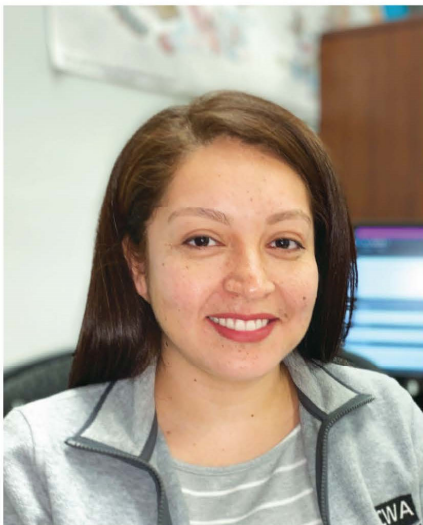




# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*FOR YEAR ENDING AUG. 31, 2020*



## It takes a TEAM



# **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
August 31, 2020**

**Gulf Coast Water Authority**

**Texas City, Texas**

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**Prepared by:**

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

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



Gulf Coast Water Authority

**GULF COAST WATER AUTHORITY**  
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## **INTRODUCTORY SECTION**







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3630 FM 1765 Texas City, Texas 77591 409.935.2438 fax 409.935.4156 [www.gulfcoastwaterauthority.com](http://www.gulfcoastwaterauthority.com)

January 5, 2021

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

We are pleased to submit the Comprehensive Annual Financial Report (the “CAFR”) of the Gulf Coast Water Authority (the “Authority”) for the fiscal year ended August 31, 2019. The purpose of the CAFR 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 CAFR in accordance with generally accepted accounting principles (“GAAP”). Management assumes full responsibility for the completeness and reliability of the information contained in the CAFR, 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, 2019. The independent auditors’ report is located at the front of the financial section of the CAFR.

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

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

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

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

The beginnings of the Authority can be traced back to 1908 with the creation of the Cane and Rice Belt Irrigation Company and construction of a pump station on the Brazos River. In the early 1930s, additional pump stations and re-lift stations on the system were added as well as extensions to the canal system, eventually running through Brazoria County and reaching into Galveston County. In 1940, the Briscoe Irrigation System consisting of an additional pump station on the Brazos and more canals were established. These two original systems were

purchased by the Brazos River Authority in 1966 and 1967. In 1988, the Authority bought the Canal Division from the Brazos River Authority. This allowed the Authority to provide water supply for industry, irrigation, and municipal use in most of the three-county area of Brazoria, Fort Bend, and Galveston. In 2006, the Authority purchased the Chocolate Bayou Water Company's assets, aka Juliff Canal System, which included another pump station on the Brazos River as well as pump stations on three bayous in Brazoria County: Chocolate, Mustang and Halls.

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

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

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

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

**Canal Systems** - The Authority operates three main canal systems: the American, Briscoe, and Juliff/Chocolate Bayou Canal systems. This includes approximately 400 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, and Ashland Specialty Chemicals.

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

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

Projects Review Committee, and Long-range Planning and three Ad Hoc committees, Water Resources, Contract Review and Facilities.

## ***ECONOMIC CONDITIONS AND OUTLOOK***

*The Local & Regional Economy.* According to Gulf Coast Economic Development District the counties that GCWA serve have grown by the following amounts from 2000 to 2010: Brazoria County 30%, Galveston County 16%, and Fort Bend County 65%. Based on other supporting information the growth rates projected since 2010 are equivalent or greater to these growth rates.

GCWA's strategic plan is developed to support this growth through capital investment while focusing on rate stabilization. The development of water resources for the region and sustainability of those resource during time of drought continue to be primary focus of the Authority.

### ***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.

## ***IMPACT OF TEXAS DROUGHT AND RECOVERY***

The recognition of risks from the drought that began in 2009 and ended in 2015 changed the fundamental thinking of the overall community regarding water availability. The Authority set policies during 2019 that all water contracted for sale by the Authority would be backed up by water resources to a minimum of 30% of the contracted value.

The Brazos River Authority, Texas Commission on Environmental Quality and the Authority significantly increased our collective knowledge and best practices as they relate to water management. We are working closely together to prepare for the management of low water levels. The Brazos River Authority is working to ensure a reliable water supply for its customers whenever the Authority's 'run of the river' water rights are not available due to extreme low flows in the lower Brazos River. Purchase of that additional stored water supply as insurance against low river flows has sustained the Authority's ability to meet customer's demands. The Brazos River Authority has agreed to sell the Authority and additional 36,362.

The drought ended with the rainfalls that began in late April 2015. According to the National Center of Environmental Information (formerly the National Climate Data Center), the 2015 precipitation totals for the contiguous U.S. was the third wettest year on record, with only 1973 and 1983 recording more precipitation. The latest published information from the National Weather Service Climate Prediction Center (November 2017) gives an early indication of returning drought conditions for much of Texas. According to the National Centers for Environmental Information, globally 2017 is the third warmest year on record going back over the last 138 years. This adds confirmation that the Authority must continue to seek additional firm water supplies to insure against the next drought.

The Authority has undertaken multiple studies over the past six years to expand our water portfolio. Those studies have 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.

## ***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***

Major initiative of the Texas City Industrial Division is the replacement of the Texas City Industrial Pump Station that will bear the name, “Joseph A. Wilhelm Industrial Pump Station” at a cost of \$19,702,911.00 (Mr. Wilhelm being the first full-time General Manager of the Authority.) The multiyear project was in the final stages of construction at year end and will be formally commissioned in December of 2020.

Major initiatives at the Water Treatment Plant included multiyear projects for the design of the high service pump station \$1,700,000.00, improvements to the transformers \$850,000.00 to support planned plant expansions

Major initiative at the Canal Division was the study of the Galveston canal to the Texas City Reservoir \$336,740.00.

Major initiatives at the Chocolate Bayou section of the Canal Division included continued work with the US Army Corps of Engineers and the Authority’s engineering design consultants on improvements to Chocolate Bayou Salt Water Barrier at a cost of \$1,409,259-, and 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. The wooden pilings are well past their life expectancy with many showing considerable signs of deterioration. The new pump station will be built adjacent to the old station sized to meet the demands of industry and farmers alike and the estimated cost is \$8,712,371.

*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 \$36,250,036 - Thomas Mackey Water Treatment Plant \$733,779; American Canal 428 Programs \$6,036,333; Briscoe Pumping Plant \$967,976; Galveston Canal \$599,559; Jullif Canal 428 System 3 \$1,056,379; May Pumping Plant \$ 3,217,082.16; Mustang Reservoir \$22,275,636; Texas City Reservoir \$26,803, various funds for Emergency Protective Measures at \$433,171, and Direct Administrative Costs of \$1,726,276.

## ***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 the 2019 fiscal year. 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 Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended August 31, 2018. 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 CAFR, whose contents conform to program standards. Such as CAFR 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 Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated staff of the Authority's Accounting Department.

Sincerely,

A handwritten signature in black ink, appearing to read 'BWade', with a long horizontal line extending to the right.

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

A handwritten signature in black ink, appearing to read 'David E. Davis Jr.', with a long horizontal line extending to the right.

**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**

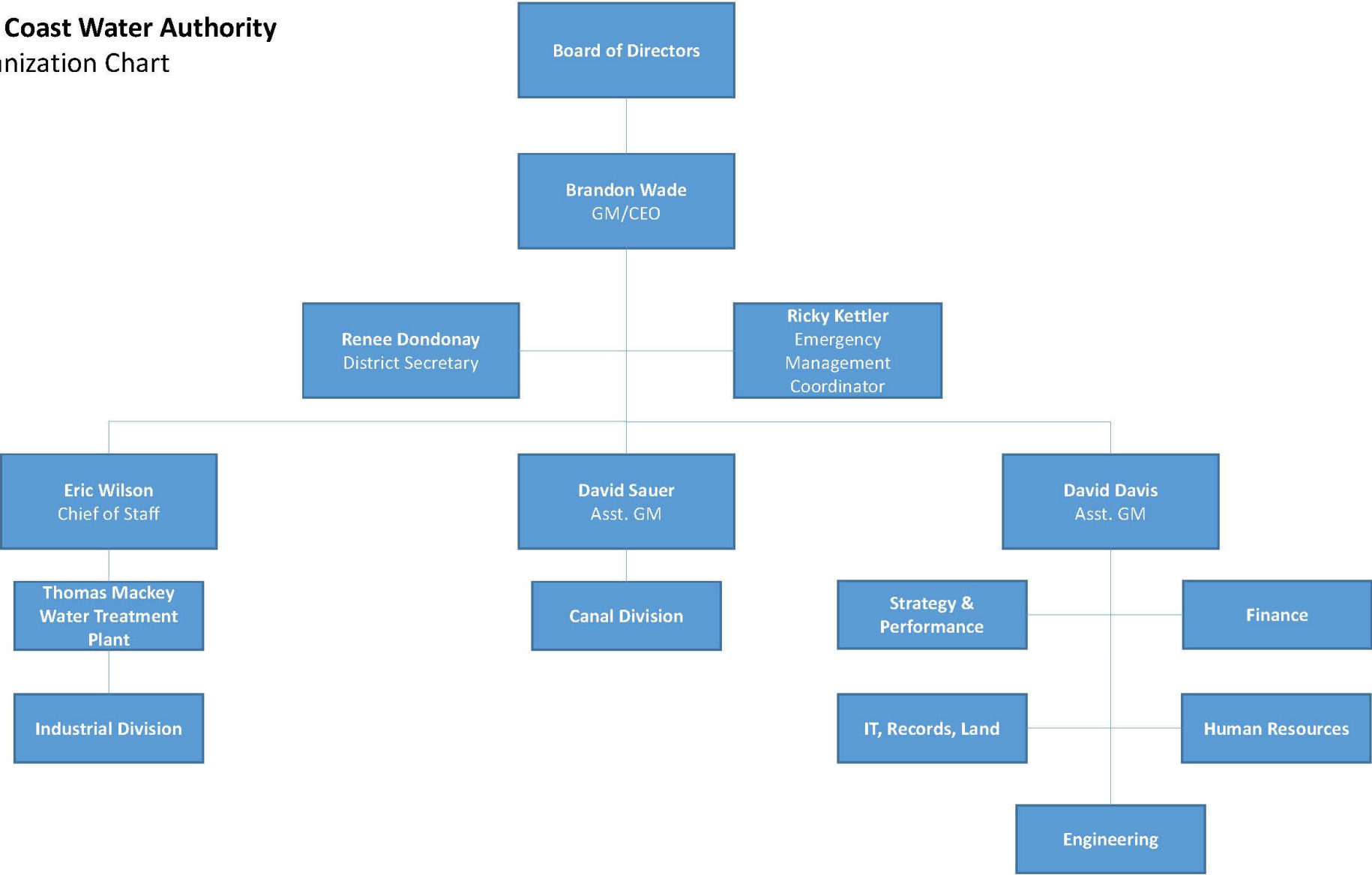
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

August 31, 2019

*Christopher P. Morrell*

Executive Director/CEO

**Gulf Coast Water Authority**  
Organization Chart



# GULF COAST WATER AUTHORITY

## Board of Directors

As of August 31, 2020

POSITION & NAME	OFFICE / COMMITTEES	TERM
<b>GALVESTON COUNTY MUNICIPAL POSITION NO. 1</b> Mr. James McWhorter, P.E.	<b>Assistant Secretary</b>	2019-2021
<b>GALVESTON COUNTY INDUSTRIAL POSITION NO. 1</b> Mr. Jimmy Laurito	<b>Director</b>	2020-2021
<b>GALVESTON COUNTY INDUSTRIAL POSITION NO. 2</b> Mr. Kevin D. Moore	<b>Director</b>	2018-2020
<b>GALVESTON COUNTY AT LARGE POSITION NO. 1</b> Mr. Shane Hamilton	<b>Director</b>	2019-2021
<b>GALVESTON COUNTY AT LARGE POSITION NO. 2</b> Mr. Brad Matlock, P.E.	<b>Vice President</b>	2018-2020
<b>BRAZORIA COUNTY MUNICIPAL POSITION NO. 1</b> Mr. Clarence Wittwer	<b>Director</b>	2019-2021
<b>BRAZORIA COUNTY INDUSTRIAL POSITION NO. 1</b> Mr. Bennie Jones Jr.	<b>Treasurer</b>	2018-2020
<b>BRAZORIA COUNTY AGRICULTURAL POSITION NO. 1</b> Mr. Cliff Mock	<b>Secretary</b>	2018-2020
<b>FORT BEND COUNTY MUNICIPAL POSITION NO. 1</b> Mr. Russell C. Jones	<b>President</b>	2019-2021
<b>FORT BEND COUNTY AT LARGE POSITION NO. 1</b> Ms. Trisha Frederick, P.E.	<b>Director</b>	2019-2020



## **FINANCIAL SECTION**



## REPORT OF INDEPENDENT AUDITORS

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 the Gulf Coast Water Authority (the “Authority”) as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements.

### 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 Gulf Coast Water Authority, as of August 31, 2020, and the respective changes in financial position and the results of 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 and the required other pension and other post-employment benefit system supplementary 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 other 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 other 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 January 5, 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  
January 5, 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, 2020. 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 \$158,233,856. Of this amount, \$89,866,949 represents net investment in capital assets; \$5,268,075 is restricted net position and the remaining \$63,098,832 represents unrestricted net position.
- The Authority's total net position increased by \$10,644,995 before the effect of a prior period adjustment. Net position at the end of the prior year was \$149,842,265, which was decreased by a prior period adjustment in the amount of \$2,253,404, resulting in an ending net position of \$158,233,856 at August 31, 2020.
- Operating expenses for the Authority were \$46,411,597 and were less than operating revenues of \$54,943,327 by \$8,531,730. Non-operating revenues for the Authority were less than non-operating expenses by \$26,735.

#### **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 includes other supplementary information in addition to the basic financial statements.

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 \$158,233,856 at the close of the most recent fiscal year.

*Net Position (with comparative totals for August 31, 2019)*

	2020	2019 (Restated)	Increase / (Decrease)	
			\$	%
Current and other assets	\$ 85,511,401	\$ 83,085,078	\$ 2,426,323	2.9%
Capital assets	114,928,498	108,919,963	6,008,535	5.5%
Total assets	200,439,899	192,005,041	8,434,858	4.4%
Total deferred outflows of resources	549,301	2,015,587	(1,466,286)	-72.7%
Current liabilities	15,520,917	11,400,596	4,120,321	36.1%
Noncurrent liabilities	26,251,461	34,598,957	(8,347,496)	-24.1%
Total liabilities	41,772,378	45,999,553	(4,227,175)	-9.2%
Total deferred inflows of resources	982,966	432,214	550,752	127.4%
Net Position:				
Net Investment in capital assets	89,866,949	81,101,796	8,765,153	10.8%
Restricted:				
Debt Service	4,587,300	4,627,707	(40,407)	-0.9%
Construction	680,775	2,650,000	(1,969,225)	
Unrestricted	63,098,832	59,209,358	3,889,474	6.6%
Total Net Position	\$ 158,233,856	\$ 147,588,861	\$ 10,644,995	7.2%

- Capital assets, net of depreciation increased by approximately \$6.0 million, or 5.5%, from the prior year due to capital outlay of approximately \$3.7 million in the Texas City Industrial Division, \$1.2 million in the Water Treatment Plant, \$3.4 million in the Canal Division, and \$4.8 million in Chocolate Bayou. Depreciable capital assets increased by \$2.0 million due to completed projects being transferred from construction in progress and construction in progress increased by \$12.1 million from the prior year.
- Current liabilities increased by \$4.1 million or 36.1% due primarily to an increase in accounts payable and accrued liabilities, related to ongoing projects at August 31, 2020.
- Noncurrent liabilities decreased by approximately \$8.3 million, or 24.1%, from the prior year due to a decrease of outstanding bonds and related premiums of \$6.2 million in addition to a decrease in the net pension liability of \$2.1 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.

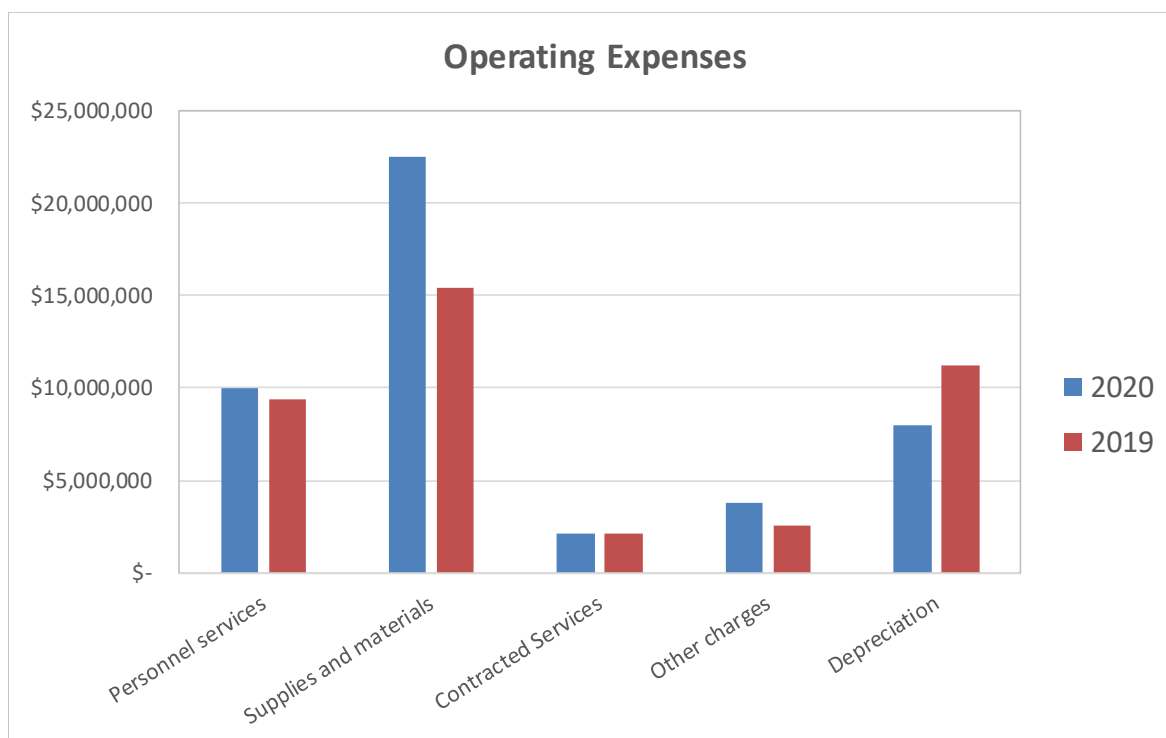
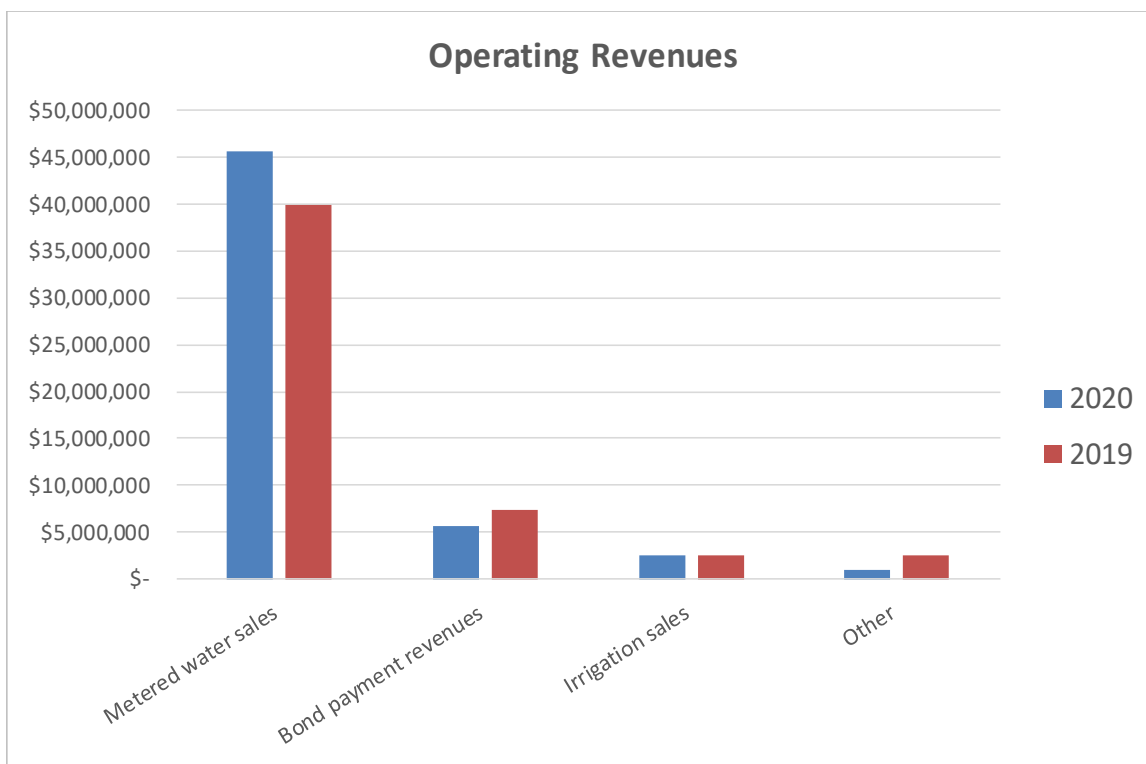
**Changes in Net Position- Year Ended August 31, 2020**  
**(With comparative totals for year ended August 31, 2019)**

	2020	2019	Increase / (Decrease)	
			\$	%
Operating Revenues:				
Metered water sales	\$ 45,677,779	\$ 39,863,810	\$ 5,813,969	14.6%
Bond payment revenue	5,683,620	7,335,248	(1,651,628)	-22.5%
Irrigation sales	2,593,058	2,474,155	118,903	4.8%
Other	988,870	2,590,576	(1,601,706)	-61.8%
Total operating revenues	54,943,327	52,263,789	2,679,538	5.1%
Expenses:				
Personnel services	9,969,928	9,421,184	548,744	5.8%
Supplies and materials	22,513,296	15,456,251	7,057,045	45.7%
Contracted services	2,090,848	2,099,216	(8,368)	-0.4%
Other charges	3,812,115	2,537,911	1,274,204	50.2%
Depreciation	8,025,410	11,258,769	(3,233,359)	-28.7%
Total expenses	46,411,597	40,773,331	5,638,266	13.8%
Operating income (loss)	8,531,730	11,490,458	(2,958,728)	
Non-operating revenues (expenses)	(26,735)	203,304	(230,039)	-113.2%
Income (loss) before capital contributions and transfers	8,504,995	11,693,762	(3,188,767)	-27.3%
Capital contributions	2,140,000	2,650,000	(510,000)	-19.2%
Change in Net Position	10,644,995	14,343,762	(3,698,767)	-25.8%
Beginning Net Position	149,842,265	154,750,903	(4,908,638)	-3.2%
Prior period adjustment	(2,253,404)	(19,252,400)	16,998,996	
Ending Net Position	\$ 158,233,856	\$ 149,842,265	\$ 8,391,591	5.6%

- Metered water sales increased by approximately \$5.8 million or 14.6%, due to 2019 having unusually large recharge costs from the City of Houston related to “true-up” capital expenses from the SEWPP.
- Other revenues decreased by approximately \$1.6 million due to prior year reimbursable costs in the amount of \$1.5 million from the Texas Department of Transportation for projects completed by the Authority.
- Personnel services increased by approximately \$0.5 million due to an increase in personnel costs and a decrease pension expense adjustment for costs related to the net pension liability (asset).
- Supplies and materials increased by approximately \$7.1 million due to an increase in contract water costs from the Southeast Water Purification Plant-League City and Pearland divisions.
- Depreciation expense decreased by approximately \$3.2 million or 28.7%, due to numerous large capital assets reaching full depreciation at the end of the prior 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 \$114,928,498 as of August 31, 2020. 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 \$6.0, or 5.5%.

	<b>2020</b>	<b>2019</b> <b>(Restated)</b>	<b>Increase/(Decrease)</b>	
			<b>\$</b>	<b>%</b>
Land	\$ 1,959,587	\$ 1,959,587	\$ -	-
Construction in progress	40,100,556	28,006,176	12,094,380	43.2%
Infrastructure	231,992,976	231,501,290	491,686	0.2%
Buildings	5,154,162	3,950,376	1,203,786	30.5%
Plant and equipment	8,159,622	7,854,177	305,445	3.9%
Less accumulated depreciation	(172,438,405)	(164,351,642)	(8,086,763)	4.9%
<b>Total</b>	<b>\$ 114,928,498</b>	<b>\$ 108,919,964</b>	<b>\$ 6,008,534</b>	<b>5.5%</b>

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 \$31.0 million. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

	<b>2020</b>	<b>2019</b>	<b>Increase/(Decrease)</b>	
			<b>\$</b>	<b>%</b>
Revenue bonds	\$ 30,598,000	\$ 36,618,000	\$ (6,020,000)	-16.4%
Bond premiums	354,352	535,318	(180,966)	-33.8%
<b>Totals</b>	<b>\$ 30,952,352</b>	<b>\$ 37,153,318</b>	<b>\$ (6,200,966)</b>	<b>-16.7%</b>

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, 2020

### Assets

#### Current Assets:

Cash and cash equivalents	\$ 4,985,880
Investments	58,575,921
Accounts receivable	10,302,889
Prepaid items	568,567
Restricted:	
Investments	8,549,152

#### Total current assets

82,982,409

#### Noncurrent assets:

Accounts receivable - due in more than one year	2,528,992
Capital assets not being depreciated	42,060,143
Capital assets, net of accumulated depreciation	72,868,355

#### Total noncurrent assets

117,457,490

#### Total assets

200,439,899

### Deferred Outflows of Resources

Deferred charge on refunding	47,249
Pension related	456,303
OPEB related	45,749

#### Total deferred outflows of resources

549,301

### Liabilities

#### Current liabilities:

Accounts payable and accrued liabilities	8,578,593
Accrued wages payable	215,018
Accrued interest payable	47,657
Bonds payable - due within one year	6,230,000
Compensated absences - due within one year	449,649

#### Total current liabilities

15,520,917

#### Noncurrent liabilities:

Due in more than one year:	
Bonds payable	24,722,352
Compensated absences	899,298
Net pension liability	455,365
Net OPEB liability	174,446

#### Total noncurrent liabilities

26,251,461

#### Total liabilities

41,772,378

### Deferred Inflows of Resources

Deferred charge on refunding	122,462
Pension related	844,292
OPEB related	16,212

#### Total deferred inflows of resources

982,966

### Net Position

Net investment in capital assets	89,866,949
Restricted for:	
Debt service	4,587,300
Construction	680,775
Unrestricted	63,098,832

#### Total Net Position

\$ 158,233,856

**GULF COAST WATER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
*For the Year Ended August 31, 2020*

**Operating revenues**

Charges for sales and services:

Metered water sales	\$ 45,677,779
Bond payment revenue	5,683,620
Irrigation sales	2,593,058
Other income	988,870

<b>Total operating revenues</b>	<u>54,943,327</u>
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**Operating expenses**

Personnel services	9,969,928
Supplies and materials	22,513,296
Contractual services	2,090,848
Other charges	3,812,115
Depreciation	8,025,410

<b>Total operating expenses</b>	<u>46,411,597</u>
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<b>Operating income (loss)</b>	<u>8,531,730</u>
--------------------------------	------------------

**Nonoperating revenues (expenses)**

Investment income (loss)	1,147,767
Interest expense	(1,358,352)
Amortization of deferred gains/losses and premiums	178,465
Gain(loss) on sale of asset	5,385

<b>Total nonoperating revenues (expenses)</b>	<u>(26,735)</u>
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**Income (loss) before capital contributions  
and transfers**

8,504,995

Capital Contributions	<u>2,140,000</u>
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Change in Net Position	10,644,995
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<b>Beginning Net Position</b>	149,842,265
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Prior period adjustment	(2,253,404)
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<b>Ending Net Position</b>	<u>\$ 158,233,856</u>
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**GULF COAST WATER AUTHORITY****STATEMENT OF CASH FLOWS***For the Year Ended August 31, 2020***Cash Flows from Operating Activities**

Receipts from customers and users	\$ 54,128,613
Payments to suppliers	(24,349,159)
Payments to employees	(9,714,528)
<b>Net cash provided (used) by operating activities</b>	<b><u>20,064,926</u></b>

**Cash Flows from Capital and Related****Financing Activities**

Acquisition and construction of capital assets	(14,204,580)
Principal paid on bonds	(6,020,000)
Interest paid on capital related debt	(1,407,801)
Payments received on long-term receivable	1,567,121
Capital contributions received from participants	2,140,000
<b>Net cash provided (used) by capital and related financing activities</b>	<b><u>(17,925,260)</u></b>

**Cash Flows from Investing Activities**

Maturity (purchase) of investments	1,169,525
Interest received	1,209,511
<b>Net cash provided (used) by investing activities</b>	<b><u>2,379,036</u></b>

**Net increase (decrease) in cash and cash equivalents**

4,518,702

**Beginning cash and cash equivalents**

467,178

**Ending cash and cash equivalents****\$ 4,985,880****Reconciliation of Operating Income (Loss) to****Net Cash Provided (Used) by Operating Activities**

Operating income (loss)	\$ 8,531,730
Adjustment to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	8,025,410
(Increase) decrease in assets:	
Accounts receivable	(814,714)
Prepaid items	284,723
Deferred outflows - pension related	1,468,051
Deferred outflows - OPEB related	(25,397)
Increase (decrease) in liabilities:	
Accounts payable	3,782,377
Wages payable	65,489
Compensated absences payable	215,355
Deferred inflows - pension related	611,067
Deferred inflows - OPEB related	935
Total OPEB liability	35,046
Net pension liability	(2,115,146)
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ 20,064,926</u></b>

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

Gain (loss) on disposal of capital assets	\$ 5,385
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# **GULF COAST WATER AUTHORITY**

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

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

The accounting and reporting policies of the 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 Gulf Coast Water Authority (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 district.

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. 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, 2020, no allowance for bad debts is recorded.

**E. Capital Assets**

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

The useful lives by the type of assets are as follows:

<b>Asset Class</b>	<b>Useful Life</b>
Automobiles and Light Weight Trailers	5 Years
Heavy Equipment, SCADA System, Pumps, and Other Equipment	10 Years
Variable Frequency Drives and Water Meters	15 Years
Bridges, Pressure Reduction Stations, and Elevated Storage Tanks	20 Years
Booster Pump Stations, Check Structures, Clarifiers, and Underdrains	25 Years
Buildings, Pump Stations, Surface Tanks, Siphons, and Water Treatment Plants	30 Years



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

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

**F. 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 charges on the refunding. 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.

**G. 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 TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. 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.

**H. 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.

**I. Prepaid Items**

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

**J. 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)**

**K. 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.

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

Subsequent events have been evaluated through January 5, 2021, which is the date the financial statements were available to be issued.

**M. 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, 2020 is as follows:

<b>Division</b>	<b>Capital Assets Net of Depreciation</b>	<b>Unspent Bond Proceeds</b>	<b>Capital Related Bonds Payable<sup>1</sup></b>	<b>Net Investment In Capital Assets</b>
League City SE Water Purification Plant	\$ 12,315,585	\$ -	\$ (267,699)	\$ 12,047,886
Thomas Mackey Water Treatment Plant	10,993,325	-	-	10,993,325
Canal Division	14,103,883	-	-	14,103,883
Galveston County WCID #12	1,029,312	-	(1,245,000)	(215,688)
1997 Galveston Projects	1,313,265	-	-	1,313,265
1998 A-B Series South Projects	4,382,265	-	(5,661,872)	(1,279,607)
Juliff Chocolate Bayou Operations	10,657,392	271	-	10,657,663
Pearland SE Water Purification Plant	15,658,554	-	-	15,658,554
Northline Group	130,995	-	-	130,995
Bayshore Group	25,458	-	-	25,458
Texas City Reservoir	15,843,826	886,146	(7,825,000)	8,904,972
Industrial Pump Station	28,306,974	1,366,605	(12,315,000)	17,358,579
Administrative Operations	167,664	-	-	167,664
	<u>\$ 114,928,498</u>	<u>\$ 2,253,022</u>	<u>\$ (27,314,571)</u>	<u>\$ 89,866,949</u>

<sup>1</sup> 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)**

**M. Net Position (continued)**

A summary of net position restricted for debt service as of August 31, 2020 is as follows:

	<b>Restricted Investments for Debt Service</b>	<b>Accrued Interest Payable</b>	<b>Total</b>
League City SE Water Purification Plant	\$ 280,447	\$ (433)	\$ 280,014
Galveston County WCID #12	264,708	(1,842)	262,866
1998 A-B South Projects	2,461,364	(10,827)	2,450,537
Texas City Reservoir	128,398	(8,900)	119,498
Industrial Pump Station	1,493,832	(19,447)	1,474,385
<b>Total</b>	<b>\$ 4,628,749</b>	<b>\$ (41,449)</b>	<b>\$ 4,587,300</b>

A summary of investments restricted by category as of August 31, 2020 is as follows:

<b>Restricted Investments</b>	<b>Amount</b>
Unspent Bond Proceeds	\$ 2,253,022
Debt Service	4,628,749
Debt Service on Behalf of Customers	986,606
Construction	680,775
	<b>\$ 8,549,152</b>

**N. Current and Future GASB Pronouncements**

The following GASB pronouncements have been implemented by the Authority in the current fiscal year:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement was issued in March 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The requirements of this Statement are effective immediately.

The effective dates of the following pronouncements are postponed by 12 months:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*

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

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

**N. Current and Future GASB Pronouncements (continued)**

- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*.

The Authority implemented GASB No. 83 *Certain Asset Retirement Obligations* and GASB No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in fiscal year 2019. The Authority plans on implementing GASB No. 84 *Fiduciary Activities* in fiscal year 2021 and GASB No. 87 *Leases* in fiscal year 2022.

The following GASB pronouncements have been issued but not yet implemented by the Authority:

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. It was issued in June 2020, but the requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. Implementation of this Statement is planned for fiscal year 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement was issued in May 2020 and provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Implementation of this Statement is planned for fiscal year 2023.

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

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

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

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

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

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 \$665,047 are secured as of August 31, 2020 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, 2020 was \$5.0 million, which included \$2.4 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, 2020, all investments were made in accordance with the Authority's investment policy. Investments that are not represented by specific identifiable investment securities such as mutual fund investment pools are not classified as to credit risk.

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in Authorized short-term, fully-collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer. The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool operates in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. 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 District's investments in TexPool are stated at amortized cost, which approximates fair value.

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

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

**Investments (continued)**

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

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

<b>Investment Type</b>	<b>Fair Value</b>	<b>Percentage of Portfolio</b>	<b>Weighted Average Maturity (Days)</b>
TexPool	\$ 1,122,180	1.7%	27
TexPool Prime	66,002,893	98.3%	50
<b>Totals</b>	<b>\$ 67,125,073</b>	<b>100%</b>	<b>50</b>

**Note 3 - Capital Assets**

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

	<b>Beginning Balance (Restated)</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Ending Balance</b>
Capital assets not being depreciated:					
Land	\$ 1,959,587	\$ -	\$ -	\$ -	\$ 1,959,587
Construction in progress	28,006,176	14,128,038	-	(2,033,658)	40,100,556
Total capital assets not being depreciated	29,965,763	14,128,038	-	(2,033,658)	42,060,143
Capital assets being depreciated:					
Office furniture, fixtures and equipment	231,900	-	-	78,101	310,001
Other machinery and equipment	5,829,895	-	-	-	5,829,895
Automobiles and trucks	1,792,382	76,542	(34,208)	185,010	2,019,726
Buildings	3,950,376	-	-	1,203,786	5,154,162
Infrastructure	231,501,290	-	(75,075)	566,761	231,992,976
Total capital assets being depreciated	243,305,843	76,542	(109,283)	2,033,658	245,306,760
Less accumulated depreciation for:					
Office furniture, fixtures and equipment	(217,576)	(24,904)	-	-	(242,480)
Other machinery and equipment	(3,941,729)	(297,729)	-	-	(4,239,458)
Automobiles and trucks	(1,196,619)	(186,445)	13,722	-	(1,369,342)
Buildings	(3,314,940)	(291,657)	-	-	(3,606,597)
Infrastructure	(155,680,778)	(7,224,675)	(75,075)	-	(162,980,528)
Total accumulated depreciation	(164,351,642)	(8,025,410)	(61,353)	-	(172,438,405)
Total capital assets being depreciated, net	78,954,201	(7,948,868)	(170,636)	2,033,658	72,868,355
<b>Total Capital Assets, net</b>	<b>\$ 108,919,964</b>	<b>\$ 6,179,170</b>	<b>\$ (170,636)</b>	<b>\$ -</b>	<b>\$ 114,928,498</b>

**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, 2020, are as follows:

<b>Project Description</b>	<b>Authorized Contract</b>	<b>Contract Expenditures</b>	<b>Remaining Commitment</b>
<b>TM WATER TREATMENT PLANT</b>			
High Service Pump Station	\$ 808,572	\$ 537,947	\$ 270,625
Projects Under \$500,000	2,610,543	1,400,462	1,210,081
	<u>3,419,115</u>	<u>1,938,408</u>	<u>1,480,707</u>
<b>CANAL DIVISION</b>			
Shannon River Bank Rehab	913,672	514,834	398,838
Operations Center	1,332,385	616,167	716,218
TXDOT I-45 @ G-Canal	2,530,000	2,529,621	379
Vehicles & Equipment: Dragline	790,000	780,000	10,000
Projects Under \$500,000	4,414,013	2,200,811	1,960,575
	<u>9,980,070</u>	<u>6,641,433</u>	<u>3,086,010</u>
<b>GALVESTON COUNTY WCID #12</b>			
Customer Takepoint: Kemah	15,000	12,730	2,270
	<u>15,000</u>	<u>12,730</u>	<u>2,270</u>
<b>GALVESTON 97 BONDS</b>			
Virginia Pt Pressure Reducing	1,231,000	1,223,299	7,701
	<u>1,231,000</u>	<u>1,223,299</u>	<u>7,701</u>
<b>1998 A-B SERIES PROJECTS</b>			
42" Relocation SH3	523,800	394,818	128,982
42" Relo SH3 TxDot Real Estate	398,800	1,844	396,956
SCADA ALTA LOMA BYPASS	27,000	24,976	2,024
	<u>949,600</u>	<u>421,638</u>	<u>527,962</u>
<b>CHOCOLATE BAYOU DIVISION</b>			
B21045-PW-MustangBayouRsvr PW	1,443,215	1,195,405	247,810
CB Pump Station Replcmnt Desgn	7,672,397	4,109,225	3,563,172
Projects Under \$500,000	1,359,708	879,037	324,478
	<u>10,475,320</u>	<u>6,183,666</u>	<u>4,135,461</u>
Humble Camp PRV	110,239	62,102	48,137
Drainage Improvements Design	1,400,000	1,388,791	11,209
Projects Under \$500,000	65,000	54,124	10,876
IPS REPLACEMENT PUMP STATION	19,500,000	19,162,936	337,064
7th Ave Booster Pump Station	2,390,887	1,302,077	1,088,810
Projects Under \$500,000	2,715,319	1,709,346	983,797
	<u>24,606,206</u>	<u>23,679,377</u>	<u>2,409,670</u>
Total Construction in Progress	<u><b>\$ 50,676,311</b></u>	<u><b>\$ 40,100,551</b></u>	<u><b>\$ 11,649,781</b></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, 2020, is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>	<b>Due In More Than One Year</b>
Bonds Payable:						
Revenue bonds	\$ 36,618,000	\$ -	\$ (6,020,000)	\$ 30,598,000	\$ 6,230,000	\$ 24,368,000
Bond premiums	535,318	-	(180,966)	354,352	-	354,352
Total bonds payable	37,153,318	-	(6,200,966)	30,952,352	6,230,000	24,722,352
Compensated absences	1,133,592	584,624	(369,269)	1,348,947	449,649	899,298
<b>Long term liabilities</b>	<b>\$ 38,286,910</b>	<b>\$ 584,624</b>	<b>\$ (6,570,235)</b>	<b>\$ 32,301,299</b>	<b>\$ 6,679,649</b>	<b>\$ 25,621,650</b>

Revenue bond long-term activity for the year ended August 31, 2020, is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Industrial Division</b>					
Series 2016 A	\$ 3,985,000	\$ -	\$ (460,000)	\$ 3,525,000	\$ 470,000
Series 2016 B	4,840,000	-	(540,000)	4,300,000	560,000
Series 2017	12,995,000	-	(680,000)	12,315,000	700,000
Series 2018	1,320,000	-	(75,000)	1,245,000	75,000
<b>Total Industrial Division</b>	<b>23,140,000</b>	<b>-</b>	<b>(1,755,000)</b>	<b>21,385,000</b>	<b>1,805,000</b>
<b>League City Southeast Division</b>					
Series 2011 F	510,000	-	(250,000)	260,000	260,000
<b>Total League City Southeast Division</b>	<b>510,000</b>	<b>-</b>	<b>(250,000)</b>	<b>260,000</b>	<b>260,000</b>
<b>1998 A-B South Projects</b>					
Series 2011 A	6,790,000	-	(2,165,000)	4,625,000	2,255,000
Series 2011 B	1,050,000	-	(335,000)	715,000	350,000
<b>Total 1998 A-B South Projects</b>	<b>7,840,000</b>	<b>-</b>	<b>(2,500,000)</b>	<b>5,340,000</b>	<b>2,605,000</b>
<b>1998 C Series Texas City Projects</b>					
Series 2011 C	2,465,000	-	(500,000)	1,965,000	520,000
<b>Total 1998 C Series Texas City Projects</b>	<b>2,465,000</b>	<b>-</b>	<b>(500,000)</b>	<b>1,965,000</b>	<b>520,000</b>
<b>2002 Galveston Projects</b>					
Series 2012	1,958,000	-	(800,000)	1,158,000	820,000
<b>Total Galveston Projects</b>	<b>1,958,000</b>	<b>-</b>	<b>(800,000)</b>	<b>1,158,000</b>	<b>820,000</b>
<b>1998 D Series La Marque Projects</b>					
Series 2011 D	705,000	-	(215,000)	490,000	220,000
<b>Total 1998 D Series La Marque Projects</b>	<b>705,000</b>	<b>-</b>	<b>(215,000)</b>	<b>490,000</b>	<b>220,000</b>
<b>Total Bonds Payable</b>	<b>\$ 36,618,000</b>	<b>\$ -</b>	<b>\$ (6,020,000)</b>	<b>\$ 30,598,000</b>	<b>\$ 6,230,000</b>



**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:

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 6,230,000	\$ 1,155,091	\$ 7,385,091
2022	6,653,000	905,080	7,558,080
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 to 2030	9,605,000	1,414,337	11,019,337
2031 to 2033	2,135,000	92,349	2,227,349
<b>Total</b>	<b>\$ 30,598,000</b>	<b>\$ 5,204,891</b>	<b>\$ 35,802,891</b>

**Note 5 - Compensated Absences**

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

Full-time employees will accrue vacation hours each pay period beginning on their hire date. Employees will be able to take vacation upon completion of ninety (90) days of service. The maximum accrued balance an employee may carry is two times their annual accrual limit. The annual accrual limit for each employee is dependent on their years of service and ranges from 80 hours accrued per year for employees with less than 5 years of service to a maximum of 240 hours accrued per year for employees with more than 30 years of service. At August 31, 2020, accrued compensated absences are \$1,348,947 with approximately \$449,649 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 a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available, upon written request, from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas, 78768-2034 or online at [www.tcdrs.org](http://www.tcdrs.org).

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

**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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Number of inactive employees entitled to but not yet receiving benefits	43
Number of active employees	82
Number of inactive employees receiving benefits	38

**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 was 8.67% 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, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%
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 <sup>1</sup>
Amortization method	Level percentage of payroll, closed
Remaining amortization period	10.4 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset valuation method	5-year smoothed market
Inflation rate	2.75%
Salary increases	Varies by age and service; 4.9% average over career including inflation.
Investment rate of return	8.00%, 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 <sup>1</sup>	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions <sup>1</sup>	2015: Employer contributions reflect that a 2% flat COLA was adopted. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: Employer contributions reflect that a 100% CPI COLA was adopted

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

Actuarial assumptions used in the December 31, 2019, 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 pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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 arithmetic 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	14.50%	5.20%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities - Developed	7.00%	5.20%
International Equities - Emerging	7.00%	5.70%
Investment-Grade Bonds	3.00%	-0.20%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%
REIT Equities	3.00%	4.50%
Master Limited Partnerships	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%
<b>Total Assets</b>	<b>100.00%</b>	<b>5.55%</b>

**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 reflected in the Dec. 31, 2019 actuarial valuation. There was one method change reflected in the Dec. 31, 2019 actuarial valuation. The asset valuation method was changed so that any remaining unrecognized asset gains or losses from the previous year are updated to the current year to account for the time value of money using the investment return assumption. There were no other changes made to the asset valuation method.

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	<b>Total Pension Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability/(Asset) (a) - (b)</b>
<b>Balances as of December 31, 2018</b>	\$ 26,070,890	\$ 23,500,379	\$ 2,570,511
Changes for the Year			
Service cost	605,629	-	605,629
Interest on total pension liability	2,107,188	-	2,107,188
Effect of economic/demographic gains or losses	(80,745)	-	(80,745)
Refund of contributions	(61,401)	(61,401)	-
Benefit payments	(1,288,586)	(1,288,586)	-
Administrative expenses	-	(20,497)	20,497
Member contributions	-	409,769	(409,769)
Net investment income	-	3,859,668	(3,859,668)
Employer contributions	-	509,285	(509,285)
Other	-	(11,007)	11,007
<b>Balances as of December 31, 2019</b>	<u>\$ 27,352,975</u>	<u>\$ 26,897,610</u>	<u>\$ 455,365</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 8.10%, 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 (7.10%) or 1-percentage-point higher (9.10%) than the current rate:

	<b>1% Decrease in Discount Rate 7.10%</b>	<b>Discount Rate 8.10%</b>	<b>1% Increase in Discount Rate 9.10%</b>
Total pension liability	\$ 30,484,249	\$ 27,352,975	\$ 24,674,899
Fiduciary net position	26,897,611	26,897,610	26,897,611
	<u>\$ 3,586,638</u>	<u>\$ 455,365</u>	<u>\$ (2,222,712)</u>

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

For the year ended August 31, 2020, the Authority recognized pension expense of \$564,595.

As of August 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experiences	\$ 28,594	\$ 175,560
Changes in assumptions	-	1,073
Net difference between projected and actual earnings	-	667,659
Contributions made subsequent to the measurement date	427,709	-
	<u>\$ 456,303</u>	<u>\$ 844,292</u>

The \$427,709 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, 2021.

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

<b>Year Ended December 31,</b>	<b>Amount</b>
2021	\$ (281,166)
2022	(196,932)
2023	81,792
2024	(405,937)
2025	(13,455)
	<u>\$ (815,698)</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 district'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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Number of inactive employees entitled to but not yet receiving benefits	16
Number of active employees	82
Number of inactive employees receiving benefits	31

"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 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.

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

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

**Contributions (continued)**

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.

**Actuarial Assumptions**

The Authority's Total OPEB Liability ("TOL") was measured as of December 31, **2019** and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Valuation date	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	2.74%; 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2019.
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 2.74% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2019.

**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><b>Total OPEB Liability</b></u>
<b>Balances as of December 31, 2018</b>	\$ 139,400
Changes for the year:	
Service cost	4,888
Interest on total pension liability	5,773
Effect of economic/demographic experience	(4,146)
Effect of assumptions changes or inputs	35,556
Benefit payments	(7,025)
<b>Balances as of December 31, 2019</b>	<u><u>\$ 174,446</u></u>

**Sensitivity Analysis**

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 2.74%, as well as what total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.74%) or 1 percentage point higher (3.74%) 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><b>1% Decrease</b></u>	<u><b>Current</b></u>	<u><b>1% Increase</b></u>
	<u><b>1.74%</b></u>	<u><b>Discount Rate</b></u>	<u><b>3.74%</b></u>
		<u><b>2.74%</b></u>	
Total OPEB liability	\$ 209,963	\$ 174,446	\$ 147,153

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

For the year ended August 31, 2020, the Authority recognized OPEB expense of \$14,627.

As of August 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u><b>Deferred Outflows</b></u>	<u><b>Deferred Inflows</b></u>
	<u><b>of Resources</b></u>	<u><b>of Resources</b></u>
Differences between expected and actual experiences	\$ 5,762	\$ 5,309
Changes in assumptions	34,258	10,903
Contributions made subsequent to the measurement date	5,729	-
	<u><u>\$ 45,749</u></u>	<u><u>\$ 16,212</u></u>

The \$5,729 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, 2021.



**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:

<b>Year Ended December 31,</b>	<b>Amount</b>
2021	\$ 3,966
2022	3,966
2023	3,966
2024	3,964
2025	3,458
2026	4,488
	<u>\$ 23,808</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 will finance the project and the Authority will reimburse the City 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 the project, the parties will true up and reconcile the project costs to actual costs to reflect full reimbursement to the City 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. The remaining amount of approximately \$3.91 million will be paid by the Authority. At the end of fiscal year 2020, the project was substantially complete and expected to be online by the middle of fiscal year 2021.

**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 Supplemental 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 Supplemental Plan; any employee would be vested in 100% of the Authority's contributions to the Supplemental Plan who has been employed with the Authority for three (3) years of continuous service, including service prior to the effective date of the Supplemental 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, 2020, were \$255,834.

**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, 2020, the Authority had a property and machinery breakdown coverage of \$58,890,410; 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 \$5,000,000; 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, 2020. 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.

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

**Note 12 - Prior Period Adjustment**

In previous years the Authority entered into multiple agreements to issue revenue bonds in order to finance capital projects on-behalf of municipal customers. The capital assets funded by the bonds were reported in the financial statements of the Authority (see Note 11). In accordance with Generally Accepted Accounting Principles (GAAP), which emphasize economic substance over legal form, the Authority has made a prior period adjustment to its financial statements removing the capital asset and related depreciation associated with these agreements. Additionally, a long-term receivable was recorded 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, 2019.

Beginning Net Position	\$ 149,842,265
Removal of capital assets:	
Infrastructure	(38,956,936)
Accumulated depreciation	<u>32,607,420</u>
Total removal of capital assets	<u>(6,349,516)</u>
 Record long-term receivable for financing agreement	 <u>4,096,112</u>
Total prior period adjustment	<u>(2,253,404)</u>
 Beginning Net Position - As Restated	 <u><u>\$ 141,239,345</u></u>



## **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 Six Measurement Years Ended December 31**

	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 605,629	\$ 570,662	\$ 525,024	\$ 521,896	\$ 446,105	\$ 424,292
Interest on total pension liability	2,107,188	1,906,466	1,793,234	1,705,631	1,600,213	1,451,551
Effect of plan changes	-	1,162,542	-	-	(50,096)	-
Effect of economic/demographic gains or losses	(80,745)	14,528	37,814	(541,362)	(76,245)	-
Effect of assumptions changes or inputs	-	-	(2,147)	-	145,422	-
Difference between expected and actual performance	-	-	-	-	-	508,957
Refund of contributions	(61,401)	(41,552)	(29,821)	(39,657)	(52,491)	-
Benefit payments/refunds of contributions	(1,288,586)	(1,035,984)	(898,838)	(781,376)	(637,742)	(526,744)
Net change in total pension liability	1,282,085	2,576,662	1,425,266	865,132	1,375,166	1,858,056
Total pension liability, beginning	26,070,890	23,494,228	22,068,962	21,203,830	19,828,664	17,970,608
Total pension liability, ending (a)	<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>
<b>Fiduciary Net Position</b>						
Employer contributions	\$ 509,285	\$ 435,105	\$ 406,156	\$ 374,433	\$ 332,112	\$ 550,788
Member contributions	409,769	351,296	327,923	302,310	268,141	242,851
Investment income net of investment expenses	3,859,668	(455,435)	3,116,068	1,511,562	(222,362)	1,283,888
Benefit payments	(1,288,586)	(1,035,984)	(898,838)	(781,376)	(637,742)	(526,744)
Refunds of contributions	(61,401)	(41,552)	(29,821)	(39,657)	(52,491)	-
Administrative expenses	(20,497)	(18,876)	(16,142)	(16,435)	(14,817)	(15,246)
Other	(11,007)	(6,234)	(2,760)	(403,097)	23,896	365,134
Net change in fiduciary net position	3,397,231	(771,680)	2,902,586	947,740	(303,263)	1,900,671
<b>Fiduciary net position, beginning</b>	<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>
<b>Fiduciary net position, ending (b)</b>	<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)	\$ 455,365	\$ 2,570,511	\$ (777,831)	\$ 699,489	\$ 782,097	\$ (896,332)
Fiduciary net position as a % of total pension liability	98.34%	90.14%	103.31%	96.83%	96.31%	104.52%
Covered payroll	5,853,856	5,018,511	4,684,610	4,318,716	3,830,584	3,469,295
Net pension liability / (asset) as a % of covered payroll	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 Six Fiscal Years*

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

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 Three Measurement Years Ended December 31*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 4,888	\$ 5,435	\$ 4,818
Interest on total OPEB liability	5,773	4,976	5,162
Effect of economic/demographic experience	(4,146)	8,066	(3,071)
Effect of assumptions changes or inputs	35,556	(15,263)	6,619
Benefit payments/refunds of contributions	<u>(7,025)</u>	<u>(6,022)</u>	<u>(6,090)</u>
Net change in total OPEB liability	35,046	(2,808)	7,438
Total OPEB liability, beginning	<u>139,400</u>	<u>142,208</u>	<u>134,770</u>
Total OPEB liability, ending	<u><u>\$ 174,446</u></u>	<u><u>\$ 139,400</u></u>	<u><u>\$ 142,208</u></u>
Covered payroll	\$ 5,853,856	\$ 5,018,511	\$ 4,684,610
Total OPEB liability as a % of covered payroll	2.98%	2.78%	3.04%

Note: 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.



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

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

Note: 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.



## **OTHER SUPPLEMENTARY INFORMATION**



**GULF COAST WATER AUTHORITY**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
*For the Year Ended August 31, 2020*

	<b>Budgeted Amounts</b>		<b>Actual<sup>1</sup></b>	<b>Variance with Final</b>
	<b>Original</b>	<b>Final</b>		<b>Budget - Positive (Negative)</b>
<b>Operating Revenues:</b>				
Metered water sales	\$ 67,562,268	\$ 67,562,268	\$ 69,237,523	\$ 1,675,255
Bond payment revenue	7,250,739	7,250,739	5,683,620	(1,567,119)
Irrigation sales	2,542,307	2,542,307	2,593,058	50,751
Other income	21,375,386	21,375,386	988,870	(20,386,516)
<b>Total Operating Revenues</b>	<b>98,730,700</b>	<b>98,730,700</b>	<b>78,503,071</b>	<b>(20,227,629)</b>
<b>Operating Expenses:</b>				
Personnel services	10,675,200	10,675,200	9,969,928	705,272
Supplies and materials	42,808,323	42,808,323	46,073,040	(3,264,717)
Contract services	2,660,865	2,660,865	2,090,848	570,017
Other charges	2,265,557	2,265,557	3,812,115	(1,546,558)
Capital	42,975,790	52,047,291	14,204,580	37,842,711
<b>Total Operating Expenses</b>	<b>101,385,735</b>	<b>110,457,236</b>	<b>76,150,511</b>	<b>34,306,725</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment earnings	940,300	940,300	1,147,767	207,467
Other revenues and (expenses)	-	-	5,385	5,385
Other sources	496,738	496,738	-	(496,738)
Interest expense	(1,424,380)	(1,424,380)	(1,358,352)	66,028
<b>Total Nonoperating Revenues (Expenses)</b>	<b>12,658</b>	<b>12,658</b>	<b>(205,200)</b>	<b>(217,858)</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>(2,642,377)</b>	<b>(11,713,878)</b>	<b>2,147,360</b>	<b>(54,752,212)</b>
<b>Capital contributions</b>	<b>-</b>	<b>-</b>	<b>2,140,000</b>	<b>2,140,000</b>
<b>Change in Net Position</b>	<b>(2,642,377)</b>	<b>(11,713,878)</b>	<b>4,287,360</b>	<b>16,001,238</b>
<b>Beginning Net Position</b>	<b>149,842,265</b>	<b>149,842,265</b>	<b>149,842,265</b>	<b>-</b>
Prior Period Adjustment	-	-	(2,253,404)	(2,253,404)
<b>Ending Net Position</b>	<b>\$ 147,199,888</b>	<b>\$ 138,128,387</b>	<b>\$ 151,876,221</b>	<b>\$ 13,747,834</b>
Reconciliation to GAAP based Financial Statements				
Net Position budgetary basis			\$ 151,876,221	
Add: Capital outlay			14,204,580	
Add: Amortization of bond premiums			178,465	
Less: Depreciation			(8,025,410)	
Net Position GAAP Basis			<u>\$ 158,233,856</u>	

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

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - NET POSITION**  
**August 31, 2020**

Page 1 of 5

	League City SE Water Purification Plant	Thomas S. Mackey Water Treatment Plant	Canal Division	Galveston County WCID #12
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 3,388,765	\$ 152,856	\$ 282,663	\$ 24,387
Investments	229,221	11,337,965	17,294,616	43,693
Accounts receivable	888,749	1,666,106	3,416,808	17,060
Prepaid items	-	-	403,025	-
Restricted:				
Investments	280,447	-	-	264,708
<b>Total current assets</b>	<b>4,787,182</b>	<b>13,156,927</b>	<b>21,397,112</b>	<b>349,848</b>
<b>Noncurrent assets:</b>				
Accounts receivable - due in more than one year	-	-	-	-
Capital assets not being depreciated	-	2,586,171	7,088,524	12,730
Capital assets, net of accumulated depreciation	12,315,585	8,407,154	7,015,359	1,016,582
<b>Total noncurrent assets</b>	<b>12,315,585</b>	<b>10,993,325</b>	<b>14,103,883</b>	<b>1,029,312</b>
<b>Total assets</b>	<b>17,102,767</b>	<b>24,150,252</b>	<b>35,500,995</b>	<b>1,379,160</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	-	-	-
Pension related	-	101,309	292,353	-
OPEB related	-	17,842	19,215	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>119,151</b>	<b>311,568</b>	<b>-</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	3,761,833	612,225	654,681	130
Accrued wages payable	-	56,251	61,851	-
Accrued interest payable	433	-	-	1,842
Bonds payable - due within one year	260,000	-	-	75,000
Compensated absences - due within one year	-	70,411	165,888	-
<b>Total current liabilities</b>	<b>4,022,266</b>	<b>738,887</b>	<b>882,420</b>	<b>76,972</b>
<b>Noncurrent liabilities:</b>				
Due in more than one year:				
Bonds payable	7,699	-	-	1,170,000
Compensated absences	-	140,823	331,775	-
Net pension liability	-	177,592	191,254	-
Net OPEB liability	-	68,034	73,267	-
<b>Total noncurrent liabilities</b>	<b>7,699</b>	<b>386,449</b>	<b>596,296</b>	<b>1,170,000</b>
<b>Total liabilities</b>	<b>4,029,965</b>	<b>1,125,336</b>	<b>1,478,716</b>	<b>1,246,972</b>
<b>Deferred Inflows of Resources</b>				
Deferred charge on refunding	-	-	-	-
Pension related	-	329,274	354,603	-
OPEB related	-	6,323	6,809	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>335,597</b>	<b>361,412</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	12,047,886	10,993,325	14,103,883	(215,688)
Restricted for:				
Debt service	280,014	-	-	262,866
Construction	-	-	-	-
Unrestricted	744,902	11,815,145	19,868,552	85,010
<b>Total Net Position</b>	<b>\$ 13,072,802</b>	<b>\$ 22,808,470</b>	<b>\$ 33,972,435</b>	<b>\$ 132,188</b>

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - NET POSITION**  
**August 31, 2020**

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	1997 Galveston Projects	1998 A-B Series South Projects	1998 C Series Texas City Projects	1998 D La Marque Projects
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 132,313	\$ 59,447	\$ -	\$ 2,458
Investments	1,017,392	613,663	7	42,258
Accounts receivable	61,672	298,808	51,041	42,003
Prepaid items	-	-	-	-
Restricted:				
Investments	-	2,461,364	649,498	242,614
<b>Total current assets</b>	<b>1,211,377</b>	<b>3,433,282</b>	<b>700,546</b>	<b>329,333</b>
<b>Noncurrent assets:</b>				
Accounts receivable - due in more than one year	-	-	1,384,339	199,038
Capital assets not being depreciated	1,223,300	421,638	-	-
Capital assets, net of accumulated depreciation	89,965	3,960,627	-	-
<b>Total noncurrent assets</b>	<b>1,313,265</b>	<b>4,382,265</b>	<b>1,384,339</b>	<b>199,038</b>
<b>Total assets</b>	<b>2,524,642</b>	<b>7,815,547</b>	<b>2,084,885</b>	<b>528,371</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	-	-	-
Pension related	-	-	-	-
OPEB related	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	157,028	25,093	-	5,900
Accrued wages payable	-	-	-	-
Accrued interest payable	-	10,827	4,094	1,019
Bonds payable - due within one year	-	2,605,000	520,000	220,000
Compensated absences - due within one year	-	-	-	-
<b>Total current liabilities</b>	<b>157,028</b>	<b>2,640,920</b>	<b>524,094</b>	<b>226,919</b>
<b>Noncurrent liabilities:</b>				
Due in more than one year:				
Bonds payable	-	2,954,262	1,540,939	301,452
Compensated absences	-	-	-	-
Net pension liability	-	-	-	-
Net OPEB liability	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>2,954,262</b>	<b>1,540,939</b>	<b>301,452</b>
<b>Total liabilities</b>	<b>157,028</b>	<b>5,595,182</b>	<b>2,065,033</b>	<b>528,371</b>
<b>Deferred Inflows of Resources</b>				
Deferred charge on refunding	-	102,610	19,852	-
Pension related	-	-	-	-
OPEB related	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>102,610</b>	<b>19,852</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	1,313,265	(1,279,607)	-	-
Restricted for:				
Debt service	-	2,450,537	-	-
Construction	-	-	-	-
Unrestricted	1,054,349	946,825	-	-
<b>Total Net Position</b>	<b>\$ 2,367,614</b>	<b>\$ 2,117,755</b>	<b>\$ -</b>	<b>\$ -</b>

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - NET POSITION**  
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	2002 Galveston Projects	Juliff-Chocolate Bayou Operations	Pearland Southeast Water Purification Plant	Northline Group
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 15,012	\$ 33,441
Investments	19	9,377,692	274,665	334,513
Accounts receivable	71,718	2,160,224	198,075	16,919
Prepaid items	-	165,542	-	-
Restricted:				
Investments	94,494	681,046	-	-
<b>Total current assets</b>	<b>166,231</b>	<b>12,384,504</b>	<b>487,752</b>	<b>384,873</b>
<b>Noncurrent assets:</b>				
Accounts receivable - due in more than one year	945,615	-	-	-
Capital assets not being depreciated	-	6,204,640	-	62,102
Capital assets, net of accumulated depreciation	-	4,452,752	15,658,554	68,893
<b>Total noncurrent assets</b>	<b>945,615</b>	<b>10,657,392</b>	<b>15,658,554</b>	<b>130,995</b>
<b>Total assets</b>	<b>1,111,846</b>	<b>23,041,896</b>	<b>16,146,306</b>	<b>515,868</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	47,249	-	-	-
Pension related	-	62,641	-	-
OPEB related	-	8,692	-	-
<b>Total deferred outflows of resources</b>	<b>47,249</b>	<b>71,333</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	-	774,103	301,567	-
Accrued wages payable	-	28,137	-	-
Accrued interest payable	1,095	-	-	-
Bonds payable - due within one year	820,000	-	-	-
Compensated absences - due within one year	-	80,243	-	-
<b>Total current liabilities</b>	<b>821,095</b>	<b>882,483</b>	<b>301,567</b>	<b>-</b>
<b>Noncurrent liabilities:</b>				
Due in more than one year:				
Bonds payable	338,000	-	-	-
Compensated absences	-	160,487	-	-
Net pension liability	-	86,519	-	-
Net OPEB liability	-	33,145	-	-
<b>Total noncurrent liabilities</b>	<b>338,000</b>	<b>280,151</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,159,095</b>	<b>1,162,634</b>	<b>301,567</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Deferred charge on refunding	-	-	-	-
Pension related	-	160,415	-	-
OPEB related	-	3,080	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>163,495</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	-	10,657,663	15,658,554	130,995
Restricted for:				
Debt service	-	-	-	-
Construction	-	680,775	-	-
Unrestricted	-	10,448,662	186,185	384,873
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ 21,787,100</b>	<b>\$ 15,844,739</b>	<b>\$ 515,868</b>



**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - NET POSITION**  
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	Bayshore Group	Texas City Reservoir	Industrial Pump Station	Capital Improvement
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 8,550	\$ 39,287	\$ 73,485	\$ 94,430
Investments	110,681	5,586,406	10,350,187	333,857
Accounts receivable	6,961	110,995	1,247,761	47,989
Prepaid items	-	-	-	-
Restricted:				
Investments	-	1,014,544	2,860,437	-
<b>Total current assets</b>	<b>126,192</b>	<b>6,751,232</b>	<b>14,531,870</b>	<b>476,276</b>
<b>Noncurrent assets:</b>				
Accounts receivable - due in more than one year	-	-	-	-
Capital assets not being depreciated	-	2,155,921	22,305,117	-
Capital assets, net of accumulated depreciation	25,458	13,687,905	6,001,857	-
<b>Total noncurrent assets</b>	<b>25,458</b>	<b>15,843,826</b>	<b>28,306,974</b>	<b>-</b>
<b>Total assets</b>	<b>151,650</b>	<b>22,595,058</b>	<b>42,838,844</b>	<b>476,276</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	-	-	-
Pension related	-	-	-	-
OPEB related	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	80	191,242	1,928,641	-
Accrued wages payable	-	-	-	-
Accrued interest payable	-	8,900	19,447	-
Bonds payable - due within one year	-	1,030,000	700,000	-
Compensated absences - due within one year	-	-	-	-
<b>Total current liabilities</b>	<b>80</b>	<b>1,230,142</b>	<b>2,648,088</b>	<b>-</b>
<b>Noncurrent liabilities:</b>				
Due in more than one year:				
Bonds payable	-	6,795,000	11,615,000	-
Compensated absences	-	-	-	-
Net pension liability	-	-	-	-
Net OPEB liability	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>6,795,000</b>	<b>11,615,000</b>	<b>-</b>
<b>Total liabilities</b>	<b>80</b>	<b>8,025,142</b>	<b>14,263,088</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Deferred charge on refunding	-	-	-	-
Pension related	-	-	-	-
OPEB related	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	25,458	8,904,972	17,358,579	-
Restricted for:				
Debt service	-	119,498	1,474,385	-
Construction	-	-	-	-
Unrestricted	126,112	5,545,446	9,742,792	476,276
<b>Total Net Position</b>	<b>\$ 151,570</b>	<b>\$ 14,569,916</b>	<b>\$ 28,575,756</b>	<b>\$ 476,276</b>

**GULF COAST WATER AUTHORITY**  
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	Administrative Operations	Eliminations	Total
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 678,786	\$ -	\$ 4,985,880
Investments	1,629,086	-	58,575,921
Accounts receivable	-	-	10,302,889
Prepaid items	-	-	568,567
Restricted:			
Investments	-	-	8,549,152
<b>Total current assets</b>	<b>2,307,872</b>	<b>-</b>	<b>82,982,409</b>
<b>Noncurrent assets:</b>			
Accounts receivable - due in more than one year	-	-	2,528,992
Capital assets not being depreciated	-	-	42,060,143
Capital assets, net of accumulated depreciation	167,664	-	72,868,355
<b>Total noncurrent assets</b>	<b>167,664</b>	<b>-</b>	<b>117,457,490</b>
<b>Total assets</b>	<b>2,475,536</b>	<b>-</b>	<b>200,439,899</b>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	-	-	47,249
Pension related	-	-	456,303
OPEB related	-	-	45,749
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>549,301</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	166,070	-	8,578,593
Accrued wages payable	68,779	-	215,018
Accrued interest payable	-	-	47,657
Bonds payable - due within one year	-	-	6,230,000
Compensated absences - due within one year	133,107	-	449,649
<b>Total current liabilities</b>	<b>367,956</b>	<b>-</b>	<b>15,520,917</b>
<b>Noncurrent liabilities:</b>			
Due in more than one year:			
Bonds payable	-	-	24,722,352
Compensated absences	266,213	-	899,298
Net pension liability	-	-	455,365
Net OPEB liability	-	-	174,446
<b>Total noncurrent liabilities</b>	<b>266,213</b>	<b>-</b>	<b>26,251,461</b>
<b>Total liabilities</b>	<b>634,169</b>	<b>-</b>	<b>41,772,378</b>
<b>Deferred Inflows of Resources</b>			
Deferred charge on refunding	-	-	122,462
Pension related	-	-	844,292
OPEB related	-	-	16,212
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>982,966</b>
<b>Net Position</b>			
Net investment in capital assets	167,664	-	89,866,949
Restricted for:			
Debt service	-	-	4,587,300
Construction	-	-	680,775
Unrestricted	1,673,703	-	63,098,832
<b>Total Net Position</b>	<b>\$ 1,841,367</b>	<b>\$ -</b>	<b>\$ 158,233,856</b>

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION**  
**Year Ended August 31, 2020**

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	<b>League City SE Water Purification Plant</b>	<b>Thomas S. Mackey Water Treatment Plant</b>	<b>Canal Division</b>	<b>Galveston County WCID #12</b>
<b>Operating revenues</b>				
Charges for sales and services:				
Metered water sales	\$ 6,012,108	\$ 15,417,616	\$ 15,724,833	\$ 83,840
Bond payment revenue	261,724	-	-	120,882
Irrigation sales	-	-	672,596	-
Other income	16,936	1,131,254	415,971	-
<b>Total operating revenues</b>	<b>6,290,768</b>	<b>16,548,870</b>	<b>16,813,400</b>	<b>204,722</b>
<b>Operating expenses</b>				
Personnel services	1,704	2,689,463	2,946,455	8,172
Supplies and materials	5,544,442	9,161,923	8,327,409	9,435
Contractual services	17,853	461,955	563,129	931
Other charges	-	491,071	829,481	899
Administrative allocation	64,198	1,482,378	1,530,618	40,077
Depreciation	1,177,798	1,123,840	969,431	46,688
<b>Total operating expenses</b>	<b>6,805,995</b>	<b>15,410,630</b>	<b>15,166,523</b>	<b>106,202</b>
<b>Operating income (loss)</b>	<b>(515,227)</b>	<b>1,138,240</b>	<b>1,646,877</b>	<b>98,520</b>
<b>Nonoperating revenues (expenses)</b>				
Investment income (loss)	8,952	183,008	266,573	4,527
Interest expense	(19,983)	-	-	(46,749)
Amortization of deferred gains/losses and premiums	764	-	-	(1,640)
Gain(loss) on sale of asset	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(10,267)</b>	<b>183,008</b>	<b>266,573</b>	<b>(43,862)</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>(525,494)</b>	<b>1,321,248</b>	<b>1,913,450</b>	<b>54,658</b>
Capital Contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Changes in Net Position	(525,494)	1,321,248	1,913,450	54,658
<b>Beginning Net Position</b>	<b>13,598,296</b>	<b>21,487,222</b>	<b>32,058,985</b>	<b>77,530</b>
Prior period adjustment	-	-	-	-
<b>Ending Net Position</b>	<b>\$ 13,072,802</b>	<b>\$ 22,808,470</b>	<b>\$ 33,972,435</b>	<b>\$ 132,188</b>

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION**  
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	1997 Galveston Projects	1998 A-B Series South Projects	1998 C Series Texas City Projects	1998 D La Marque Projects
<b>Operating revenues</b>				
Charges for sales and services:				
Metered water sales	\$ 740,060	\$ 609,086	\$ -	\$ -
Bond payment revenue	-	2,795,788	60,233	21,214
Irrigation sales	-	-	-	-
Other income	-	-	-	-
<b>Total operating revenues</b>	<u>740,060</u>	<u>3,404,874</u>	<u>60,233</u>	<u>21,214</u>
<b>Operating expenses</b>				
Personnel services	29,023	23,602	-	-
Supplies and materials	249,182	32,807	-	-
Contractual services	196	831	-	-
Other charges	895	741	-	-
Administrative allocation	40,077	40,077	-	-
Depreciation	34,435	1,384,835	-	-
<b>Total operating expenses</b>	<u>353,808</u>	<u>1,482,893</u>	<u>-</u>	<u>-</u>
<b>Operating income (loss)</b>	<u>386,252</u>	<u>1,921,981</u>	<u>60,233</u>	<u>21,214</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income (loss)	17,263	54,367	11,023	4,798
Interest expense	-	(359,828)	(122,209)	(34,803)
Amortization of deferred gains/losses and premiums	(1,045)	153,238	50,953	8,791
Gain(loss) on sale of asset	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>16,218</u>	<u>(152,223)</u>	<u>(60,233)</u>	<u>(21,214)</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>402,470</u>	<u>1,769,758</u>	<u>-</u>	<u>-</u>
Capital Contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Changes in Net Position	402,470	1,769,758	-	-
<b>Beginning Net Position</b>	1,965,144	347,997	246,966	(12,552)
Prior period adjustment	-	-	(246,966)	12,552
<b>Ending Net Position</b>	<u>\$ 2,367,614</u>	<u>\$ 2,117,755</u>	<u>\$ -</u>	<u>\$ -</u>

**GULF COAST WATER AUTHORITY**  
**COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION**  
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	<b>2002 Galveston Projects</b>	<b>Juliff-Chocolate Bayou Operations</b>	<b>Pearland Southeast Water Purification Plant</b>	<b>Northline Group</b>
<b>Operating revenues</b>				
Charges for sales and services:				
Metered water sales	\$ -	\$ 3,411,987	\$ 2,907,687	\$ 177,365
Bond payment revenue	70,062	-	-	-
Irrigation sales	-	1,920,462	-	-
Other income	-	277,265	-	-
<b>Total operating revenues</b>	<u>70,062</u>	<u>5,609,714</u>	<u>2,907,687</u>	<u>177,365</u>
<b>Operating expenses</b>				
Personnel services	-	1,389,650	1,704	16,917
Supplies and materials	-	1,475,583	2,670,554	-
Contractual services	-	160,636	208	131
Other charges	-	1,397,102	-	-
Administrative allocation	-	685,154	64,198	40,076
Depreciation	-	398,996	1,395,639	11,514
<b>Total operating expenses</b>	<u>-</u>	<u>5,507,121</u>	<u>4,132,303</u>	<u>68,638</u>
<b>Operating income (loss)</b>	<u>70,062</u>	<u>102,593</u>	<u>(1,224,616)</u>	<u>108,727</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income (loss)	4,241	223,142	2,475	5,497
Interest expense	(43,691)	-	-	-
Amortization of deferred gains/losses and premiums	(30,612)	-	-	-
Gain(loss) on sale of asset	-	5,385	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>(70,062)</u>	<u>228,527</u>	<u>2,475</u>	<u>5,497</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>-</u>	<u>331,120</u>	<u>(1,222,141)</u>	<u>114,224</u>
Capital Contributions	-	2,140,000	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Changes in Net Position	-	2,471,120	(1,222,141)	114,224
<b>Beginning Net Position</b>	2,018,990	19,315,980	17,066,880	401,644
Prior period adjustment	(2,018,990)	-	-	-
<b>Ending Net Position</b>	<u>\$ -</u>	<u>\$ 21,787,100</u>	<u>\$ 15,844,739</u>	<u>\$ 515,868</u>

GULF COAST WATER AUTHORITY  
**COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION**  
Year Ended August 31, 2020

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	Bayshore Group	Texas City Reservoir	Industrial Pump Station	Capital Improvement
<b>Operating revenues</b>				
Charges for sales and services:				
Metered water sales	\$ 83,534	\$ 12,153,312	\$ 11,347,968	\$ 568,127
Bond payment revenue	-	1,221,519	1,132,198	-
Irrigation sales	-	-	-	-
Other income	-	127,782	3,507	-
<b>Total operating revenues</b>	<u>83,534</u>	<u>13,502,613</u>	<u>12,483,673</u>	<u>568,127</u>
<b>Operating expenses</b>				
Personnel services	10,922	99,833	225,818	-
Supplies and materials	-	10,327,639	8,223,444	-
Contractual services	130	94,509	249,742	-
Other charges	1,269	48,803	10,353	-
Administrative allocation	40,078	484,766	736,739	-
Depreciation	10,738	880,485	547,364	-
<b>Total operating expenses</b>	<u>63,137</u>	<u>11,936,035</u>	<u>9,993,460</u>	<u>-</u>
<b>Operating income (loss)</b>	<u>20,397</u>	<u>1,566,578</u>	<u>2,490,213</u>	<u>568,127</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income (loss)	1,652	108,728	230,215	521
Interest expense	-	(239,652)	(491,437)	-
Amortization of deferred gains/losses and premiums	-	(1,984)	-	-
Gain(loss) on sale of asset	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>1,652</u>	<u>(132,908)</u>	<u>(261,222)</u>	<u>521</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>22,049</u>	<u>1,433,670</u>	<u>2,228,991</u>	<u>568,648</u>
Capital Contributions	-	-	-	-
Transfers in	-	-	92,372	-
Transfers out	-	-	-	(92,372)
Changes in Net Position	22,049	1,433,670	2,321,363	476,276
<b>Beginning Net Position</b>	129,521	13,136,246	26,254,393	-
Prior period adjustment	-	-	-	-
<b>Ending Net Position</b>	<u>\$ 151,570</u>	<u>\$ 14,569,916</u>	<u>\$ 28,575,756</u>	<u>\$ 476,276</u>

GULF COAST WATER AUTHORITY  
**COMBINING INFORMATION BY DIVISION - CHANGES IN NET POSITION**  
*Year Ended August 31, 2020*

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	Administrative Operations	Eliminations	Total
<b>Operating revenues</b>			
Charges for sales and services:			
Metered water sales	\$ -	\$ (23,559,744)	\$ 45,677,779
Bond payment revenue	-	-	5,683,620
Irrigation sales	-	-	2,593,058
Other income	-	(983,845)	988,870
<b>Total operating revenues</b>	-	(24,543,589)	54,943,327
<b>Operating expenses</b>			
Personnel services	3,510,510	(983,845)	9,969,928
Supplies and materials	50,622	(23,559,744)	22,513,296
Contractual services	540,597	-	2,090,848
Other charges	1,031,501	-	3,812,115
Administrative allocation	(5,248,436)	-	-
Depreciation	43,647	-	8,025,410
<b>Total operating expenses</b>	(71,559)	(24,543,589)	46,411,597
<b>Operating income (loss)</b>	71,559	-	8,531,730
<b>Nonoperating revenues (expenses)</b>			
Investment income (loss)	20,785	-	1,147,767
Interest expense	-	-	(1,358,352)
Amortization of deferred gains/losses and premiums	-	-	178,465
Gain(loss) on sale of asset	-	-	5,385
<b>Total nonoperating revenues (expenses)</b>	20,785	-	(26,735)
<b>Income (loss) before capital contributions and transfers</b>	92,344	-	8,504,995
Capital Contributions	-	-	2,140,000
Transfers in	-	-	92,372
Transfers out	-	-	(92,372)
Changes in Net Position	92,344	-	10,644,995
<b>Beginning Net Position</b>	1,749,023	-	149,842,265
Prior period adjustment	-	-	(2,253,404)
<b>Ending Net Position</b>	\$ 1,841,367	\$ -	\$ 158,233,856

GULF COAST WATER AUTHORITY  
**COMBINING INFORMATION BY DIVISION - CASH FLOWS**  
Year Ended August 31, 2020

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	League City SE Water Purification Plant	Thomas S. Mackey Water Treatment Plant	Canal Division	Galveston County WCID #12
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 6,247,520	\$ 16,545,139	\$ 16,671,744	\$ 204,890
Receipts from intragovernmental users	(64,198)	(1,482,378)	(1,530,618)	(40,077)
Payments to suppliers	(2,623,122)	(10,025,852)	(9,000,154)	(11,246)
Payments to employees	(1,834)	(2,566,322)	(2,829,669)	(10,922)
<b>Net cash provided (used) by operating activities</b>	<b>3,558,366</b>	<b>2,470,587</b>	<b>3,311,303</b>	<b>142,645</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Intragovernmental transfers in (out)	-	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	-	(1,240,329)	(3,411,060)	-
Principal paid on bonds	(250,000)	-	-	(75,000)
Interest paid on capital related debt	(27,330)	-	-	(48,500)
Payments received on long-term receivable	-	-	-	-
Capital contributions received from participants	-	-	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(277,330)</b>	<b>(1,240,329)</b>	<b>(3,411,060)</b>	<b>(123,500)</b>
<b>Cash Flows from Investing Activities</b>				
Maturity (purchase) of investments	97,782	(1,273,755)	75,195	(9,692)
Interest received	9,626	191,512	279,270	4,527
<b>Net cash provided (used) by investing activities</b>	<b>107,408</b>	<b>(1,082,243)</b>	<b>354,465</b>	<b>(5,165)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,388,444</b>	<b>148,015</b>	<b>254,708</b>	<b>13,980</b>
<b>Beginning cash and cash equivalents</b>	<b>321</b>	<b>4,841</b>	<b>27,955</b>	<b>10,407</b>
<b>Ending cash and cash equivalents</b>	<b>\$ 3,388,765</b>	<b>\$ 152,856</b>	<b>\$ 282,663</b>	<b>\$ 24,387</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ (515,227)	\$ 1,138,240	\$ 1,646,877	\$ 98,520
Adjustment to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,177,798	1,123,840	969,431	46,688
(Increase) decrease in assets:				
Accounts receivable	(43,248)	(3,731)	(141,656)	168
Prepaid items	-	-	297,023	-
Deferred outflows - pension related	-	557,860	429,401	-
Deferred outflows - OPEB related	-	(10,835)	(11,446)	-
Increase (decrease) in liabilities:				
Accounts payable	2,939,173	89,097	422,842	19
Wages payable	(66)	18,414	15,885	(208)
Compensated absences payable	(64)	(18,191)	150,607	(2,542)
Deferred inflows - pension related	-	244,225	256,745	-
Deferred inflows - OPEB related	-	1,123	1,098	-
Total OPEB liability	-	19,189	18,798	-
Net pension liability	-	(688,644)	(744,302)	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 3,558,366</b>	<b>\$ 2,470,587</b>	<b>\$ 3,311,303</b>	<b>\$ 142,645</b>
<b>Noncash Investing, Capital, and Financing Activities</b>				
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -



GULF COAST WATER AUTHORITY  
**COMBINING INFORMATION BY DIVISION - CASH FLOWS**  
Year Ended August 31, 2020

Page 2 of 5

	1997 Galveston Projects	1998 A-B Series South Projects	1998 C Series Texas City Projects	1998 D La Marque Projects
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 740,191	\$ 3,440,337	\$ 60,609	\$ 21,253
Receipts from intragovernmental users	(40,077)	(40,077)	-	-
Payments to suppliers	(95,119)	(29,600)	-	5,900
Payments to employees	(44,126)	(31,609)	-	-
<b>Net cash provided (used) by operating activities</b>	<b>560,869</b>	<b>3,339,051</b>	<b>60,609</b>	<b>27,153</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Intragovernmental transfers in (out)	-	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	(415,383)	(337,073)	-	-
Principal paid on bonds	-	(2,500,000)	(500,000)	(215,000)
Interest paid on capital related debt	(1,045)	(371,855)	(130,180)	(42,183)
Payments received on long-term receivable	-	-	552,261	224,307
Capital contributions received from participants	-	-	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(416,428)</b>	<b>(3,208,928)</b>	<b>(77,919)</b>	<b>(32,876)</b>
<b>Cash Flows from Investing Activities</b>				
Maturity (purchase) of investments	(35,620)	(135,097)	1,798	(14,678)
Interest received	17,636	62,340	13,138	5,584
<b>Net cash provided (used) by investing activities</b>	<b>(17,984)</b>	<b>(72,757)</b>	<b>14,936</b>	<b>(9,094)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>126,457</b>	<b>57,366</b>	<b>(2,374)</b>	<b>(14,817)</b>
<b>Beginning cash and cash equivalents</b>	<b>5,856</b>	<b>2,081</b>	<b>2,374</b>	<b>17,275</b>
<b>Ending cash and cash equivalents</b>	<b>\$ 132,313</b>	<b>\$ 59,447</b>	<b>\$ -</b>	<b>\$ 2,458</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 386,252	\$ 1,921,981	\$ 60,233	\$ 21,214
Adjustment to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	34,435	1,384,835	-	-
(Increase) decrease in assets:				
Accounts receivable	131	35,463	376	39
Prepaid items	-	-	-	-
Deferred outflows - pension related	19,187	-	-	-
Deferred outflows - OPEB related	206	-	-	-
Increase (decrease) in liabilities:				
Accounts payable	155,154	4,779	-	5,900
Wages payable	(639)	(562)	-	-
Compensated absences payable	(4,331)	(7,445)	-	-
Deferred inflows - pension related	(2,345)	-	-	-
Deferred inflows - OPEB related	(126)	-	-	-
Total OPEB liability	(1,372)	-	-	-
Net pension liability	(25,683)	-	-	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 560,869</b>	<b>\$ 3,339,051</b>	<b>\$ 60,609</b>	<b>\$ 27,153</b>
<b>Noncash Investing, Capital, and Financing Activities</b>				
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -

GULF COAST WATER AUTHORITY  
**COMBINING INFORMATION BY DIVISION - CASH FLOWS**  
Year Ended August 31, 2020

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	2002 Galveston Projects	Juliff-Chocolate Bayou Operations	Pearland Southeast Water Purification Plant	Northline Group
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 67,373	\$ 5,330,336	\$ 2,945,886	\$ 177,074
Receipts from intragovernmental users	-	(685,154)	(64,198)	(40,076)
Payments to suppliers	-	(2,984,807)	(2,905,821)	(131)
Payments to employees	-	(1,320,599)	(1,834)	(22,450)
<b>Net cash provided (used) by operating activities</b>	<b>67,373</b>	<b>339,776</b>	<b>(25,967)</b>	<b>114,417</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Intragovernmental transfers in (out)	-	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	-	(4,770,805)	-	(51,977)
Principal paid on bonds	(800,000)	-	-	-
Interest paid on capital related debt	(51,428)	-	-	-
Payments received on long-term receivable	790,553	-	-	-
Capital contributions received from participants	-	2,140,000	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(60,875)</b>	<b>(2,630,805)</b>	<b>-</b>	<b>(51,977)</b>
<b>Cash Flows from Investing Activities</b>				
Maturity (purchase) of investments	(15,768)	2,059,106	36,300	(35,064)
Interest received	4,241	231,634	2,475	5,571
<b>Net cash provided (used) by investing activities</b>	<b>(11,527)</b>	<b>2,290,740</b>	<b>38,775</b>	<b>(29,493)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,029)</b>	<b>(289)</b>	<b>12,808</b>	<b>32,947</b>
<b>Beginning cash and cash equivalents</b>	<b>5,029</b>	<b>289</b>	<b>2,204</b>	<b>494</b>
<b>Ending cash and cash equivalents</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,012</b>	<b>\$ 33,441</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 70,062	\$ 102,593	\$ (1,224,616)	\$ 108,727
Adjustment to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	-	398,996	1,395,639	11,514
(Increase) decrease in assets:				
Accounts receivable	(2,689)	(279,378)	38,199	(291)
Prepaid items	-	(99,639)	-	-
Deferred outflows - pension related	-	278,930	-	-
Deferred outflows - OPEB related	-	(5,083)	-	-
Increase (decrease) in liabilities:				
Accounts payable	-	148,153	(235,059)	-
Wages payable	-	6,945	(66)	(395)
Compensated absences payable	-	38,192	(64)	(5,138)
Deferred inflows - pension related	-	124,196	-	-
Deferred inflows - OPEB related	-	404	-	-
Total OPEB liability	-	9,450	-	-
Net pension liability	-	(383,983)	-	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 67,373</b>	<b>\$ 339,776</b>	<b>\$ (25,967)</b>	<b>\$ 114,417</b>
<b>Noncash Investing, Capital, and Financing Activities</b>				
Gain (loss) on disposal of capital assets	\$ -	\$ 5,385	\$ -	\$ -

GULF COAST WATER AUTHORITY  
**COMBINING INFORMATION BY DIVISION - CASH FLOWS**  
Year Ended August 31, 2020

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	Bayshore Group	Texas City Reservoir	Industrial Pump Station	Capital Improvement
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 83,562	\$ 13,402,249	\$ 12,213,901	\$ 520,138
Receipts from intragovernmental users	(40,078)	(484,766)	(736,739)	-
Payments to suppliers	(1,485)	(10,942,531)	(7,759,622)	-
Payments to employees	(14,290)	(154,533)	(363,536)	-
<b>Net cash provided (used) by operating activities</b>	<b>27,709</b>	<b>1,820,419</b>	<b>3,354,004</b>	<b>520,138</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Intragovernmental transfers in (out)	-	-	92,372	(92,372)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>92,372</b>	<b>(92,372)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	-	(160,662)	(3,702,085)	-
Principal paid on bonds	-	(1,000,000)	(680,000)	-
Interest paid on capital related debt	-	(242,769)	(492,511)	-
Payments received on long-term receivable	-	-	-	-
Capital contributions received from participants	-	-	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>-</b>	<b>(1,403,431)</b>	<b>(4,874,596)</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>				
Maturity (purchase) of investments	(41,531)	(526,102)	1,251,835	(333,857)
Interest received	1,652	113,421	245,036	521
<b>Net cash provided (used) by investing activities</b>	<b>(39,879)</b>	<b>(412,681)</b>	<b>1,496,871</b>	<b>(333,336)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(12,170)</b>	<b>4,307</b>	<b>68,651</b>	<b>94,430</b>
<b>Beginning cash and cash equivalents</b>	<b>20,720</b>	<b>34,980</b>	<b>4,834</b>	<b>-</b>
<b>Ending cash and cash equivalents</b>	<b>\$ 8,550</b>	<b>\$ 39,287</b>	<b>\$ 73,485</b>	<b>\$ 94,430</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 20,397	\$ 1,566,578	\$ 2,490,213	\$ 568,127
Adjustment to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	10,738	880,485	547,364	-
(Increase) decrease in assets:				
Accounts receivable	28	(100,364)	(269,772)	(47,989)
Prepaid items	-	-	-	-
Deferred outflows - pension related	-	52,862	129,811	-
Deferred outflows - OPEB related	-	518	1,243	-
Increase (decrease) in liabilities:				
Accounts payable	(86)	(471,580)	723,917	-
Wages payable	(249)	(3,321)	(9,675)	-
Compensated absences payable	(3,119)	(15,478)	(51,507)	-
Deferred inflows - pension related	-	(1,236)	(10,518)	-
Deferred inflows - OPEB related	-	(479)	(1,085)	-
Total OPEB liability	-	(2,716)	(8,303)	-
Net pension liability	-	(84,850)	(187,684)	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 27,709</b>	<b>\$ 1,820,419</b>	<b>\$ 3,354,004</b>	<b>\$ 520,138</b>
<b>Noncash Investing, Capital, and Financing Activities</b>				
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -

GULF COAST WATER AUTHORITY  
**COMBINING INFORMATION BY DIVISION - CASH FLOWS**  
Year Ended August 31, 2020

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	Administrative Operations	Eliminations	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ -	\$ (24,543,589)	\$ 54,128,613
Receipts from intragovernmental users	5,248,436	-	-
Payments to suppliers	(1,535,313)	23,559,744	(24,349,159)
Payments to employees	(3,336,649)	983,845	(9,714,528)
<b>Net cash provided (used) by operating activities</b>	<b>376,474</b>	<b>-</b>	<b>20,064,926</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Intragovernmental transfers in (out)	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(115,206)	-	(14,204,580)
Principal paid on bonds	-	-	(6,020,000)
Interest paid on capital related debt	-	-	(1,407,801)
Payments received on long-term receivable	-	-	1,567,121
Capital contributions received from participants	-	-	2,140,000
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(115,206)</b>	<b>-</b>	<b>(17,925,260)</b>
<b>Cash Flows from Investing Activities</b>			
Maturity (purchase) of investments	68,673	-	1,169,525
Interest received	21,327	-	1,209,511
<b>Net cash provided (used) by investing activities</b>	<b>90,000</b>	<b>-</b>	<b>2,379,036</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>351,268</b>	<b>-</b>	<b>4,518,702</b>
<b>Beginning cash and cash equivalents</b>	<b>327,518</b>	<b>-</b>	<b>467,178</b>
<b>Ending cash and cash equivalents</b>	<b>\$ 678,786</b>	<b>\$ -</b>	<b>\$ 4,985,880</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ 71,559	\$ -	\$ 8,531,730
Adjustment to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	43,647	-	8,025,410
(Increase) decrease in assets:			
Accounts receivable	-	-	(814,714)
Prepaid items	87,339	-	284,723
Deferred outflows - pension related	-	-	1,468,051
Deferred outflows - OPEB related	-	-	(25,397)
Increase (decrease) in liabilities:			
Accounts payable	68	-	3,782,377
Wages payable	39,426	-	65,489
Compensated absences payable	134,435	-	215,355
Deferred inflows - pension related	-	-	611,067
Deferred inflows - OPEB related	-	-	935
Total OPEB liability	-	-	35,046
Net pension liability	-	-	(2,115,146)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 376,474</b>	<b>\$ -</b>	<b>\$ 20,064,926</b>
<b>Noncash Investing, Capital, and Financing Activities</b>			
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ 5,385

## UNAUDITED STATISTICAL SECTION

(Unaudited)

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

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b>	62
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	66
These schedules contain information to help the reader assess the Authority's most significant local revenue source, the water and sewer service.	
<b>Debt Capacity</b>	70
These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	72
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.	
<b>Operating Information</b>	76
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  
**NET POSITION BY COMPONENT**  
*Last Ten Years*

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	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Business-type activities:</b>					
<b>Net Position</b>					
Net investment in capital assets	\$ 68,818,981	\$ 71,596,314	\$ 82,210,275	\$ 89,968,160	\$ 89,164,201
Restricted	7,410,661	5,661,833	4,613,439	4,402,858	3,660,154
Unrestricted	46,555,388	44,998,487	45,079,354	39,492,731	40,682,653
<b>Total Net Position</b>	<u>\$ 122,785,030</u>	<u>\$ 122,256,634</u>	<u>\$ 131,903,068</u>	<u>\$ 133,863,749</u>	<u>\$ 133,507,008</u>

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

GULF COAST WATER AUTHORITY  
**NET POSITION BY COMPONENT**  
*Last Ten Years*

*Page 2 of 2*

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019 (Restated)</b>	<b>2020</b>
<b>Business-type activities:</b>					
<b>Net Position</b>					
Net investment in capital assets	\$ 86,052,697	\$ 89,007,877	\$ 98,374,073	\$ 81,101,796	\$ 89,866,949
Restricted	3,593,830	5,758,363	5,608,342	7,277,707	5,268,075
Unrestricted	45,764,902	43,619,949	50,768,488	59,209,358	63,098,832
<b>Total Net Position</b>	<u><u>\$ 135,411,429</u></u>	<u><u>\$ 138,386,189</u></u>	<u><u>\$ 154,750,903</u></u>	<u><u>\$ 147,588,861</u></u>	<u><u>\$ 158,233,856</u></u>

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

GULF COAST WATER AUTHORITY  
**CHANGE IN NET POSITION**  
*Last Ten Years*

Page 1 of 2

	2011	2012 <sup>1</sup>	2013	2014	2015
<b>Operating Revenues</b>					
Metered water sales	\$ 21,032,627	\$ 19,378,636	\$ 24,612,505	\$ 25,858,256	\$ 25,230,737
Bond payment revenue	7,901,210	6,679,086	6,901,675	5,498,227	5,788,454
Irrigation sales and other	4,305,418	3,298,860	2,855,535	520,201	949,941
<b>Total operating revenues</b>	<u>33,239,255</u>	<u>29,356,582</u>	<u>34,369,715</u>	<u>31,876,684</u>	<u>31,969,132</u>
<b>Operating Expenses</b>					
Personnel services	4,012,351	4,386,157	4,900,543	5,272,420	4,988,132
Supplies and materials	14,066,690	11,814,066	11,595,411	13,133,355	12,071,554
Contracted services	2,563,779	2,700,910	3,382,054	1,916,074	1,620,916
Other charges	45,035	99,300	114,604	879,053	1,141,508
Depreciation	6,681,940	8,128,117	9,506,366	11,521,295	13,446,858
<b>Total operating expenses</b>	<u>27,369,795</u>	<u>27,128,550</u>	<u>29,498,978</u>	<u>32,722,197</u>	<u>33,268,968</u>
<b>Operating income (loss)</b>	<u>5,869,460</u>	<u>2,228,032</u>	<u>4,870,737</u>	<u>(845,513)</u>	<u>(1,299,836)</u>
<b>Nonoperating Revenues (Expenses)</b>					
Investment earnings	(684,067)	125,975	132,077	88,724	68,494
Other revenues and (expenses)	-	485,166	7,139,601	3,805,305	927,631
Bond issuance costs	-	(1,150,528)	-	-	-
Interest expense	(2,220,993)	(1,518,535)	(1,443,992)	(1,087,835)	(1,105,019)
Intergovernmental transfers	(167,294)	(698,506)	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>(3,072,354)</u>	<u>(2,756,428)</u>	<u>5,827,686</u>	<u>2,806,194</u>	<u>(108,894)</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>2,797,106</u>	<u>(528,396)</u>	<u>10,698,423</u>	<u>1,960,681</u>	<u>(1,408,730)</u>
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u>2,797,106</u>	<u>(528,396)</u>	<u>10,698,423</u>	<u>1,960,681</u>	<u>(1,408,730)</u>
<b>Beginning Net Position</b>	<u>119,987,924</u>	<u>122,785,030</u>	<u>122,256,634</u>	<u>132,955,057</u>	<u>134,915,738</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending Net Position</b>	<u>\$ 122,785,030</u>	<u>\$ 122,256,634</u>	<u>\$ 132,955,057</u>	<u>\$ 134,915,738</u>	<u>\$ 133,507,008</u>

<sup>1</sup> GASB 65 implemented in fiscal year 2012.



GULF COAST WATER AUTHORITY  
**CHANGE IN NET POSITION**  
*Last Ten Years*

Page 2 of 2

	2016	2017	2018	2019	2020
<b>Operating Revenues</b>					
Metered water sales	\$ 33,425,561	\$ 35,155,368	\$ 41,417,047	\$ 39,863,810	\$ 45,677,779
Bond payment revenue	6,725,417	7,948,943	6,963,593	7,335,248	5,683,620
Irrigation sales and other	3,704,218	3,948,022	6,855,674	5,064,731	3,581,928
<b>Total operating revenues</b>	<u>43,855,196</u>	<u>47,052,333</u>	<u>55,236,314</u>	<u>52,263,789</u>	<u>54,943,327</u>
<b>Operating Expenses</b>					
Personnel services	6,501,190	8,214,064	7,147,241	9,421,184	9,969,928
Supplies and materials	14,283,436	15,554,551	14,272,990	15,456,251	22,513,296
Contracted services	1,660,523	1,285,284	1,929,804	2,099,216	2,090,848
Other charges	1,377,152	1,163,632	1,626,799	2,537,911	3,812,115
Depreciation	15,026,000	17,285,453	13,135,192	11,258,769	8,025,410
<b>Total operating expenses</b>	<u>38,848,301</u>	<u>43,502,984</u>	<u>38,112,026</u>	<u>40,773,331</u>	<u>46,411,597</u>
<b>Operating income (loss)</b>	<u>5,006,895</u>	<u>3,549,349</u>	<u>17,124,288</u>	<u>11,490,458</u>	<u>8,531,730</u>
<b>Nonoperating Revenues (Expenses)</b>					
Investment earnings	132,478	311,266	1,150,390	1,595,974	1,147,767
Other revenues and (expenses)	(1,507,389)	450,668	110,959	196,834	183,850
Bond issuance costs	-	-	-	-	-
Interest expense	(951,519)	(1,336,523)	(1,886,153)	(1,589,504)	(1,358,352)
Intergovernmental transfers	-	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>(2,326,430)</u>	<u>(574,589)</u>	<u>(624,804)</u>	<u>203,304</u>	<u>(26,735)</u>
<b>Income (loss) before capital contributions and transfers</b>	2,680,465	2,974,760	16,499,484	11,693,762	8,504,995
Capital contributions	-	-	-	2,650,000	2,140,000
Change in Net Position	2,680,465	2,974,760	16,499,484	14,343,762	10,644,995
<b>Beginning Net Position</b>	133,507,008	135,411,429	138,386,189	154,750,903	149,842,265
Prior period adjustment	(776,044)	-	(134,770)	(19,252,400)	(2,253,404)
<b>Ending Net Position</b>	<u>\$ 135,411,429</u>	<u>\$ 138,386,189</u>	<u>\$ 154,750,903</u>	<u>\$ 149,842,265</u>	<u>\$ 158,233,856</u>

GULF COAST WATER AUTHORITY

**WATER SALES**

*Last Ten Fiscal Years*

*(Unaudited)*

<u>Fiscal Year</u>	<u>Water Fees</u>	<u>Raw Water Rates<sup>1</sup></u>		<u>Treated Water Rates<sup>1</sup></u>		<u>Irrigation &amp; Other</u>
2011	\$ 21,032,627	0.04	0.18	0.53	0.91	4,305,418
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

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

Note: This schedule does not include interruptible water.

GULF COAST WATER AUTHORITY  
**PRINCIPAL WATER FEE PAYERS**  
*Current Year and Nine Years Ago*  
*(Unaudited)*

Customer	2020			2011		
	Revenue Base Attributable	Rank	% Base of The total Revenue Base	Revenue Base Attributable	Rank	% Base of The total Revenue Base
City of Galveston	\$ 8,089,533	1	16%	\$ 3,651,676	1	14%
City of League City - SEWPP	6,922,160	2	14%	1,939,924	3	8%
Blanchard/Marathon GBR	6,358,977	3	13%	2,090,394	2	8%
City of Texas City	3,884,796	4	8%	1,640,205	4	6%
INEOS	3,402,873	5	7%	1,252,278	5	5%
City of Pearland	3,201,194	6	6%	-		0%
Union Carbide Corp./DOW	2,259,318	7	5%	887,738	6	4%
Ascend	1,634,601	8	3%	-		0%
Eastman Chemical	1,531,737	9	3%	501,554	10	2%
Galveston County WCID #1	1,429,210	10	3%	757,160	7	3%
City of Missouri City	-		0%	633,567	8	3%
City of La Marque	-		0%	525,671	9	2%



GULF COAST WATER AUTHORITY  
***LIST OF PRINCIPAL CUSTOMERS***  
*August 31, 2019*  
*(Unaudited)*

**Industrial Customers**

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

**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*  
*(Unaudited)*

<b>Fiscal Year</b>	<b>Water Revenue Bonds</b>	<b>Percentage of Revenue<sup>1</sup></b>
2011	\$ 56,825,000	170.96%
2012	51,160,000	174.27%
2013	41,080,000	119.52%
2014	36,750,000	115.29%
2015	33,769,594	105.63%
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%

<sup>1</sup> Based on operating revenues.

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

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

GULF COAST WATER AUTHORITY  
**PLEDGE – REVENUE COVERAGE BY DIVISION**  
*Fiscal Year Ended August 31, 2020*  
*(Unaudited)*

Division	Revenue	Less Operating Expenses <sup>3</sup>	Water Revenue Bonds		Cover Ratio
			Net Available for Debt Service	Debt Service Principal      Interest	
League City SE Water Purification Plant <sup>1</sup>	\$ 6,299,720	\$ 5,628,197	\$ 671,523	\$ 250,000      \$ 20,400	2.48
1998 A-B Series South Projects <sup>1</sup>	3,459,241	98,058	3,361,183	2,500,000      364,175	1.17
Texas City Reservoir <sup>1</sup>	13,611,341	11,055,550	2,555,791	1,000,000      240,785	2.06
Industrial Pump Station <sup>1</sup>	12,713,888	9,446,096	3,267,792	755,000      539,371	2.52
1998 C Series Texas City Projects <sup>2</sup>	626,008	-	626,008	500,000      123,250	1.00
1998 D La Marque Projects <sup>2</sup>	251,144	-	251,144	215,000      35,250	1.00
2002 Galveston Projects <sup>2</sup>	862,167	-	862,167	800,000      55,729	1.01

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

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

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

Source: Current and prior year audited financial statements.

**GULF COAST WATER AUTHORITY**  
***AUTHORITY DEMOGRAPHICS***  
***(Unaudited)***

***Page 1 of 2***

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

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

<b><u>County/City</u></b>	<b><u>Population</u></b>
Fort Bend County	585,375
Brazoria County	313,166
Galveston County	291,309
City of Pearland	91,252
City of League City	83,560
City of Sugar Land	78,817
City of Missouri City	67,358
City of Galveston	47,743
City of Texas City	45,099
City of Dickinson	18,680

*Source US Census Bureau, Census 2010 & Kemah website.*

**Educational Attainment**

<b><u>County/City</u></b>	<b><u>High School</u></b>	<b><u>College</u></b>
City of League City	95%	41%
City of Sugar Land	93%	54%
City of Santa Fe	93%	13%
City of Pearland	92%	46%
City of Missouri City	92%	43%
Fort Bend County	89%	42%
Galveston County	87%	28%
Brazoria County	86%	28%
City of La Marque	85%	15%
City of Texas City	82%	13%

*Source US Census Bureau, Quick Facts*

*High school graduate or higher, percent of persons age25+, 2010-2014*

*Bachelor's degree or higher, percent of persons age25+, 2010-2014*

Note: Information not available as of the report date.



GULF COAST WATER AUTHORITY  
**AUTHORITY DEMOGRAPHICS**  
*(Unaudited)*

Page 2 of 2

<u>County/City</u>	<u>Median Age</u>	<u>Largest Employers</u>
Galveston County	37	UTMB
Fort Bend County	35	Fort Bend ISD
Brazoria County	35	Dow Chemical Co
City of League City	34	Clear Creek ISD
City of La Marque	38	Wal-Mart
City of Texas City	35	Marathon-Galveston Bay Refinery
City of Hitchcock	35	N/A
City of Galveston	38	UTMB
City of Missouri City	38	Fort Bend ISD
City of Sugar Land	41	Fort Bend ISD

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	\$ 105,400
City of Pearland	94,653
City of League City	90,972
Fort Bend County	86,407
City of Missouri City	84,662
Brazoria County	69,092
City of Dickinson	67,083
Galveston County	61,744
City of Santa Fe	61,552
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*  
*(Unaudited)*

<b>Division</b>	<b>Full-Time Equivalent Employees by Division</b>									
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Administrative	8	9	9	10	11	10	10	8	11	24
Industrial	2	2	2	2	2	2	1	-	-	-
Texas City Reservoir	-	-	-	-	-	-	-	1	1	-
Texas City Industrial	-	-	-	-	-	-	-	2	5	-
Water treatment plant	13	13	14	12	17	19	21	24	24	22
Canal	19	19	20	22	22	26	27	28	31	35
Chocolate Bayou	4	4	4	5	5	4	6	5	6	5
<b>Total</b>	<b>46</b>	<b>47</b>	<b>49</b>	<b>51</b>	<b>57</b>	<b>61</b>	<b>65</b>	<b>68</b>	<b>78</b>	<b>86</b>

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**  
**(Unaudited)**

**Page 1 of 2**

<b><u>Annual Acre Feet</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
Industrial	89,713	65,347	61,266	116,816	77,032
Irrigation	119,065	99,019	50,929	23,864	21,091
Municipal	73,714	75,787	47,574	29,795	54,648
<b>Total Pumpage</b>	<b>282,492</b>	<b>240,153</b>	<b>159,769</b>	<b>170,475</b>	<b>152,771</b>

Source: Annual Report to Texas Commission on Environmental Quality.

**Brazos River Water Rights held by GCWA**

<b><u>Authorized Diversion Points</u></b>	<b><u>TCEQ Water Rights Certificate of Adjudication</u></b>	<b><u>Diversion Amount Acre Feet per Year</u></b>	<b><u>Senior Right Priority Date</u></b>
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*  
*(Unaudited)*

*Page 2 of 2*

<b><u>Annual Acre Feet</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Industrial	77,500	54,292	49,935	62,469	73,178
Irrigation	82,037	46,451	45,136	48,422	42,920
Municipal	<u>67,367</u>	<u>43,110</u>	<u>39,517</u>	<u>49,963</u>	<u>55,765</u>
<b>Total Pumpage</b>	<b><u>226,904</u></b>	<b><u>143,853</u></b>	<b><u>134,588</u></b>	<b><u>160,854</u></b>	<b><u>171,863</u></b>

Source: Annual Report to Texas Commission on Environmental Quality.

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

**Page 1 of 4**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Industrial Division</b>					
Office furniture, fixtures and equipment	\$ -	\$ 1,036	\$ 10,152	\$ 6,159	\$ -
Other machinery and equipment	15,644	-	3,128	-	5,758
Automobiles and trucks	21,418	-	22,636	3,921	-
Buildings	18,359	43,157	132,908	-	-
Infrastructure	261,585	737,943	3,033,669	4,278,111	4,059,378
<b>Texas City Reservoir Division</b>					
Buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Texas City Industrial Division</b>					
Infrastructure	-	-	-	-	-
<b>League City Southeast Division</b>					
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
<b>Water Treatment Plant</b>					
Office furniture, fixtures and equipment	36,202	4,040	19,999	121,377	-
Other machinery and equipment	34,132	107,436	70,529	67,924	15,205
Automobiles and trucks	38,265	-	6,723	33,445	32,885
Buildings	379,374	250,527	365,709	168,524	65,404
Infrastructure	714,445	684,908	1,767,842	2,663,309	1,714,354
<b>Canal Division</b>					
Land	3,500	37,182	-	-	-
Office furniture, fixtures and equipment	-	2,802	21,759	23,021	-
Other machinery and equipment	1,084,011	47,628	576,821	766,934	57,250
Automobiles and trucks	126,061	-	167,857	82,211	209,334
Buildings	-	38,281	141,007	286,642	79,435
Infrastructure	881,794	2,979,058	2,345,951	1,425,510	762,469
<b>Galveston County WCID #12</b>					
Infrastructure	-	-	-	-	-
<b>1998 A-B South Projects</b>					
Infrastructure	-	-	-	-	-

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

**Page 2 of 4**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Industrial Division</b>					
Office furniture, fixtures and equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Other machinery and equipment	61,713	-	-	-	-
Automobiles and trucks	-	34,302	-	-	-
Buildings	-	31,139	-	-	-
Infrastructure	1,624,938	7,006,745	-	-	-
<b>Texas City Reservoir Division</b>					
Buildings	-	-	-	25,512	-
Infrastructure	-	-	2,701,916	11,515,777	160,662
<b>Texas City Industrial Division</b>					
Infrastructure	-	-	6,447,948	2,337,562	3,702,085
<b>League City Southeast Division</b>					
Office furniture, fixtures and equipment	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
Automobiles and trucks	-	-	-	-	-
Buildings	-	-	-	-	-
Infrastructure	110,591	1,077,525	2,286,456	3,273,042	-
<b>Water Treatment Plant</b>					
Office furniture, fixtures and equipment	38,607	32,228	-	-	-
Other machinery and equipment	5,159	-	-	75,184	-
Automobiles and trucks	33,095	82,347	-	-	45,146
Buildings	200,519	572,268	-	403,433	-
Infrastructure	3,082,780	2,410,859	4,830,763	2,651,734	1,195,183
<b>Canal Division</b>					
Land	-	-	-	-	-
Office furniture, fixtures and equipment	-	-	-	-	-
Other machinery and equipment	332,343	314,979	-	212,635	-
Automobiles and trucks	102,464	46,770	-	159,448	113,512
Buildings	112,303	28,403	-	-	141,723
Infrastructure	453,388	1,534,180	2,830,294	1,012,457	3,155,825
<b>Galveston County WCID #12</b>					
Infrastructure	-	93,269	931,267	1,057,743	-
<b>1998 A-B South Projects</b>					
Infrastructure	269,326	263,881	789,436	262,570	-

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

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	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>1998 C Series Texas City Projects</b>					
Infrastructure	\$ 358,485	\$ -	\$ -	\$ -	\$ -
<b>2002 Galveston Projects</b>					
Infrastructure	683,873	505,472	1,216,421	274,779	-
<b>Chocolate Bayou</b>					
Land	-	20,975	-	-	-
Office furniture, fixtures and equipment	-	1,337	10,425	6,832	-
Other machinery and equipment	18,134	14,058	3,212	167,071	-
Automobiles and trucks	63,770	-	50,000	28,486	-
Buildings	-	-	26,741	35,772	30,774
Infrastructure	135,286	837,833	892,215	1,555,893	740,258
<b>Pearland Southeast Plant</b>					
Office furniture, fixtures and equipment	-	46	416	302	-
Other machinery and equipment	-	-	128	-	-
Automobiles and trucks	-	-	140	192	-
Buildings	-	-	1,066	980	-
Infrastructure	-	236	-	-	-
<b>1997 Galveston Projects</b>					
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	31,189	82,739	37,212	39,483	-
<b>1998D Series La Marque Projects</b>					
Infrastructure	-	-	-	-	-
<b>Northline Group</b>					
Infrastructure	-	-	-	-	-
<b>Bayshore Group</b>					
Infrastructure	-	-	-	-	-
<b>Administrative</b>					
Office furniture, fixtures and equipment	-	-	-	-	22,598
Automobiles and trucks	-	-	-	-	28,825
Buildings	-	-	-	-	-
Infrastructure	-	-	-	-	19,160
<b>Total Capital Assets</b>	<b>\$ 4,905,527</b>	<b>\$ 6,397,049</b>	<b>\$ 10,950,834</b>	<b>\$ 14,712,411</b>	<b>\$ 7,920,028</b>



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

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	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>1998 C Series Texas City Projects</b>					
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2002 Galveston Projects</b>					
Infrastructure	-	-	-	-	-
<b>Chocolate Bayou</b>					
Land	-	-	-	-	-
Office furniture, fixtures and equipment	-	-	-	-	-
Other machinery and equipment	-	-	-	98,524	-
Automobiles and trucks	32,248	33,405	-	37,245	65,789
Buildings	273,689	41,972	-	-	1,062,062
Infrastructure	734,486	661,001	1,535,450	346,172	3,642,954
<b>Pearland Southeast Plant</b>					
Office furniture, fixtures and equipment	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
Automobiles and trucks	-	-	-	-	-
Buildings	-	-	-	-	-
Infrastructure	-	-	1,027,515	1,027,515	-
<b>1997 Galveston Projects</b>					
Office furniture, fixtures and equipment	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
Automobiles and trucks	-	-	-	-	-
Buildings	-	-	-	-	-
Infrastructure	42,371	163,512	29,865	149,019	415,383
<b>1998D Series La Marque Projects</b>					
Infrastructure	-	-	-	-	337,073
<b>Northline Group</b>					
Infrastructure	100,765	13,674	-	-	51,977
<b>Bayshore Group</b>					
Infrastructure	12,159	43,354	-	-	-
<b>Administrative</b>					
Office furniture, fixtures and equipment	7,739	10,128	-	-	78,100
Automobiles and trucks	31,453	32,869	-	-	37,106
Buildings	9,299	-	-	-	-
Infrastructure	-	-	1,367,721	-	-
<b>Total Capital Assets</b>	<b>\$ 7,671,435</b>	<b>\$ 14,528,810</b>	<b>\$ 24,778,631</b>	<b>\$ 24,647,591</b>	<b>\$ 14,204,580</b>



## OUR MISSION

To reliably deliver water  
to our customers

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