nonoperating revenues (expenses)				
Investment income (loss)	355	19,853	125	398
Interest expense	(25,511)	-	-	-
Amortization of deferred gains/ losses and premiums	(28,712)	-	-	-
Federal grants and contracts	-	3,386,036	-	-
Gain(loss) on sale of asset	-	-	-	-
Total nonoperating revenues (expenses)	(53,868)	3,405,889	125	398
Income (loss) before capital grants, contributions, and transfers	-	3,610,857	(1,565,321)	(11,323)
Capital contributions	-	977,388	-	-
Transfers in	-	-	-	-
Transfers out	-	(506,552)	-	-
Income (loss) after capital grants, contributions, and transfers	-	4,081,693	(1,565,321)	(11,323)
Changes in Net Position	-	4,081,693	(1,565,321)	(11,323)
Beginning Net Position	-	21,787,100	15,844,739	515,868
Ending Net Position	\$ -	\$ 25,868,793	\$ 14,279,418	\$ 504,545

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION
Year Ended August 31, 2021

Page 4 of 5

	Bayshore Group	Texas City Reservoir	Industrial Pump Station	Capital Improvement
Operating revenues				
Charges for sales and services:				
Metered water sales	\$ 84,900	\$ 12,753,479	\$ 11,287,746	\$ 566,114
Bond payment revenue	-	1,230,819	1,177,230	-
Irrigation sales	-	-	-	-
Other income	-	-	1,467,143	-
Total operating revenues	84,900	13,984,298	13,932,119	566,114
Operating expenses				
Personnel services	15,600	139,200	304,800	-
Supplies and materials	36,012	11,050,118	8,094,770	-
Contractual services	-	66,486	702,832	-
Other charges	80	45,167	30,171	-
Administrative allocation	33,265	609,832	1,052,090	-
Depreciation	11,303	782,296	470,148	-
Total operating expenses	96,260	12,693,099	10,654,811	-
Operating income (loss)	(11,360)	1,291,199	3,277,308	566,114
Nonoperating revenues (expenses)				
Investment income (loss)	132	8,224	14,893	373
Interest expense	-	(212,416)	(465,633)	-
Amortization of deferred gains/ losses and premiums	-	(1,080)	-	-
Federal grants and contracts	-	720	-	-
Gain(loss) on sale of asset	-	-	(61,694)	-
Total nonoperating revenues (expenses)	132	(204,552)	(512,434)	373
Income (loss) before capital grants, contributions, and transfers	(11,228)	1,086,647	2,764,874	566,487
Capital contributions	-	-	-	-
Transfers in	-	-	277,114	-
Transfers out	-	(28,494)	(1,309,902)	(277,114)
Income (loss) after capital grants, contributions, and transfers	(11,228)	1,058,153	1,732,086	289,373
Changes in Net Position	(11,228)	1,058,153	1,732,086	289,373
Beginning Net Position	151,570	14,569,916	28,575,756	476,276
Ending Net Position	\$ 140,342	\$ 15,628,069	\$ 30,307,842	\$ 765,649

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION
Year Ended August 31, 2021

Page 5 of 5

	Administrative Operations	Eliminations	Total
Operating revenues			
Charges for sales and services:			
Metered water sales	\$ -	\$ (24,930,733)	\$ 44,812,284
Bond payment revenue	-	-	5,444,033
Irrigation sales	-	-	2,389,603
Other income	-	(832,080)	2,777,093
Total operating revenues	-	(25,762,813)	55,423,013
Operating expenses			
Personnel services	4,561,888	(832,080)	11,171,554
Supplies and materials	90,567	(24,930,733)	20,417,661
Contractual services	734,791	-	3,368,146
Other charges	1,111,297	-	4,324,141
Administrative allocation	(6,453,865)	-	-
Depreciation	41,951	-	8,141,008
Total operating expenses	86,629	(25,762,813)	47,422,510
Operating income (loss)	(86,629)	-	8,000,503
Nonoperating revenues (expenses)			
Investment income (loss)	1,946	-	85,850
Interest expense	-	-	(1,133,390)
Amortization of deferred gains/ losses and premiums	-	-	192,920
Federal grants and contracts	-	-	6,755,027
Gain(loss) on sale of asset	-	-	(110,404)
Total nonoperating revenues (expenses)	1,946	-	5,790,003
Income (loss) before capital grants, contributions, and transfers	(84,683)	-	13,790,506
Capital contributions	-	-	977,388
Transfers in	4,700,183	-	4,977,297
Transfers out	-	-	(4,977,297)
Income (loss) after capital grants, contributions, and transfers	4,615,500	-	14,767,894
Changes in Net Position	4,615,500	-	14,767,894
Beginning Net Position	1,841,367	-	158,233,856
Ending Net Position	\$ 6,456,867	\$ -	\$ 173,001,750

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
Year Ended August 31, 2021

Page 1 of 5

	League City SE Water Purification Plant	Thomas S. Mackey Water Treatment Plant	Canal Division	Galveston County WCID #12
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 5,572,345	\$ 17,013,222	\$ 19,177,075	\$ 193,396
Receipts from intragovernmental users	(53,150)	(1,094,627)	(2,583,705)	(33,265)
Payments to suppliers	(8,840,598)	(10,806,369)	(9,762,752)	(10,136)
Payments to employees	-	(2,804,233)	(2,756,648)	(12,000)
Net cash provided (used) by operating activities	(3,321,403)	2,307,993	4,073,970	137,995
Cash Flows from Noncapital Financing Activities				
Intragovernmental transfers in (out)	-	(1,215,726)	(1,639,509)	-
Payments received on long-term receivable	-	-	-	-
Principal paid on noncapital bonds	-	-	-	-
Interest paid on noncapital related debt	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	(1,215,726)	(1,639,509)	-
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	(2,512,499)	(5,071,619)	-
Principal paid on bonds	(260,000)	-	-	(75,000)
Interest paid on capital related debt	(15,730)	-	-	(41,636)
Grants for capital projects	-	274,724	3,093,547	-
Net cash provided (used) by capital and related financing activities	(275,730)	(2,237,775)	(1,978,072)	(116,636)
Cash Flows from Investing Activities				
Maturity (purchase) of investments	336,470	1,061,498	1,297,518	(10,459)
Interest received	620	13,665	17,826	401
Net cash provided (used) by investing activities	337,090	1,075,163	1,315,344	(10,058)
Net increase (decrease) in cash and cash equivalents	(3,260,043)	(70,345)	1,771,733	11,301
Beginning cash and cash equivalents	3,388,765	152,856	282,663	24,387
Ending cash and cash equivalents	\$ 128,722	\$ 82,511	\$ 2,054,396	\$ 35,688
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (1,582,949)	\$ 1,582,727	\$ 1,709,592	\$ 109,915
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,175,827	959,604	1,502,521	46,417
(Increase) decrease in assets:				
Accounts receivable	193,942	3,242	731,482	(18,207)
Prepaid items	-	-	291,539	-
Deferred outflows - pension related	-	(783,309)	(509,976)	-
Deferred outflows - OPEB related	-	(11,279)	(7,198)	-
Increase (decrease) in liabilities:				
Accounts payable	(3,108,223)	(270,153)	(206,481)	(130)
Wages payable	-	6,883	7,210	-
Compensated absences payable	-	54,319	(40,649)	-
Customer deposits	-	-	-	-
Deferred inflows - pension related	-	119,252	52,200	-
Deferred inflows - OPEB related	-	(733)	(1,738)	-
Total OPEB liability	-	23,592	9,835	-
Net pension liability	-	623,848	535,633	-
Net cash provided (used) by operating activities	\$ (3,321,403)	\$ 2,307,993	\$ 4,073,970	\$ 137,995
Noncash Investing, Capital, and Financing Activities				
Gain (loss) on disposal of capital assets	\$ -	\$ (38,435)	\$ (10,275)	\$ -
Contribution of capital assets	-	-	-	-

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
Year Ended August 31, 2021

Page 2 of 5

	1997 Galveston Projects	1998 A-B Series South Projects	1998 C Series Texas City Projects	1998 D La Marque Projects
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 741,748	\$ 3,242,355	\$ 44,044	\$ 40,755
Receipts from intragovernmental users	(33,267)	(33,263)	-	-
Payments to suppliers	(169,076)	(74,766)	-	32,847
Payments to employees	(45,600)	(33,600)	-	(480)
Net cash provided (used) by operating activities	493,805	3,100,726	44,044	73,122
Cash Flows from Noncapital Financing Activities				
Intragovernmental transfers in (out)	-	-	-	-
Payments received on long-term receivable	-	-	564,246	199,038
Principal paid on noncapital bonds	-	-	(520,000)	(220,000)
Interest paid on noncapital related debt	-	-	(103,580)	(29,829)
Net cash provided (used) by noncapital financing activities	-	-	(59,334)	(50,791)
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(58,576)	(111,396)	-	-
Principal paid on bonds	-	(2,605,000)	-	-
Interest paid on capital related debt	-	(265,931)	-	-
Grants for capital projects	-	-	-	-
Net cash provided (used) by capital and related financing activities	(58,576)	(2,982,327)	-	-
Cash Flows from Investing Activities				
Maturity (purchase) of investments	(1,203)	64,986	14,339	4,260
Interest received	1,203	4,472	951	413
Net cash provided (used) by investing activities	-	69,458	15,290	4,673
Net increase (decrease) in cash and cash equivalents	435,229	187,857	-	27,004
Beginning cash and cash equivalents	132,313	59,447	-	2,458
Ending cash and cash equivalents	\$ 567,542	\$ 247,304	\$ -	\$ 29,462
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 618,996	\$ 1,781,021	\$ 43,662	\$ 19,238
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	31,989	1,322,816	-	-
(Increase) decrease in assets:				
Accounts receivable	(152)	21,982	382	21,037
Prepaid items	-	-	-	-
Deferred outflows - pension related	-	-	-	-
Deferred outflows - OPEB related	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable	(157,028)	(25,093)	-	32,847
Wages payable	-	-	-	-
Compensated absences payable	-	-	-	-
Customer deposits	-	-	-	-
Deferred inflows - pension related	-	-	-	-
Deferred inflows - OPEB related	-	-	-	-
Total OPEB liability	-	-	-	-
Net pension liability	-	-	-	-
Net cash provided (used) by operating activities	\$ 493,805	\$ 3,100,726	\$ 44,044	\$ 73,122
Noncash Investing, Capital, and Financing Activities				
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -
Contribution of capital assets	-	-	-	-

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
Year Ended August 31, 2021

Page 3 of 5

	2002 Galveston Projects	Juliff-Chocolate Bayou Operations	Pearland Southeast Water Purification Plant	Northline Group
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 56,361	\$ 4,262,526	\$ 2,012,396	\$ 70,446
Receipts from intragovernmental users	-	(840,983)	(53,150)	(33,268)
Payments to suppliers	-	(2,737,383)	(2,167,787)	13,668
Payments to employees	-	(1,266,923)	-	(24,000)
Net cash provided (used) by operating activities	<u>56,361</u>	<u>(582,763)</u>	<u>(208,541)</u>	<u>26,846</u>
Cash Flows from Noncapital Financing Activities				
Intragovernmental transfers in (out)	-	(506,552)	-	-
Payments received on long-term receivable	776,827	-	-	-
Principal paid on noncapital bonds	(820,000)	-	-	-
Interest paid on noncapital related debt	(31,366)	-	-	-
Net cash provided (used) by noncapital financing activities	<u>(74,539)</u>	<u>(506,552)</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	(5,174,627)	-	(81,150)
Principal paid on bonds	-	-	-	-
Interest paid on capital related debt	-	-	-	-
Grants for capital projects	-	3,386,036	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(1,788,591)</u>	<u>-</u>	<u>(81,150)</u>
Cash Flows from Investing Activities				
Maturity (purchase) of investments	17,823	2,902,938	214,875	34,601
Interest received	355	19,853	125	398
Net cash provided (used) by investing activities	<u>18,178</u>	<u>2,922,791</u>	<u>215,000</u>	<u>34,999</u>
Net increase (decrease) in cash and cash equivalents	-	44,885	6,459	(19,305)
Beginning cash and cash equivalents	-	-	15,012	33,441
Ending cash and cash equivalents	<u>\$ -</u>	<u>\$ 44,885</u>	<u>\$ 21,471</u>	<u>\$ 14,136</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 53,868	\$ 204,968	\$ (1,565,446)	\$ (11,721)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	-	395,671	1,388,012	12,453
(Increase) decrease in assets:				
Accounts receivable	2,493	(997,673)	(161,900)	11,646
Prepaid items	-	140,082	-	-
Deferred outflows - pension related	-	(307,664)	-	-
Deferred outflows - OPEB related	-	(3,498)	-	-
Increase (decrease) in liabilities:				
Accounts payable	-	(286,583)	130,793	14,468
Wages payable	-	4,345	-	-
Compensated absences payable	-	(13,189)	-	-
Customer deposits	-	-	-	-
Deferred inflows - pension related	-	27,340	-	-
Deferred inflows - OPEB related	-	(740)	-	-
Total OPEB liability	-	5,210	-	-
Net pension liability	-	248,968	-	-
Net cash provided (used) by operating activities	<u>\$ 56,361</u>	<u>\$ (582,763)</u>	<u>\$ (208,541)</u>	<u>\$ 26,846</u>
Noncash Investing, Capital, and Financing Activities				
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -
Contribution of capital assets ¹	-	977,388	-	-

¹ A project expensed in previous years was contributed to the Authority, which was an addition to construction in progress.

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
Year Ended August 31, 2021

Page 4 of 5

	Bayshore Group	Texas City Reservoir	Industrial Pump Station	Capital Improvement
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 84,026	\$ 14,209,367	\$ 12,939,845	\$ 566,927
Receipts from intragovernmental users	(33,265)	(609,832)	(1,052,090)	-
Payments to suppliers	(36,172)	(11,333,803)	(10,750,760)	-
Payments to employees	(15,600)	(139,200)	(304,800)	-
Net cash provided (used) by operating activities	(1,011)	2,126,532	832,195	566,927
Cash Flows from Noncapital Financing Activities				
Intragovernmental transfers in (out)	-	(28,494)	(1,032,788)	(277,114)
Payments received on long-term receivable	-	-	-	-
Principal paid on noncapital bonds	-	-	-	-
Interest paid on noncapital related debt	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	(28,494)	(1,032,788)	(277,114)
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	(107,116)	(2,730,791)	-
Principal paid on bonds	-	(1,030,000)	(700,000)	-
Interest paid on capital related debt	-	(214,665)	(466,738)	-
Grants for capital projects	-	720	-	-
Net cash provided (used) by capital and related financing activities	-	(1,351,061)	(3,897,529)	-
Cash Flows from Investing Activities				
Maturity (purchase) of investments	(134)	(409,555)	4,064,624	(373)
Interest received	132	8,224	14,893	373
Net cash provided (used) by investing activities	(2)	(401,331)	4,079,517	-
Net increase (decrease) in cash and cash equivalents	(1,013)	345,646	(18,605)	289,813
Beginning cash and cash equivalents	8,550	39,287	73,485	94,430
Ending cash and cash equivalents	\$ 7,537	\$ 384,933	\$ 54,880	\$ 384,243
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (11,360)	\$ 1,291,199	\$ 3,277,308	\$ 566,114
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	11,303	782,296	470,148	-
(Increase) decrease in assets:				
Accounts receivable	(874)	100,069	(992,274)	813
Prepaid items	-	-	-	-
Deferred outflows - pension related	-	-	-	-
Deferred outflows - OPEB related	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable	(80)	(172,032)	(1,922,987)	-
Wages payable	-	-	-	-
Compensated absences payable	-	-	-	-
Customer deposits	-	125,000	-	-
Deferred inflows - pension related	-	-	-	-
Deferred inflows - OPEB related	-	-	-	-
Total OPEB liability	-	-	-	-
Net pension liability	-	-	-	-
Net cash provided (used) by operating activities	\$ (1,011)	\$ 2,126,532	\$ 832,195	\$ 566,927
Noncash Investing, Capital, and Financing Activities				
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ (61,694)	\$ -
Contribution of capital assets	-	-	-	-

GULF COAST WATER AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
Year Ended August 31, 2021

Page 5 of 5

	Administrative Operations	Eliminations	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ -	\$ (25,762,813)	\$ 54,464,021
Receipts from intragovernmental users	6,453,865	-	-
Payments to suppliers	(1,913,004)	24,930,733	(33,625,358)
Payments to employees	(4,453,903)	832,080	(11,024,907)
Net cash provided (used) by operating activities	86,958	-	9,813,756
Cash Flows from Noncapital Financing Activities			
Intragovernmental transfers in (out)	4,700,183	-	-
Payments received on long-term receivable	-	-	1,540,111
Principal paid on noncapital bonds	-	-	(1,560,000)
Interest paid on noncapital related debt	-	-	(164,775)
Net cash provided (used) by noncapital financing activities	4,700,183	-	(184,664)
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(3,846,902)	-	(19,694,676)
Principal paid on bonds	-	-	(4,670,000)
Interest paid on capital related debt	-	-	(1,004,700)
Grants for capital projects	-	-	6,755,027
Net cash provided (used) by capital and related financing activities	(3,846,902)	-	(18,614,349)
Cash Flows from Investing Activities			
Maturity (purchase) of investments	(1,426,937)	-	8,165,271
Interest received	1,946	-	85,850
Net cash provided (used) by investing activities	(1,424,991)	-	8,251,121
Net increase (decrease) in cash and cash equivalents	(484,752)	-	(734,136)
Beginning cash and cash equivalents	678,786	-	4,985,880
Ending cash and cash equivalents	\$ 194,034	\$ -	\$ 4,251,744
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (86,629)	\$ -	\$ 8,000,503
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	41,951	-	8,141,008
(Increase) decrease in assets:			
Accounts receivable	-	-	(1,083,992)
Prepaid items	-	-	431,621
Deferred outflows - pension related	-	-	(1,600,949)
Deferred outflows - OPEB related	-	-	(21,975)
Increase (decrease) in liabilities:			
Accounts payable	23,651	-	(5,947,031)
Wages payable	36,893	-	55,331
Compensated absences payable	71,092	-	71,573
Customer deposits	-	-	125,000
Deferred inflows - pension related	-	-	198,792
Deferred inflows - OPEB related	-	-	(3,211)
Total OPEB liability	-	-	38,637
Net pension liability	-	-	1,408,449
Net cash provided (used) by operating activities	\$ 86,958	\$ -	\$ 9,813,756
Noncash Investing, Capital, and Financing Activities			
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ (110,404)
Contribution of capital assets	-	-	977,388

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	62
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	66
These schedules contain information to help the reader assess the Authority's most significant local revenue source, the water and sewer service.	
Debt Capacity	69
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	71
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	73
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**

	2012	2013	2014	2015	2016
Net Position					
Net investment in					
capital assets	\$ 71,596,314	\$ 82,210,275	\$ 89,968,160	\$ 89,164,201	\$ 86,052,697
Restricted	5,661,833	4,613,439	4,402,858	3,660,154	3,593,830
Unrestricted	44,998,487	45,079,354	39,492,731	40,682,653	45,764,902
Total Net Position	\$ 122,256,634	\$ 131,903,068	\$ 133,863,749	\$ 133,507,008	\$ 135,411,429

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**

	2017	2018	2019	2020	2021
Net Position					
Net investment in					
capital assets	\$ 89,007,877	\$ 98,374,073	\$ 81,101,796	\$ 89,866,949	\$ 106,207,914
Restricted	5,758,363	5,608,342	7,277,707	5,268,075	4,033,640
Unrestricted	43,619,949	50,768,488	59,209,358	63,098,832	62,760,196
Total Net Position	\$ 138,386,189	\$ 154,750,903	\$ 147,588,861	\$ 158,233,856	\$ 173,001,750

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

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

	2012¹	2013	2014	2015	2016
Operating Revenues					
Metered water sales	\$ 19,378,636	\$ 24,612,505	\$ 25,858,256	\$ 25,230,737	\$ 33,425,561
Bond payment revenue	6,679,086	6,901,675	5,498,227	5,788,454	6,725,417
Irrigation sales and other	3,298,860	2,855,535	520,201	949,941	3,704,218
Total operating revenues	29,356,582	34,369,715	31,876,684	31,969,132	43,855,196
Operating Expenses					
Personnel services	4,386,157	4,900,543	5,272,420	4,988,132	6,501,190
Supplies and materials	11,814,066	11,595,411	13,133,355	12,071,554	14,283,436
Contractual services	2,700,910	3,382,054	1,916,074	1,620,916	1,660,523
Other charges	99,300	114,604	879,053	1,141,508	1,377,152
Depreciation	8,128,117	9,506,366	11,521,295	13,446,858	15,026,000
Total operating expenses	27,128,550	29,498,978	32,722,197	33,268,968	38,848,301
Operating income (loss)	2,228,032	4,870,737	(845,513)	(1,299,836)	5,006,895
Nonoperating Revenues (Expenses)					
Investment earnings	125,975	132,077	88,724	68,494	132,478
Other revenues and (expenses)	485,166	7,139,601	3,805,305	927,631	(1,507,389)
Bond issuance costs	(1,150,528)	-	-	-	-
Interest expense	(1,518,535)	(1,443,992)	(1,087,835)	(1,105,019)	(951,519)
Federal grants and contracts	-	-	-	-	-
Intergovernmental transfers	(698,506)	-	-	-	-
Total nonoperating revenues (expenses)	(2,756,428)	5,827,686	2,806,194	(108,894)	(2,326,430)
Income (loss) before capital contributions	(528,396)	10,698,423	1,960,681	(1,408,730)	2,680,465
Capital contributions	-	-	-	-	-
Change in Net Position	(528,396)	10,698,423	1,960,681	(1,408,730)	2,680,465
Beginning Net Position	122,785,030	122,256,634	132,955,057	134,915,738	133,507,008
Prior period adjustment	-	-	-	-	(776,044)
Ending Net Position	\$ 122,256,634	\$ 132,955,057	\$ 134,915,738	\$ 133,507,008	\$ 135,411,429

¹ GASB 65 implemented in fiscal year 2012.

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

	2017	2018	2019	2020	2021
Operating Revenues					
Metered water sales	\$ 35,155,368	\$ 41,417,047	\$ 39,863,810	\$ 45,677,779	\$ 44,812,284
Bond payment revenue	7,948,943	6,963,593	7,335,248	5,683,620	5,444,033
Irrigation sales and other	3,948,022	6,855,674	5,064,731	3,581,928	5,166,696
Total operating revenues	47,052,333	55,236,314	52,263,789	54,943,327	55,423,013
Operating Expenses					
Personnel services	8,214,064	7,147,241	9,421,184	9,969,928	11,171,554
Supplies and materials	15,554,551	14,272,990	15,456,251	22,513,296	20,417,661
Contractual services	1,285,284	1,929,804	2,099,216	2,090,848	3,368,146
Other charges	1,163,632	1,626,799	2,537,911	3,812,115	4,324,141
Depreciation	17,285,453	13,135,192	11,258,769	8,025,410	8,141,008
Total operating expenses	43,502,984	38,112,026	40,773,331	46,411,597	47,422,510
Operating income (loss)	3,549,349	17,124,288	11,490,458	8,531,730	8,000,503
Nonoperating Revenues (Expenses)					
Investment earnings	311,266	1,150,390	1,595,974	1,147,767	85,850
Other revenues and (expenses)	450,668	110,959	196,834	183,850	82,516
Bond issuance costs	-	-	-	-	-
Interest expense	(1,336,523)	(1,886,153)	(1,589,504)	(1,358,352)	(1,133,390)
Federal grants and contracts	-	-	-	-	6,755,027
Intergovernmental transfers	-	-	-	-	-
Total nonoperating revenues (expenses)	(574,589)	(624,804)	203,304	(26,735)	5,790,003
Income (loss) before capital contributions	2,974,760	16,499,484	11,693,762	8,504,995	13,790,506
Capital contributions	-	-	2,650,000	2,140,000	977,388
Change in Net Position	2,974,760	16,499,484	14,343,762	10,644,995	14,767,894
Beginning Net Position	135,411,429	138,386,189	154,750,903	149,842,265	158,233,856
Prior period adjustment	-	(134,770)	(19,252,400)	(2,253,404)	-
Ending Net Position	\$ 138,386,189	\$ 154,750,903	\$ 149,842,265	\$ 158,233,856	\$ 173,001,750

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

Fiscal Year	Water Fees	Raw Water Rates¹		Treated Water Rates¹		Irrigation & Other
2012	\$ 19,378,636	\$0.04	\$0.21	\$0.53	\$0.92	\$ 3,298,860
2013	24,612,505	0.10	0.35	0.61	0.12	2,855,535
2014	25,858,256	0.12	0.38	0.66	1.15	520,201
2015	25,230,737	0.14	0.35	0.69	1.53	949,941
2016	33,425,561	0.19	0.37	1.05	2.22	3,704,218
2017	35,155,368	0.20	0.38	1.11	2.09	3,948,022
2018	41,417,047	0.20	0.38	1.11	2.09	6,855,674
2019	39,863,810	0.24	0.42	1.18	2.28	7,714,731
2020	45,677,779	0.25	0.44	1.20	2.41	5,721,928
2021	44,812,284	0.25	0.44	1.22	2.50	12,899,111

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	2021			2012		
	Revenue Base Attributable	Rank	% Base of The total Revenue Base	Revenue Base Attributable	Rank	% Base of The total Revenue Base
City of Galveston	\$ 7,543,854	1	13%	\$ 3,610,872	1	16%
Blanchard Refining	6,359,108	2	11%	2,269,950	2	10%
City of League City - SEWPP	5,310,722	3	9%	2,418,128	3	11%
City of Texas City	3,755,856	4	7%	1,587,701	4	7%
INEOS	3,349,320	5	6%	1,509,841	5	7%
City of Pearland	2,356,648	6	4%	-		0%
Union Carbide Corp./DOW	2,232,087	7	4%	983,460	6	4%
City of Missouri City	1,882,289	8	3%	591,848	8	3%
Ascend	1,628,949	9	3%	-		0%
Eastman Chemical	1,512,964	10	3%	583,324	10	3%
Galveston County WCID #1	-		0%	679,288	7	3%
Valero	-		0%	516,691	9	2%
Totals	<u>\$ 35,931,797</u>		<u>63%</u>	<u>\$ 14,751,103</u>		<u>66%</u>

	2021	2012
Revenue base amounts	\$ 57,711,395	\$ 22,677,496

GULF COAST WATER AUTHORITY

LIST OF PRINCIPAL CUSTOMERS

August 31, 2021

Industrial Customers

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

Municipal Customers

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

Canal Division

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

Chocolate Bayou

INEOS

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

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

Fiscal Year	Water Revenue Bonds	Percentage of Revenue¹
2012	\$ 51,160,000	174.27%
2013	41,080,000	119.52%
2014	36,750,000	115.29%
2015	36,750,000	114.95%
2016	28,939,566	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%

¹ 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, 2021

Division	Water Revenue Bonds					
	Revenue	Less Operating Expenses ³	Net Available for Debt Service	Debt Service		Coverage Ratio
				Principal	Interest	
Galveston County WCID #12	\$ 212,004	\$ 55,271	\$ 156,733	\$ 75,000	\$ 44,198	\$1.31
1998 A-B Series South Projects ¹	3,224,845	116,536	3,108,309	2,605,000	259,850	1.08
Texas City Reservoir ¹	13,992,522	11,910,803	2,081,719	1,030,000	213,585	1.67
Industrial Pump Station ¹	13,947,012	10,184,663	3,762,349	775,000	510,937	2.93
1998 C Series Texas City Projects ²	609,241	-	609,241	520,000	98,250	0.99
1998 D La Marque Projects ²	239,726	480	239,246	220,000	24,500	0.98
2002 Galveston Projects ²	833,543	-	833,543	820,000	37,569	0.97

¹ Revenue includes operating revenues and investment income.

² Revenue includes investment income and payments received from municipalities relating to the long-term receivables. 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	839,706
Brazoria County	380,518
Galveston County	345,089
City of Pearland	123,562
City of League City	108,477
City of Sugar Land	117,875
City of Missouri City	76,643
City of Galveston	50,085
City of Texas City	51,593
City of Dickinson	21,216

Source US Census Bureau, Census 2020 & Kemah website.

Educational Attainment

<u>County/City</u>	<u>High School</u>	<u>College</u>
City of League City	96%	47%
City of Pearland	95%	47%
City of Sugar Land	94%	60%
City of Missouri City	92%	44%
Fort Bend County	91%	46%
City of Santa Fe	90%	15%
Galveston County	89%	31%
Brazoria County	88%	30%
City of La Marque	85%	17%
City of Texas City	83%	15%

Source US Census Bureau, Quick Facts

High school graduate or higher, percent of persons age 25+, 2015-2019

Bachelor's degree or higher, percent of persons age 25+, 2015-2019

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	36	Fort Bend ISD
Brazoria County	36	Dow Chemical Co
City of League City	37	Clear Creek ISD
City of La Marque	37	Wal-Mart
City of Texas City	37	Marathon-Galveston Bay Refinery
City of Hitchcock	34	NA
City of Galveston	38	UTMB
City of Missouri City	42	Fort Bend ISD
City of Sugar Land	42	Methodist Sugar Land Hospital

Source <http://suburbanstats.org/population/texas/>
Source Comprehensive Annual Financial Report for each entity

<u>County/City</u>	<u>Median Household Income (\$)</u>
City of Sugar Land	\$ 121,274
City of League City	109,073
City of Pearland	104,504
Fort Bend County	97,743
City of Missouri City	87,915
Brazoria County	81,447
City of Dickinson	66,875
Galveston County	73,330
City of Santa Fe	72,486
City of Kemah	59,406

Source US Census Bureau, Quick Facts & Kemah website

<u>County/City</u>	<u>Unemployment Rate</u>
City of Pearland	3.3%
City of Sugar Land	4.6%
City of League City	3.6%
Fort Bend County	4.4%
City of Missouri City	4.4%
Brazoria County	5.4%
Galveston County	4.9%
City of Galveston	6.3%
City of Texas City	6.1%
City of La Marque	5.1%

Source <http://beta.bls.gov/dataQuery> @ August 2020
Source <http://texaslmi.com/LMIbyCategory/LAUS> @ August 2020

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

Division	Full-Time Equivalent Employees by Division									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administrative	9	9	10	11	10	10	8	11	24	29
Industrial	2	2	2	2	2	1	-	-	-	-
Texas City Reservoir	-	-	-	-	-	-	1	1	-	-
Texas City Industrial	-	-	-	-	-	-	2	5	-	-
Water treatment plant	13	14	12	17	19	21	24	24	22	24
Canal	19	20	22	22	26	27	28	31	35	34
Chocolate Bayou	4	4	5	5	4	6	5	6	5	6
Total	47	49	51	57	61	65	68	78	86	93

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: From W-2 reports. Part time and full time position replacements are not included in count.

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

Annual Acre Feet	2012	2013	2014	2015	2016
Industrial	65,347	61,266	116,816	77,032	77,500
Irrigation	99,019	50,929	23,864	21,091	82,037
Municipal	75,787	47,574	29,795	54,648	67,367
Total Pumpage	240,153	159,769	170,475	152,771	226,904

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
Texas City Industrial Storage Reservoir	CA 12-5168	7,800	3/17/1947
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	5/14/1948
May Pump Station (Juliff Canal)	CA 12-5322	40,000	2/8/1929
May Pump Station (Juliff Canal)	CA 12-5322	40,000	3/14/1955
May Pump Station (Juliff Canal)	CA 12-5322	75,000	7/25/1983
Chocolate Bayou, Halls Bayou, & Mustang Bayou	CA 11-5357	57,500	8/3/1937

GULF COAST WATER AUTHORITY
OPERATING STATISTICS
Last Ten Fiscal Years

Page 2 of 2

Annual Acre Feet	2017	2018	2019	2020	2021
Industrial	54,292	49,935	62,469	73,178	58,820
Irrigation	46,451	45,136	48,422	42,920	44,376
Municipal	43,110	39,517	49,963	55,765	64,373
Total Pumpage	143,853	134,588	160,854	171,863	167,569

Source: Annual Report to Texas Commission on Environmental Quality.

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

Page 1 of 4

	2012	2013	2014	2015	2016
Industrial Division					
Office furniture, fixtures and equipment	\$ 1,036	\$ 10,152	\$ 6,159	\$ -	\$ -
Other machinery and equipment	-	3,128	-	5,758	61,713
Automobiles and trucks	-	22,636	3,921	-	-
Buildings	43,157	132,908	-	-	-
Infrastructure	737,943	3,033,669	4,278,111	4,059,378	1,624,938
Texas City Reservoir Division					
Buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Texas City Industrial Division					
Office furniture, fixtures and equipment	-	-	-	-	-
Buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
League City Southeast Division					
Office furniture, fixtures and equipment	46	416	302	-	-
Other machinery and equipment	-	128	-	-	-
Automobiles and trucks	-	140	192	-	-
Buildings	-	1,066	980	-	-
Infrastructure	236	16,900	2,672,018	76,941	110,591
Water Treatment Plant					
Office furniture, fixtures and equipment	4,040	19,999	121,377	-	38,607
Other machinery and equipment	107,436	70,529	67,924	15,205	5,159
Automobiles and trucks	-	6,723	33,445	32,885	33,095
Buildings	250,527	365,709	168,524	65,404	200,519
Infrastructure	684,908	1,767,842	2,663,309	1,714,354	3,082,780
Canal Division					
Land	37,182	-	-	-	-
Office furniture, fixtures and equipment	2,802	21,759	23,021	-	-
Other machinery and equipment	47,628	576,821	766,934	57,250	332,343
Automobiles and trucks	-	167,857	82,211	209,334	102,464
Buildings	38,281	141,007	286,642	79,435	112,303
Infrastructure	2,979,058	2,345,951	1,425,510	762,469	453,388
Galveston County WCID #12					
Infrastructure	-	-	-	-	-
1998 A-B South Projects					
Infrastructure	-	-	-	-	269,326

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

Page 2 of 4

	2017	2018	2019	2020	2021
Industrial Division					
Office furniture, fixtures and equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Other machinery and equipment	-	-	-	-	-
Automobiles and trucks	34,302	-	-	-	-
Buildings	31,139	-	-	-	-
Infrastructure	7,006,745	-	-	-	-
Texas City Reservoir Division					
Buildings	-	-	25,512	-	-
Infrastructure	-	2,701,916	11,515,777	160,662	107,115
Texas City Industrial Division					
Office furniture, fixtures and equipment	-	-	-	-	3,144
Buildings	-	-	-	-	199,249
Infrastructure	-	6,447,948	2,337,562	3,702,085	3,039,887
League City Southeast Division					
Office furniture, fixtures and equipment	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
Automobiles and trucks	-	-	-	-	-
Buildings	-	-	-	-	-
Infrastructure	1,077,525	2,286,456	3,273,042	-	-
Water Treatment Plant					
Office furniture, fixtures and equipment	32,228	-	-	-	87,270
Other machinery and equipment	-	-	75,184	-	15,705
Automobiles and trucks	82,347	-	-	45,146	-
Buildings	572,268	-	403,433	-	1,330,151
Infrastructure	2,410,859	4,830,763	2,651,734	1,195,183	531,629
Canal Division					
Land	-	-	-	-	-
Office furniture, fixtures and equipment	-	-	-	-	11,595
Other machinery and equipment	314,979	-	212,635	-	341,558
Automobiles and trucks	46,770	-	159,448	113,512	82,675
Buildings	28,403	-	-	141,723	-
Infrastructure	1,534,180	2,830,294	1,012,457	3,155,825	5,199,961
Galveston County WCID #12					
Infrastructure	93,269	931,267	1,057,743	-	-
1998 A-B South Projects					
Infrastructure	263,881	789,436	262,570	-	50,803

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

Page 3 of 4

	2012	2013	2014	2015	2016
2002 Galveston Projects					
Infrastructure	505,472	1,216,421	274,779	-	-
Chocolate Bayou					
Land	20,975	-	-	-	-
Office furniture, fixtures and equipment	1,337	10,425	6,832	-	-
Other machinery and equipment	14,058	3,212	167,071	-	-
Automobiles and trucks	-	50,000	28,486	-	32,248
Buildings	-	26,741	35,772	30,774	273,689
Infrastructure	837,833	892,215	1,555,893	740,258	734,486
Pearland Southeast Plant					
Office furniture, fixtures and equipment	46	416	302	-	-
Other machinery and equipment	-	128	-	-	-
Automobiles and trucks	-	140	192	-	-
Buildings	-	1,066	980	-	-
Infrastructure	236	-	-	-	-
1997 Galveston Projects					
Office furniture, fixtures and equipment	73	1,786	418	-	-
Other machinery and equipment	-	550	-	-	-
Automobiles and trucks	-	600	266	-	-
Buildings	-	4,582	1,357	-	-
Infrastructure	82,739	37,212	39,483	-	42,371
1998D Series La Marque Projects					
Infrastructure	-	-	-	-	-
Northline Group					
Infrastructure	-	-	-	-	100,765
Bayshore Group					
Infrastructure	-	-	-	-	12,159
Administrative					
Land	-	-	-	-	-
Office furniture, fixtures and equipment	-	-	-	22,598	7,739
Automobiles and trucks	-	-	-	28,825	31,453
Buildings	-	-	-	-	9,299
Infrastructure	-	-	-	19,160	-
Total Capital Assets	<u>\$ 6,397,049</u>	<u>\$ 10,950,834</u>	<u>\$ 14,712,411</u>	<u>\$ 7,920,028</u>	<u>\$ 7,671,435</u>

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

Page 4 of 4

	2017	2018	2019	2020	2021
2002 Galveston Projects					
Infrastructure	-	-	-	-	110,216
Chocolate Bayou					
Land	-	-	-	-	-
Office furniture, fixtures and equipment	-	-	-	-	49,294
Other machinery and equipment	-	-	98,524	-	-
Automobiles and trucks	33,405	-	37,245	65,789	37,490
Buildings	41,972	-	-	1,062,062	-
Infrastructure	661,001	1,535,450	346,172	3,642,954	6,031,254
Pearland Southeast Plant					
Office furniture, fixtures and equipment	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
Automobiles and trucks	-	-	-	-	-
Buildings	-	-	-	-	-
Infrastructure	-	1,027,515	1,027,515	-	-
1997 Galveston Projects					
Office furniture, fixtures and equipment	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
Automobiles and trucks	-	-	-	-	-
Buildings	-	-	-	-	-
Infrastructure	163,512	29,865	149,019	415,383	-
1998D Series La Marque Projects					
Infrastructure	-	-	-	337,073	-
Northline Group					
Infrastructure	13,674	-	-	51,977	-
Bayshore Group					
Infrastructure	43,354	-	-	-	-
Administrative					
Land	-	-	-	-	28,139
Office furniture, fixtures and equipment	10,128	-	-	78,100	-
Automobiles and trucks	32,869	-	-	37,106	-
Buildings	-	-	-	-	3,818,763
Infrastructure	-	1,367,721	-	-	-
Total Capital Assets	<u>\$ 14,528,810</u>	<u>\$ 24,778,631</u>	<u>\$ 24,645,572</u>	<u>\$ 14,204,580</u>	<u>\$ 21,075,898</u>



Texas City Reservoir - Texas City, Texas



Gulf Coast Water Authority

To Reliably Deliver Water to our Customers

Texas City, Texas