

# Gulf Coast Waste Disposal Authority



*Comprehensive Annual Report  
Year Ended December 31, 2014*



**GULF COAST WASTE DISPOSAL AUTHORITY**  
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## **INTRODUCTORY SECTION**





## Gulf Coast Waste Disposal Authority

910 Bay Area Boulevard • Houston, Texas 77058

Phone: 281.488.4115 • Fax: 281.488.3331 • www.gcwda.com

April 9, 2015

To the Board of Directors, Participants, and Customers  
of the Gulf Coast Waste Disposal Authority:

The Texas Water Code, Chapter 49, requires the Gulf Coast Waste Disposal Authority (the Authority) publish within 135 days of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Gulf Coast Waste Disposal Authority for the fiscal year ended December 31, 2014.

In addition, the Texas Water Code, Chapter 49, requires that the Authority submit a copy of the CAFR to the Texas Commission on Environmental Quality (TCEQ) within 135 of the close of each fiscal year along with annual filing affidavits stating that copies of the CAFR have been filed with the County Clerks' offices in the three counties of the Authority's statutory district. The Authority's statutory district is within the State of Texas and includes Harris, Galveston and Chambers Counties. A copy of the CAFR must also be filed with the Governor's office, Auditor's office and the Pension Review Board of the State of Texas. These filing requirements will be met.

This report consists of management's representations concerning the finances of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in the CAFR. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect the Authority's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this CAFR is complete and reliable in all material respects.

The Authority's financial statements have been audited by Whitley Penn, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended December 31, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Whitley Penn concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the fiscal year ended December 31, 2014, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Authority**

The Authority was created in 1969 by the Texas Legislature as a political subdivision of the State of Texas and is governed by a nine-member Board of Directors. The Authority provides services to assist governments and industries in managing their pollution control needs. These services include the operation of waste treatment facilities; technical assistance and information programs; involvement in community environmental projects; and pollution control and private activity bond financing of projects. The Authority's Act was amended during 2013 to provide for the treatment and sale of water.

The Authority operates under the leadership of the Board of Directors consisting of the Chairman and eight other members. The list of the Board of Directors and their respective appointing bodies are included in this introductory section. The Board of Directors is responsible, among other things, for passing resolutions, adopting budgets and hiring the General Manager. The General Manager is responsible for carrying out the policies of the Board of Directors, for overseeing the day-to-day operations of the Authority and hiring staff, managers and department heads.

In accordance with the Texas Water Code, Chapter 49, the Authority's Board of Directors adopts annual budgets for the General Services, Bayport Area System, Central Laboratory, Municipal Operations, Vince Bayou Facility, and Washburn Tunnel Pipeline Facility Divisions. Participants approve the annual budgets for the Blackhawk Regional Facility, Campbell Bayou Facility, 40-Acre Facility, Odessa South Regional Facility and Washburn Tunnel Facility Divisions. Annual budgets are not legal spending limits, but rather management tools for evaluation of program efficiency and effective use of resources. Accordingly, these financial plans are non-appropriated budgets.

During 2014, the Authority operated four industrial wastewater treatment plants, two municipal sewage treatment plants, an industrial solid waste landfill, a pipeline, a receiving station for the collection of trucked in wastewater and a service that provides billing and collection for a utility district. In addition, the Authority operated a central laboratory that has consolidated most of GCWDA's testing procedures.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Gulf Coast Waste Disposal Authority operates.

**Local economy.** Harris, Galveston and Chambers Counties form the primary jurisdictional area for the Authority. This area is located within the Houston-Sugarland-Baytown Metropolitan Statistical Area (MSA). Harris is the largest county and Houston is the largest city in the MSA. Houston is home to major U.S. energy firms in every segment, including exploration, production, oil field service and supply, and development. About 3,600 energy-related companies lie within the Houston area. These companies plus the technically trained and experienced work force will keep Houston as the center of the energy industry in the United States.

The region also has a diverse industrial base in manufacturing, aeronautics and technology. NASA's Johnson Space Center is located in the region and provides for advances in space and aeronautics technology with its highly trained work force. The region is also home to the Port of Houston, the world's sixth largest port.



Houston is also the world leader in the chemical industry, with nearly 40% of the nation's capacity for producing the basic chemicals that are used by downstream chemical operations. The industry consists of more than 400 plants and employs more than 36,000. Over 90% of the Authority's operating revenues come from this industry sector.

According to the U.S. Census Bureau the population of the region grew from 4.85 million to 6.1 million (25.4%) between 2000 and 2010. The Bureau of Labor Statistics reports the unemployment rate for the Houston MSA at 4.1% as of December 31, 2014, down 1.6% from a year ago. It also reports that there are currently 3.07 million jobs, up 4% from a year ago. The outlook for growth of the region continues to be strong with the Greater Houston Partnership estimating 62,900 new non-farm jobs for 2015.

**Long-term financial planning.** The Board of Directors and staff have developed a business plan that includes the expansion of current facilities, the addition of new facilities and expansion into new types of services such as wastewater reuse. The 5-Year Capital Projects Plan includes over \$83 million in planned additions to existing facilities. The Bayport Facility accounts for almost \$51 million of the total with additions to increase capacity as well as to maintain compliance with air and water permits. Other additions include \$5.4 million at the Blackhawk Facility; \$14 million at the Washburn Tunnel Facility; \$1.9 million at the 40-Acre Facility; \$2 million at the Odessa facility; \$8.2 million at the Campbell Bayou Facility; and \$656,000 at the Central Lab Facility. Funding for these projects will be provided by the issuance of revenue bonds, the contribution of capital from the participants, or accumulated reserves.

**Major initiatives.** The Board of Directors, staff and consultants are currently working with other public and private entities across the United States as well as national associations in proposing certain changes in federal law to allow for tax-exempt financing of certain water, wastewater and air pollution control facilities.

### **Awards and Acknowledgments**

The Authority's 40-Acre and Odessa South Facilities received a Gold Award and the Bayport Facility received a Silver Award for their compliance achievements during the 2013 operational year by the National Association of Clean Water Agencies.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to Gulf Coast Waste Disposal Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013. This was the 27th consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, the Authority had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

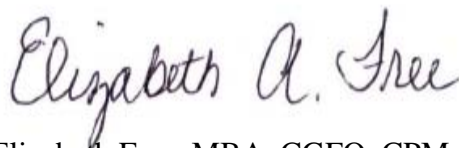
A Certificate of Achievement is valid for a period of one year only. We believe that this CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished on a timely basis without the efficient and dedicated services of the entire staff of the Finance Department and our independent auditor. We would like to express our sincere appreciation to all employees who contributed to its preparation. We would also like to thank the Board of Directors for its support in planning and conducting the financial operations of the Authority in a responsible and progressive manner and the Audit Committee for its role in overseeing the audit process.

Respectfully submitted,

A handwritten signature in blue ink that reads "Ricky Clifton". The signature is fluid and cursive, with the first name being more prominent.

Ricky Clifton  
General Manager

A handwritten signature in black ink that reads "Elizabeth A. Free". The signature is cursive and elegant, with the first name being the most prominent part.

Elizabeth Free, MBA, CGFO, CPM  
Manager of Financial Services



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

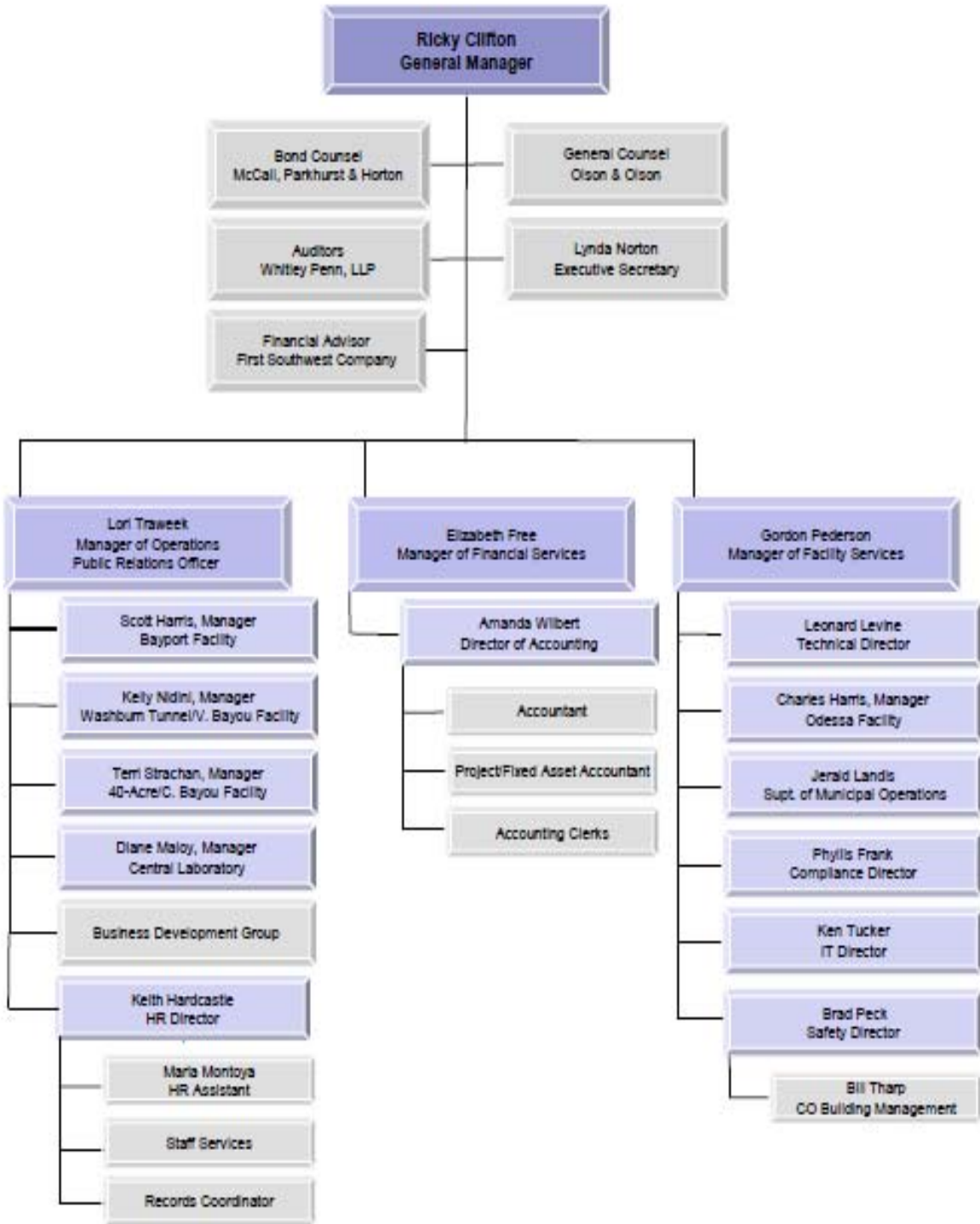
**Gulf Coast Waste Disposal Authority  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**

Executive Director/CEO

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**ORGANIZATIONAL CHART**



**GULF COAST WASTE DISPOSAL AUTHORITY**  
**BOARD OF DIRECTORS**

***Chairman***

Franklin D. R. Jones, Jr.  
Representing Harris County

Appointed by County Commissioners Court

***Vice Chairman***

Rita Standridge  
Representing Chambers County

Appointed by Consortium of Mayors

***Treasurer***

Irvin Osborne-Lee, Ph.D.  
Representing Harris County

Appointed by Consortium of Mayors

***Secretary***

Stanley C. Cromartie  
Representing Galveston County

Appointed by Governor

***Directors***

Gloria Milian Matt  
Representing Harris County

Appointed by Governor

Ron Crowder  
Representing Galveston County

Appointed by Consortium of Mayors

J. Mark Schultz  
Representing Chambers County

Appointed by County Commissioners Court

Chris W. Peden, CPA  
Representing Galveston County

Appointed by County Commissioners Court

Lamont Meaux  
Representing Chambers County

Appointed by Governor

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**COMMITTEE/BOARD ASSIGNMENTS \*\***

**INDUSTRIAL DEVELOPMENT BOARD**

**W. Chris Peden, CPA, President**  
Ricky Clifton, Vice President  
Elizabeth Free, Secretary

**POLICY COMMITTEE**

**Stanley C. Cromartie, AIA, Chairman**  
Ron Crowder.  
Irvin Osborne-Lee, Ph.D.  
Rita Standridge

**AUDIT COMMITTEE**

**Irvin Osborne-Lee, Ph.D., Chairman**  
Rita Standridge  
Gloria Milian Matt  
W. Chris Peden, CPA

**BUDGET REVIEW COMMITTEE**

**Lamont E. Meaux, Chairman**  
Gloria Milian Matt  
Ron Crowder  
W. Chris Peden, CPA

**SPECIAL PROJECT COMMITTEE**

**Rita Standridge, Chairman**  
Lamont E. Meaux  
W. Chris Peden, CPA  
Gloria Milian Matt

**BUSINESS DEVELOPMENT COMMITTEE**

**W. Chris Peden, CPA, Chairman**  
Ron Crowder  
Irvin Osborne-Lee, Ph.D.  
Stanley C. Cromartie, AIA

**LEGISLATIVE COMMITTEE**

**Mark Schultz, Chairman**  
Stanley C. Cromartie, AIA  
Rita Standridge  
Lamont E. Meaux

\*\* The Chairman, Franklin D. R. Jones, Jr., will be an ex-officio member of all committees with the right to discuss all matters before the committee at its called meeting

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*ADMINISTRATIVE STAFF AND CONSULTANTS*

**Senior Staff & Consultants**

**General Manager**

Ricky Clifton

**Manager of Financial Services**

Elizabeth Free, MBA, CGFO, CPM

**Manager of Operations**

Lori Traweek

**Manager of Facility Services**

Gordon Pederson

**Director of Accounting**

Amanda Wilbert, CPA

**General Counsel**

Olson & Olson LLP

Houston, Texas

**Bond Counsel**

McCall, Parkhurst & Horton

Dallas, Texas

**Financial Advisor**

First Southwest Company

Houston, Texas

**Auditors**

Whitley Penn, LLP

Houston, Texas

**General Office**

Gulf Coast Waste Disposal Authority

910 Bay Area Boulevard

Houston, Texas 77058

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**FINANCIAL SECTION**

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## REPORT OF INDEPENDENT AUDITORS

To the Audit Committee and Board of Directors  
Gulf Coast Waste Disposal Authority  
Houston, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business type activities, each major fund and the aggregate remaining fund information of the Gulf Coast Waste Disposal Authority (the "Authority") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the Gulf Coast Waste Disposal Authority, as of December 31, 2014, and the respective changes in financial position, and where applicable, the results of cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Audit Committee and Board of Directors  
Gulf Coast Waste Disposal Authority  
Houston, Texas

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and required other post-employment benefit system supplementary information on page 46 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, other supplementary and Texas 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 and Texas supplementary information sections 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 and Texas supplementary information 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.

*Whitley Penn LLP*

April 9, 2015

# **GULF COAST WASTE DISPOSAL AUTHORITY**

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

As management of Gulf Coast Waste Disposal Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of Gulf Coast Waste Disposal Authority for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have provided in our letter of transmittal, which can be found on pages i - iv of this report.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. These financial statements are comprised of three components: (1) the basic financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **Financial Highlights**

- Net position increased by \$9.8 million
- Program revenues increased by \$4.3 million
- Operating expenses decreased by \$1.6 million

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, presented in a manner similar to that of a private-sector business.

The statement of net position presents information on all of the Authority's assets, Deferred outflows of resources and liabilities, with the difference between the three reported as net position. Over time, 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 activities 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements show the activities of the Authority that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The activities of the Authority include general services, wastewater treatment, and solid waste disposal. The government-wide financial statements can be found beginning on page 12.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Authority can be divided into two categories: proprietary funds and fiduciary funds.

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

**Proprietary funds.** The Authority maintains two different types of proprietary funds: an enterprise fund and internal service funds. The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

**Enterprise Fund**

An enterprise fund is used to report the functions that are business-type activities. The Authority has one enterprise fund that is divided into twelve divisions. These divisions are the General Services Division, Bayport Area System Facility Division, Blackhawk Regional Wastewater Treatment Facility Division, Campbell Bayou Facility Division, Central Laboratory Division, 40-Acre Facility Division, Municipal Operations Division, Odessa South Regional Facility Division, Vince Bayou Division, Washburn Tunnel Facility Division, Washburn Tunnel Pipeline Services Division, and the Gulf Coast Industrial Development Authority ("GCIDA").

**Internal Service Funds**

Internal service funds are used to accumulate and allocate costs internally amongst the Authority's various divisions. The Authority uses internal service funds to account for payment of deductible amounts on casualty insurance claims, compensated absences, data processing, medical and dental benefits to Authority employees, participating dependents, and eligible retirees; equipment services; and governmental relations services regarding pretreatment legislation.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the Combining Information and Statements section of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the combined financial statements because resources of those funds are not available to support the Authority's own programs.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements and can be found starting on page 22.

**Other information.** Immediately following the Notes to Financial Statements are the (1) Required Supplemental Information for the Other Post-Employment Benefits Trust, (2) Other Supplementary Information including combining financial statements by fund type and schedules of conduit debt issued and outstanding, (3) the Statistical Section and (4) the required Texas Supplementary Information.

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

**Government-wide Financial Analysis**

As noted earlier, net position may serve as an indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities by \$105.5 million at the close of the 2014 fiscal year.

**Gulf Coast Waste Disposal Authority**

*Net Position*

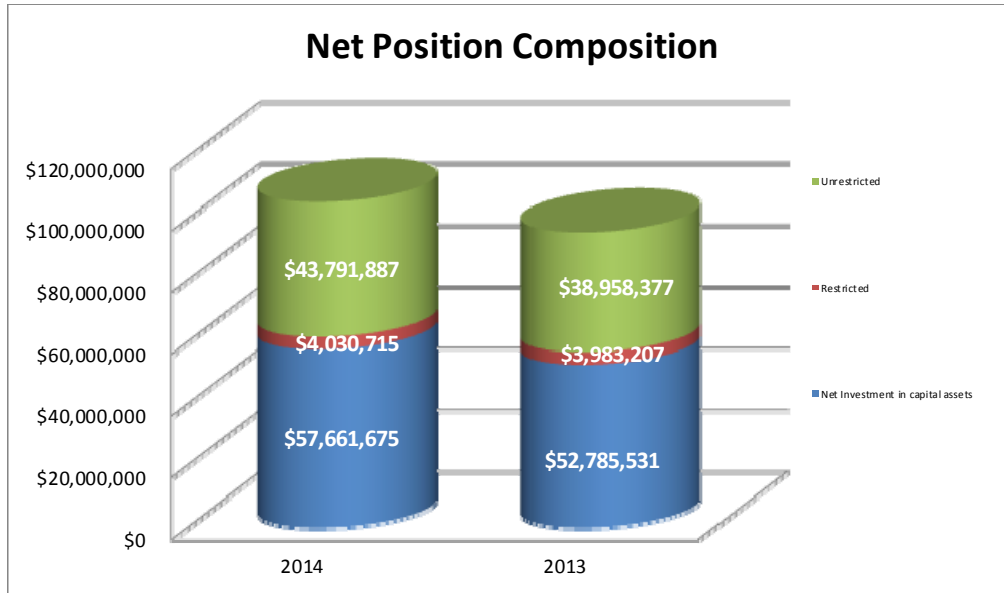
*December 31, 2014*

*With comparative totals for December 31, 2013*

	<b>2014</b>	<b>2013</b>	<b>Increase / (Decrease)</b>	
			<b>\$</b>	<b>%</b>
Current and other assets	\$ 82,956,278	\$ 82,237,976	\$ 718,302	0.9%
Capital assets	95,830,111	81,910,670	13,919,441	17.0%
Total assets	<u>178,786,389</u>	<u>164,148,646</u>	<u>14,637,743</u>	<u>8.9%</u>
Total deferred outflows of resources	878,121	1,263,983	(385,862)	-30.5%
Long term liabilities	57,389,505	59,327,126	(1,937,621)	-3.3%
Other liabilities	16,790,728	10,358,388	6,432,340	62.1%
Total liabilities	<u>74,180,233</u>	<u>69,685,514</u>	<u>4,494,719</u>	<u>6.5%</u>
Net Position:				
Net Investment in capital assets	57,661,675	52,785,531	4,876,144	9.2%
Restricted	4,030,715	3,983,207	47,508	1.2%
Unrestricted	43,791,887	38,958,377	4,833,510	12.4%
Total Net Position	<u>\$ 105,484,277</u>	<u>\$ 95,727,115</u>	<u>\$ 9,757,162</u>	<u>10.2%</u>

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

The following chart depicts the composition of the Authority's net position as of December 31:



A majority of the Authority's \$105.5 million in net position is invested in capital assets (e.g., land, buildings, machinery, and equipment) less any remaining debt used to acquire those assets. The Authority's capital assets are used in operations to provide services to customers, participants and other governments; consequently, these assets are not available for future spending.

Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Authority's remaining net position is classified as restricted and unrestricted. Restricted net position is subject to restrictions for debt service and a contingency reserve. At year end, unrestricted net position was \$43.8 million, representing a 12.4% increase from 2013. Unrestricted net position may be used to meet the Authority's ongoing liabilities.

Current and other assets increased 0.9% or \$0.7 million in 2014. The primary reason for the increase is due to the increase in cash and marketable securities restricted for capital projects.

The 9.2% increase in net position invested in capital assets is primarily due by additions to capital assets of \$22.9 million. This was offset by the approximately \$8.9 million recognized in 2014 for depreciation expense on capital assets previously placed in service.

The \$4.5 million (6.5%) increase in total liabilities is primarily due to an increase in unearned revenue.



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

Total net position increased by \$9.8 million in 2014. The components of the changes in the net position are found in the following table:

**Gulf Coast Waste Disposal Authority**

**Changes in Net Position**

**Year ended December 31, 2014**

**With comparative totals for year ended December 31, 2013**

	2014	2013	Increase / (Decrease)	
			\$	%
Revenues:				
Program revenues				
Charges for services	\$ 59,340,634	\$ 57,240,426	\$ 2,100,208	3.7%
Capital grants and contributions	7,064,990	4,865,128	2,199,862	45.2%
Total program revenues	66,405,624	62,105,554	4,300,070	6.9%
Unrestricted investment earnings (loss)	401,606	(12,355)	413,961	-3350.6%
Total revenues	66,807,230	62,093,199	4,714,031	7.6%
Expenses:				
General services	1,158,663	1,867,558	(708,895)	-38.0%
Wastewater treatment	55,037,733	55,913,550	(875,817)	-1.6%
Solid waste disposal	853,672	826,055	27,617	3.3%
Total expenses	57,050,068	58,607,163	(1,557,095)	-2.7%
Change in Net Position	9,757,162	3,486,036	6,271,126	-179.9%
Net Position, beginning	95,727,115	92,241,079	3,486,036	3.8%
Net Position, ending	\$ 105,484,277	\$ 95,727,115	\$ 9,757,162	10.2%

Capital grants and contributions increased 45.2% or \$2.2 million in 2014. Capital projects funded through charges to facility participants during 2014 were as follows:

- Blackhawk facility renovations of approximately \$1.8 million;
- Washburn Tunnel facility renovations of approximately \$5 million;
- Odessa facility renovations of approximately \$156 thousand.

Unrestricted investment earnings increased by 400 thousand due to an increase in interest rates and market values.

Total expenses decreased by \$1.6 million during 2014 due primarily to the following factors:

- The Authority spent approximately \$740 thousand for costs related to issuance of the Bayport 2013 Revenue and Refunding Bonds in the prior year;
- Operating expenses at the Washburn Tunnel facility decreased \$1.2 million, or 8% from 2013 due to fewer customers discharging, as well as several repairs in 2013.

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

**Financial Analysis of the Authority's Funds.** The proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

**Capital Asset and Debt Administration**

**Capital assets.** The Authority's total capital assets as of December 31, 2014, totaled \$95.8 million (net of accumulated depreciation). These investments include land, buildings, waste treatment facilities and equipment, administrative furniture and equipment and construction in progress. The total increase in the Authority's capital assets for the current fiscal year was 17.0%. Depreciation expense for the year was \$8.9 million. Construction in progress increased \$17,267,755.

**Gulf Coast Waste Disposal Authority**

*Capital Assets (net of depreciation)*

*December 31, 2014*

*With comparative totals for December 31, 2013*

	2014	2013	Increase/(Decrease)	
			\$	%
Land	\$ 5,175,541	\$ 5,175,541	\$	
Buildings	158,924	192,612	(33,688)	-17.5%
Waste treatment facilities and equipment	61,572,279	64,623,449	(3,051,170)	-4.7%
Administrative furniture and equipment	1,378,011	1,641,467	(263,456)	-16.1%
Construction in progress	27,545,356	10,277,601	17,267,755	168.0%
Total	\$ 95,830,111	\$ 81,910,670	\$ 13,919,441	17.0%

Major capital asset outlays during the fiscal year 2014 included the following:

Capital Outlay Description	Capital Outlay
Rehabilitation of Headworks at Blackhawk	\$ 1,514,429
Plant improvements at the Bayport Facility:	
Clarifier #7	5,478,259
Main Lift Station Pumping and Piping Upgrade	8,484,732
In Plant Piping Project	767,347
Plant improvements at the Washburn Tunnel Facility:	
T-81 Disinfection Tank	351,524
Enterococcus Control Project	1,659,826
Entero Control Project - Construction	2,386,147

Additional information on the Authority's capital assets can be found in Note III E in the Notes to the Financial Statements of this report.

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

**Debt**

At the end of the current fiscal year, the Authority had \$44.8 million in debt outstanding compared to \$48.2 million last year.

The Authority's Bayport area system revenue bonds have an "AA" rating by Standard & Poor's.

Additional information on the Authority's long-term debt and capital leases can be found in Note III F in the Notes to the Financial Statements of this report.

**Economic Factors and Next Years' Rates**

According to the U.S. Census Bureau, the current unemployment rate for the Houston area is 4.1%. This compares to the national rate of 5.6% and the Texas rate of 4.6%. Houston's employment grew at an annualized rate of 3% in the first three months of 2015. The Greater Houston Partnership forecasts the 10-county Houston metro area will create 62,900 jobs in 2015 which will bring its employment to 2.9 million jobs. The Houston area is currently experiencing a healthy growth in capital expenditures in the chemical industry which will have a positive impact on the Authority's operating revenues.

The Board of Directors approved a rate increase for the Bayport Area System Facility Division which will generate another \$2,000,000 for the Division for fiscal year 2015.

**Requests for Information**

This financial report is designed to provide a general overview of the Gulf Coast Waste Disposal Authority's finances for anyone with an interest in 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 Manager of Financial Services, 910 Bay Area Boulevard, Houston, Texas 77058.

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## **BASIC FINANCIAL STATEMENTS**

**GULF COAST WASTE DISPOSAL AUTHORITY***Statement of Net Position**December 31, 2014*

	<b>Business Type Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 4,953,641
Marketable securities	44,582,772
Receivables, net	9,766,189
Prepays	481,020
Restricted assets:	
Cash and cash equivalents	7,929,504
Marketable securities	14,880,458
Accrued interest	67,879
Noncurrent receivable	294,815
Capital assets not being depreciated:	
Land	5,175,541
Construction in progress	27,545,356
Capital assets net of accumulated depreciation:	
Plant and equipment	63,109,214
<b>Total assets</b>	<b>178,786,389</b>
<b>Deferred Outflows of Resources</b>	
Deferred loss on refunding	878,121
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	8,121,295
Wages payable	437,799
Accrued bond interest	512,497
Unearned revenue	7,719,137
Noncurrent liabilities:	
Due within one year	4,596,292
Due in more than one year	52,793,213
<b>Total liabilities</b>	<b>74,180,233</b>
<b>Net Position</b>	
Net investment in capital assets	57,661,675
Restricted:	
Debt service	3,496,096
Contingency reserve	534,619
Unrestricted	43,791,887
<b>Total Net Position</b>	<b>\$ 105,484,277</b>

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY**

*Statement of Activities - Business Type Activities*

*Year ended December 31, 2014*

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General services	\$ 1,158,663	\$ 1,555,047	\$ -	\$ -	\$ 396,384
Wastewater treatment	55,037,733	56,958,781	-	7,064,990	8,986,038
Solid waste disposal	853,672	826,806	-	-	(26,866)
	<u>\$ 57,050,068</u>	<u>\$ 59,340,634</u>	<u>\$ -</u>	<u>\$ 7,064,990</u>	<u>9,355,556</u>
					401,606
					Unrestricted investment earnings
					Change in Net Position
					9,757,162
					<u>Beginning Net Position</u>
					95,727,115
					<u>Ending Net Position</u>
					<u>\$105,484,277</u>

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY**

**PROPRIETARY FUNDS**

*Statement of Net Position*

*December 31, 2014*

	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 4,202,313	\$ 751,328
Marketable securities	37,820,814	6,761,958
Receivables, net	9,766,189	
Current portion of interfund loan receivable		290,428
Prepays	427,670	53,350
Restricted assets:		
Cash and cash equivalents	7,929,504	
Marketable securities	14,880,458	
Accrued interest	67,879	
<b>Total current assets</b>	<u>75,094,827</u>	<u>7,857,064</u>
<b>Noncurrent Assets:</b>		
Note receivable from others	294,815	
Capital assets:		
Land	5,175,541	
Construction in progress	27,545,356	
Plant and equipment	226,717,290	6,107,420
Less accumulated depreciation	(164,991,558)	(4,723,938)
Total capital assets (net of accumulated depreciation)	<u>94,446,629</u>	<u>1,383,482</u>
<b>Total noncurrent assets</b>	<u>94,741,444</u>	<u>1,383,482</u>
<b>Total assets</b>	<u>169,836,271</u>	<u>9,240,546</u>
<b>Deferred Outflows of Resources</b>		
Deferred loss on refunding	<u>878,121</u>	

See notes to the financial statements



**GULF COAST WASTE DISPOSAL AUTHORITY**

**PROPRIETARY FUNDS**

*Statement of Net Position*

December 31, 2014

	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
	<hr/>	<hr/>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 7,901,855	\$ 219,440
Wages payable	437,799	
Accrued bond interest	512,497	
Current portion of interund loan payable		290,428
Current portion of accrued compensated absences		1,285,439
Current portion of bonds payable	3,310,853	
Unearned revenue	7,719,137	
<b>Total current liabilities</b>	<hr/> <b>19,882,141</b>	<hr/> <b>1,795,307</b>
<b>Noncurrent liabilities:</b>		
Accrued compensated absences		1,297,916
Net OPEB obligation		2,198,655
Bonds payable (net of unamortized discount)	47,067,656	
Working capital deposits	2,228,986	
<b>Total noncurrent liabilities</b>	<hr/> <b>49,296,642</b>	<hr/> <b>3,496,571</b>
<b>Total liabilities</b>	<hr/> <b>69,178,783</b>	<hr/> <b>5,291,878</b>
<b>Net Position</b>		
Net investment in capital assets	56,278,193	1,383,482
Restricted:		
Debt service	3,496,096	
Contingency reserve	534,619	
Unrestricted	41,226,701	2,565,186
<b>Total Net Position</b>	<hr/> <b>101,535,609</b>	<hr/> <b>\$ 3,948,668</b>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	3,948,668	
Net Position of the business-type activities	<hr/> <b>\$ 105,484,277</b>	

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY**

**PROPRIETARY FUNDS**

*Statement of Revenue, Expenses, and Changes in Fund Net Position*

*Year ended December 31, 2014*

	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
	<u>          </u>	<u>          </u>
<b>Operating revenues</b>		
Charges for sales and services		
Services to industries	\$ 55,570,104	\$
Services to municipalities	3,321,798	
Intragovernmental		3,933,096
Other	448,134	677,716
	<u>59,340,036</u>	<u>4,610,812</u>
<b>Total operating revenues</b>		
<b>Operating expenses</b>		
Costs of sales and services	43,927,467	3,282,599
Administration	3,258,492	324,201
Depreciation	8,246,103	692,306
	<u>55,432,062</u>	<u>4,299,106</u>
<b>Total operating expenses</b>		
<b>Operating income (loss)</b>	<u>3,907,974</u>	<u>311,706</u>
<b>Nonoperating revenues (expenses)</b>		
Investment income (loss)	350,384	51,222
Interest expense	(1,879,274)	(9,120)
(Loss) on disposal of capital assets	(51,237)	(437)
Insurance proceeds	10,954	
	<u>(1,569,173)</u>	<u>41,665</u>
<b>Total nonoperating expenses</b>		
<b>Loss before contributions</b>	2,338,801	353,371
Capital contributions	7,064,990	
	<u>9,403,791</u>	<u>353,371</u>
<b>Changes in Net Position</b>		
<b>Beginning Net Position</b>	92,131,818	3,595,297
	<u>\$ 101,535,609</u>	<u>\$ 3,948,668</u>
<b>Ending Net Position</b>		
Change in Net Position of enterprise fund	\$ 9,403,791	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	353,371	
	<u>9,757,162</u>	
<b>Change in nets position of business-type activities</b>	<u>\$ 9,757,162</u>	

See notes to the financial statements

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**GULF COAST WASTE DISPOSAL AUTHORITY**

**PROPRIETARY FUNDS**

**Statement of Cash Flows**

**Year ended December 31, 2014**

	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 66,941,933	\$ 697,705
Receipts from intragovernmental users		3,913,109
Payments to suppliers	(23,398,901)	(4,061,015)
Payments to employees	(19,008,781)	(17,003)
Payments to intragovernmental suppliers	(3,230,627)	
<b>Net cash provided by operating activities</b>	<u>21,303,624</u>	<u>532,796</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Principal received (paid) on intragovernmental loan	381,012	(381,012)
Interest received (paid) on intragovernmental loan	5,739	(5,739)
Interest received on note receivable	237,294	
Principal received on note receivable	6,433	
<b>Net cash provided (used) by noncapital financing activities</b>	<u>630,478</u>	<u>(386,751)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(23,030,487)	(409,915)
Proceeds from sale of capital assets	14,635	(437)
Proceeds from sale of revenue bonds		
Payment of bond issuance costs		
Retirement of bonds	(3,375,000)	
Interest paid on capital related debt	(1,916,286)	
Deferred outflows from bond sale		
Contributions received from participants for capital outlay	7,064,990	
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(21,242,148)</u>	<u>(410,352)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	958,934	423,331
Interest received	354,972	51,222
<b>Net cash used by investing activities</b>	<u>1,313,906</u>	<u>474,553</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	2,005,860	210,246
<b>Beginning cash and cash equivalents</b>	10,125,957	541,082
<b>Ending cash and cash equivalents</b>	<u>\$ 12,131,817</u>	<u>\$ 751,328</u>
<b>Ending cash and cash equivalents</b>		
Unrestricted cash and cash equivalents	\$ 4,202,313	\$ 751,328
Restricted cash and cash equivalents	7,929,504	
	<u>\$ 12,131,817</u>	<u>\$ 751,328</u>

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**PROPRIETARY FUNDS**  
*Statement of Cash Flows*  
*Year ended December 31, 2014*

	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating income (loss)	\$ 3,907,974	\$ 311,706
Adjustment to reconcile operating income to net cash provided by operating activities		
Depreciation	8,246,103	692,306
Changes in Operating Assets and Liabilities		
(Increase) decrease in assets:		
Receivables, net	56,533	
Prepays	30,642	11
Increase (decrease) in liabilities:		
Wages payable	(295,669)	(63,899)
Accounts payable	1,810,354	(355,909)
Net OPEB obligation		(51,419)
Unearned revenue	7,306,784	
Working capital deposits	240,903	
<b>Net cash provided by operating activities</b>	<u>\$ 21,303,624</u>	<u>\$ 532,796</u>

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY**

*Statement of Fiduciary Net Position*

*Fiduciary Funds*

*December 31, 2014*

	<b>Other Employee Benefit Trust Fund</b>
	<b>Gulf Coast Waste Disposal Authority Other Post Employment Benefit Trust</b>
<b>Assets</b>	
Cash and cash equivalents	\$
Investments, at fair value:	
Marketable securities	4,217,794
<b>Total assets</b>	<b>4,217,794</b>
<b>Net Position</b>	
Held in trust for other postemployment benefits	4,217,794
<b>Total Net Position</b>	<b>\$ 4,217,794</b>

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
*Fiduciary Funds*  
*Year ended December 31, 2014*

	<u>Other Employee Benefit Trust Fund</u> <u>Gulf Coast Waste Disposal Authority</u> <u>Other Post Employment Benefit Trust</u>
<b>Additions</b>	
Employer contributions	\$ 461,877
<b>Total contributions</b>	<u>461,877</u>
<b>Investment income</b>	
Net appreciation in fair value of investments	157,098
<b>Net investment income</b>	<u>157,098</u>
<b>Total additions</b>	<u>618,975</u>
 Change in Net Position	 618,975
<b>Beginning Net Position</b>	<u>3,598,819</u>
<b>Ending Net Position</b>	<u>\$ 4,217,794</u>

See notes to the financial statements

# GULF COAST WASTE DISPOSAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

### I. Summary of Significant Accounting Policies

#### A. Reporting Entity

The Gulf Coast Waste Disposal Authority (the "Authority" or "GCWDA") is a separate self-supporting governmental unit, a political subdivision and special district of the state of Texas. GCWDA was established in 1969 by the State Legislature under Article XVI, Section 59, of the Texas Constitution as a conservation and reclamation district. The Authority is governed by a nine-member Board of Directors comprised of appointees from Harris, Galveston, and Chambers Counties, the three counties in the Authority's statutory district.

The following summary of the Authority's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies conform to generally accepted accounting principles in the United States of America ("GAAP") as applicable to governments and should be viewed as an integral part of the accounting financial statements. GAAP for state and local governments is promulgated by the Governmental Accounting Standards Board ("GASB"), and the Financial Accounting Standards Board ("FASB"), where applicable.

**Blended Component Unit.** For financial reporting purposes, the Authority includes all funds and the Gulf Coast Industrial Development Authority ("GCIDA") for which the GCWDA Board of Directors is financially accountable. In compliance with GASB Statement No. 14, *The Financial Reporting Entity* and No. 39, *Determining Whether Certain Organizations Are Component Units*, the financial statements of the reporting entity include those of the Authority (the primary government) and its blended component unit, GCIDA.

GCIDA was created by the Authority in 1979 under the provisions of the Development Corporation Act of 1979. As stated in its Articles of Incorporation, "GCIDA was organized exclusively for the purposes of benefiting and accomplishing the public purposes of, and to act on behalf of, the Gulf Coast Waste Disposal Authority and the specific purposes for which the Corporation was created."

The Board of Directors of the Authority appoints the entire three-member GCIDA Board of Directors and may, for cause or at will, remove the Corporation's three-member governing board. The GCIDA Board of Directors appointed by the Authority has always been comprised entirely of the Authority's Board members and management. Accordingly, the governing bodies of both entities are "substantially the same" providing the Authority sufficient representation to allow complete control of GCIDA. In addition, the Authority approves all specific transactions of GCIDA and has the authority to amend GCIDA's Articles of Incorporation, terminate, or dissolve the Corporation. GCIDA is reported as a blended component unit.

#### B. Government-wide and Fund Financial Statements

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present the Business Type Activities for the Authority as a whole. Fiduciary Activities are not included in these statements. Internal service fund activity is eliminated to avoid duplicating revenues and expenses.

In the government-wide statement of net position, business-type activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.



**GULF COAST WASTE DISPOSAL AUTHORITY**  
*NOTES TO FINANCIAL STATEMENTS (continued)*

**I. Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Authority. Direct expenses are those that are specifically associated with a program or function and therefore, clearly identifiable to a particular function. Functional revenues include charges paid by the recipients for goods and services offered by the function. Revenues that are not classified as program revenues, such as investment earnings, are presented as general revenues.

Fund financial statements of the Authority are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: proprietary and fiduciary.

The Authority reports the following proprietary fund types:

**Enterprise Fund.** This fund accounts for the operations of the Authority's three functions: general services, wastewater treatment and solid waste disposal. It includes the following divisions of the Authority: the General Services Division, Bayport Area System Facility Division, Blackhawk Regional Wastewater Treatment Facility Division, Campbell Bayou Facility Division, Central Laboratory Division, 40-Acre Facility Division, Municipal Operations Division, Odessa South Regional Facility Division, Vince Bayou Division, Washburn Tunnel Facility Division, Washburn Tunnel Pipeline Services Division and The Component Unit – GCIDA Division. These divisions account for all of the business-type activities of the Authority.

**Internal Service Funds.** These funds account for payment of compensated absences; for the deductible amounts on casualty insurance claims; for medical, dental, and vision benefits to Authority employees, participating dependents, and eligible retirees; for equipment services; for data processing; and for lobbying efforts for pretreatment legislation on a cost-reimbursement basis.

***Fiduciary Funds***

Fiduciary fund financial statements include a statement of net position and a statement of changes in fiduciary net position. The Authority uses trust funds to account for resources held for the benefit of parties outside the Authority. The fiduciary fund is presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

The Authority reports the following fiduciary fund:

**Gulf Coast Waste Disposal Authority Other Post Employment Benefit Trust Fund.** This is a trust established to accumulate money needed to pay post-employment benefits to the Authority's eligible retirees. The fund is administered by the International City Managers Association Retirement Corporation.

# **GULF COAST WASTE DISPOSAL AUTHORITY**

## **NOTES TO FINANCIAL STATEMENTS (continued)**

### **I. Summary of Significant Accounting Policies (continued)**

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

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. In government-wide financial statements, business-type activities are presented using the "economic resources" measurement focus as defined in item (a) below. In the fund financial statements, "economic resources" measurement focus is also used as appropriate.

The enterprise and trust funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Fund equity is classified as net position.

All primary sources of the Authority's revenue are susceptible to accrual. Examples of revenue accrued are fees for services, charges to participants based on cost-reimbursement contracts, and earnings from investments. The Authority receives no revenue from taxes. Unbilled receivables are recorded for services rendered but not yet invoiced as of the end of each accounting period. For those divisions where services are rendered on a cost-reimbursement basis, unbilled receivables consist primarily of variances between periodic budget billings and actual expenditures. These include the Blackhawk Regional Wastewater Treatment Facility Division, Campbell Bayou Facility Division, 40-Acre Facility Division, Odessa South Regional Facility Division, and Washburn Tunnel Facility Division. For those divisions whose services are rendered on a fee basis, unbilled receivables consist primarily of charges for services performed in the current month which are invoiced the following month. The General Services Division, Bayport Area System Facility Division, Central Laboratory Division, Municipal Operations Division and Vince Bayou Division make up this category. In the Employees' Health Care Internal Service Fund, an estimate of costs for claims incurred but not yet reported is accrued as of the date of the financial statements.

Unearned revenues arise when resources are received before earned. Billings in the current year for budgeted expenditures of pollution control facilities operated on a cost-reimbursement basis are not earned until the expenditures are incurred. In subsequent periods, when both revenue recognition criteria are met, or when the Authority has earned the resources, the liability for unearned revenue is reduced accordingly and revenue is recognized.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary division's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services along with penalties and fees. 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 non-operating revenues and expenses.

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Net Position or Equity**

**1. Cash, Cash Equivalents and Investments**

Cash is defined as currency, demand deposits with banks and other financial institutions, and any other kind of account that has the general characteristics of demand deposits where funds may be added or withdrawn at any time without penalty or prior notice. Cash equivalents are defined as liquid investments that are both readily convertible to known amounts of cash and so near their maturity they present insignificant risk or changes in value because of changes in interest rates. Only investments with original maturities of three months or less qualify under this definition.

The Authority reports all investments at fair-value. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as Texas CLASS, are reported using the pool's share price. The Texas CLASS Board of Trustees, which is comprised of active members of the pool and elected by the participants guided by the Advisory Board, oversees the management of Texas CLASS. The State Comptroller of Public Accounts oversees Texpool. Federated Investors is the full service provider to the pools managing the assets providing participant services, and arranging for all custody and other functions in support of the pool's operations under contract with the Comptroller.

**2. Interfund Receivables/Payables**

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund loan receivable and payables on the statement of net position.

**3. Inventories**

The Authority's facilities maintain inventories of parts and supplies available as needed for operation of the facilities. Any equipment included in those inventories is subject to the Authority's capitalization policy and is included as capital assets in the statement of net position. There is no other significant inventory and; therefore, no inventory is recorded on the balance sheet or statement of net position.

**4. Prepayments**

Prepayments for services and insurance that will benefit periods beyond the current period are reflected as prepaid expenses.

**5. Capital Assets**

Capital assets of proprietary funds are reported in both the government-wide and fund financial statements. Capital assets are recorded at historical cost and depreciated over estimated useful lives unless they are inexhaustible, such as land. Depreciation expense is reported in the government-wide statement of activities and the proprietary fund statement of revenues, expenses, and changes in fund net position.

Capital assets are defined as items of property that:

1. Are tangible in nature;
2. Have an economic useful life longer than two years;
3. Maintain their identities throughout their useful lives, either as separate entities or as identifiable components, and;
4. Have an original cost of \$5,000 or more.

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*NOTES TO FINANCIAL STATEMENTS (continued)*

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Net Position or Equity (continued)**

**5. Capital Assets (continued)**

Depreciation is recorded using the straight-line method over the estimated service lives as follows:

Computers and computer equipment	3-5 Years
Cranes, mobile units, motor vehicles, and other equipment	3-10 Years
Aerators, pumps, and electrical equipment	5-10 Years
Pipelines	10-20 Years
Buildings, roads and fences	10-30 Years
Ponds, basins, lift stations, clarifiers, dikes, and channels	10-40 Years
Tanks	15-20 Years

**6. Compensated Absences**

Vacation is granted in varying amounts depending upon length of service. Employees must take two weeks of vacation each year after the first year of employment. Employees may carry over a maximum of 360 hours of vacation from one calendar year to the next. Once an employee reaches the maximum, he/she will be allowed to accrue time in the next year, with any hours in excess of the 360 being paid to the employee's Retirement Health Savings Account.

Leave is granted at the rate of 15 days per year and may be accumulated up to a total of 90 days. When the maximum has been reached, the employee is paid in January of each year for the number of leave hours exceeding 720 (90 days). Active employees are eligible to be paid for one-half of accrued hours in excess of 720 at their current pay rate. An employee who terminates employment after six months of service or who retires will be compensated for one-half of total accrued hours at the employee's termination date.

During the 1987 fiscal year, the Authority established the Compensated Absence Fund, an internal service fund, to accumulate money to pay liabilities for compensated absences. The total vested liability to all Authority employees for vacation and leave is recorded in this internal service fund. Every pay period, the Enterprise Fund pays to the Compensated Absence Fund the current value of the accrued compensated absences earned by the employees during that pay period.

**7. Net Position**

**Net Position Flow assumption**

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*NOTES TO FINANCIAL STATEMENTS (continued)*

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Net Position or Equity (continued)**

**8. Intragovernmental Transactions**

Transactions that would be treated as revenue or expense if they involved organizations external to the Authority are similarly treated when involving funds of the Authority. Major transactions that fall into this category include payments for services and rental of equipment to the Equipment Services Fund, payments for computer services to the Data Processing Fund, and payments in lieu of insurance premiums to the Employees' Health Care Fund.

**9. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, as well as, reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, allowance for doubtful accounts, and other accounts. Actual results may differ from these estimates.

**II. Stewardship and Accountability**

**A. Financial Plan**

The estimates of revenues and expenses for the Authority's operating divisions are presented annually to the Authority's Board of Directors for adoption. In the case of the Bayport Area Facility Division, the Board establishes rates for the treatment of waste received from the Bayport customers. Although the Bayport Area Facility Division budget is presented annually to all the participants in the Bayport complex for their review, the financial plan does not become a legal document. Additionally, the financial plan of the Blackhawk Regional Wastewater Treatment Facility Division, Campbell Bayou Facility Division, 40-Acre Facility Division, Odessa South Facility Division, and Washburn Tunnel Facility Division are approved by the industries or municipalities that the facilities serve; however, the financial plan is only a management tool and does not become a legal document. These non-appropriated financial plans are prepared for management control and are not presented in these financial statements.

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**III. Detailed Notes on All Funds**

**A. Deposits and Investments**

As of December 31, 2014, the Authority had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Weighted Average Maturity (Days)</u>
U.S. Agencies			
FNMA	\$ 10,331,892	17%	646
FHLMC	10,698,676	18%	793
FHLB	11,093,686	18%	929
FFCB	1,699,677	3%	260
Certificates of Deposit	4,877,269	8%	193
Municipal Securities	6,317,809	10%	600
State Pools			
Texpool	8,170,567	14%	46
Texas CLASS	7,085,114	12%	42
Total fair value	<u>\$ 60,274,690</u>	<u>100%</u>	
Portfolio weighted average maturity			519

*Interest rate risk.* In accordance with its investment policy, the Authority manages exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less.

*Credit risk.* State law and the Authority's investment policy limits investments to obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent. Further, commercial paper must be rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies. As of December 31, 2014, the Authority's investments were in compliance with State law and the Authority's investment policy as noted in the table on the following page.

*Concentration of credit risk.* The Authority's investment policy does not allow for an investment in any one issue that is in excess of 50% of the portfolio's total investments.

*Custodial credit risk - deposits.* In the case of deposits, the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective market value of at least 102 percent. As of December 31, 2014, total bank balances were \$9,074,213. Of that, \$250,000 was covered by FDIC by FDIC insurance and \$6,422,214 was covered by pledged securities. The difference was due to several unusually large deposits received on December 31, 2014. As of January 2, 2015, total bank balances were covered by pledged securities and FDIC insurance.

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**III. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

*Custodial credit risk - investments.* For an investment, the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that is in the possession of an outside party. The Authority's investment policy requires that it will seek to safe keep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the Authority's safekeeping account prior to the release of funds.

The Table below presents the Authority's investments classified by credit rating from a national rating agency.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	
		<u>Standard &amp; Poor's</u>	<u>Moody's</u>
U.S. Agencies			
FNMA	\$ 9,527,164	AA+	-
FNMA	804,728	-	Aaa
FHLMC	10,698,676	AA+	-
FHLB	11,093,686	AA+	-
FFCB	1,699,677	-	AA+
Municipal Securities	101,470	A-	-
Municipal Securities	254,649	A+	-
Municipal Securities	1,121,271	AA	-
Municipal Securities	994,701	AA-	-
Municipal Securities	1,249,838	AA+	-
Municipal Securities	1,777,479	AAA	-
Municipal Securities	469,241	-	A1
Municipal Securities	165,960	-	Aaa
State Pools			
Texpool	8,170,567	AAAm	-
Texas CLASS	7,085,114	AAAm	-
Total fair value	<u>\$ 55,214,221</u>		

Investment income for the year ended December 31, 2014 is comprised of the following:

Interest and Dividends	\$ 416,253
Realized gains (losses)	(23,654)
Unrealized gain	9,007
	<u>\$ 401,606</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**III. Detailed Notes on All Funds (continued)**

**B. Receivables**

Receivables at year-end consist of the following:

	Business Type Activities
Accounts receivable	\$ 5,971,112
Unbilled receivables	408,599
Accrued revenue	3,531,018
Allowance for doubtful accounts	(144,649)
Other receivables	109
	<u>\$ 9,766,189</u>

During 2007, the Bayport Area Facility Division entered into a promissory note with one of its customers for its overdue balance. The note bears interest at 7.25% per annum on the outstanding balance. The note is repayable in installments equal to all revenues that the Bayport customer receives from one of its internal customers and an additional 50% of the revenues the Bayport customer receives over \$5,500 per month. Any unpaid principal balance as of April 30, 2017 will accrue interest as a rate of 10% per annum on all unpaid amounts. The remaining balance on the note as of December 31, 2014 was \$294,815 and is not expected to be collected in one year.

**C. Interfund Loan**

The balance in this account represents short-term amounts owed to a particular fund by another fund for goods sold, services rendered or other current transactions. The composition of interfund balances as of year-end is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Equipment Service	Data Processing	\$ 290,428
	<b>Total</b>	<u>\$ 290,428</u>



**GULF COAST WASTE DISPOSAL AUTHORITY**

*NOTES TO FINANCIAL STATEMENTS (continued)*

**III. Detailed Notes on All Funds (continued)**

**D. Restricted Assets**

Restricted assets as reported on the Statement of Net Position as of December 31, 2014, are as follows:

**Restricted Assets:**

Cash and cash equivalents	\$	7,929,504
Marketable securities		7,192,784
Accrued interest		67,878
	\$	<u>15,190,166</u>

**Restricted for:**

Debt service	\$	3,496,096
Capital expenditures		11,169,259
Contingency reserve		524,811
	\$	<u>15,190,166</u>

***Bayport Area System***

The Bayport Area System Revenue Bonds Series 1996 Resolution requires that the "Pledged Revenues of the System" (the "System") shall be deposited into the revenue fund. The System is required to maintain a reserve fund in an amount equal to the average annual debt service requirements of all the outstanding bonds. Whenever the fund contains less than the required amount, the System shall transfer monthly from the revenue fund a sum of at least 1/60th of the balance of the required amount until the reserve fund requirement is attained. At year-end, reserve fund assets were invested in a U.S. government securities mutual fund.

Restricted for debt service	\$	<u>3,496,096</u>
Average annual debt service	\$	<u>3,254,134</u>

As of December 31, 2014, \$11,169,259 in remaining unspent capital project funds from the Bayport Area System Revenue Bonds, Series 2013 is reported as restricted assets on the Statement of Net Position.

***Blackhawk Regional Wastewater Treatment***

The Regional Waste Disposal Facility Contract between the participants of the Blackhawk Regional Wastewater Treatment Facility and the Authority establishes a contingency reserve to cover ordinary and extraordinary repairs, capital replacement costs, improvements or betterments of the plant. The reserve is increased on a yearly basis by an amount equal to 1% of the participant's share of the operating expenditures. During the year ended December 31, 2014, the increase to the reserve was \$ 36,482 from the participants. The restricted assets as reported on the Statement of Net Position as of December 31, 2014 was \$534,619.

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**III. Detailed Notes on All Funds (continued)**

**E. Capital Assets**

Capital asset activity for the year ended is as shown below:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclassifications/ Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 5,175,541	\$	\$	\$ 5,175,541
Construction in progress	10,277,601	22,030,288	(4,762,533)	27,545,356
Total capital assets not being depreciated	<u>15,453,142</u>	<u>22,030,288</u>	<u>(4,762,533)</u>	<u>32,720,897</u>
Capital assets being depreciated:				
Waste treatment facilities and equipment	219,996,034	5,255,487	(354,646)	224,896,875
Office buildings	1,124,080	-	-	1,124,080
Administrative furniture and equipment	6,547,862	414,330	(158,437)	6,803,755
Total capital assets being depreciated	<u>227,667,976</u>	<u>5,669,817</u>	<u>(513,083)</u>	<u>232,824,710</u>
Less accumulated depreciation for:				
Waste treatment facilities and equipment	(155,372,585)	(8,228,372)	276,361	(163,324,596)
Office buildings	(903,953)	(17,731)	-	(921,684)
Administrative furniture and equipment	(4,933,910)	(692,306)	157,000	(5,469,216)
Total accumulated depreciation	<u>(161,210,448)</u>	<u>(8,938,409)</u>	<u>433,361</u>	<u>(169,715,496)</u>
Total capital assets being depreciated, net	<u>66,457,528</u>	<u>(3,268,592)</u>	<u>(79,722)</u>	<u>63,109,214</u>
<b>Capital Assets, net</b>	<u>\$ 81,910,670</u>	<u>\$ 18,761,696</u>	<u>\$ (4,842,255)</u>	<u>\$ 95,830,111</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Business-type</b>	
General services	\$ 17,731
Wastewater treatment	8,194,817
Solid waste disposal	33,555
In addition, depreciation on capital assets held by the Authority's internal service fund is charged to the various functions based on their usage of assets	<u>692,306</u>
Total depreciation expense	<u>\$ 8,938,409</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**III. Detailed Notes on All Funds (continued)**

**E. Capital Assets (continued)**

Construction in progress and remaining commitments under related construction contracts at year-end were as follows:

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
<b>Blackhawk Facility</b>			
Plant renovations	\$ 240,195	\$ 240,195	\$ -
Rehabilitation Project B-Headworks	2,140,000	1,666,137	473,863
Engineering Service for Third Clarifier	355,589	63,936	291,653
<b>Washburn Tunnel Facility</b>			
Enterococcus Control Project	2,725,000	2,623,722	101,278
Entero Control Project - Soil Management	400,000	216,837	183,163
Entero Control Project - Construction	9,650,000	2,386,147	7,263,853
Secondary Aerator Controls	362,000	194,435	167,565
<b>Campbell Bayou Facility</b>			
Expansion of Cells - Solid Waste Unit	707,700	683,107	24,593
<b>Bayport Facility</b>			
Bio-san hydraulics	1,600,000	1,005,460	594,540
MLS Pumping and Piping Upgrade	11,770,000	10,531,249	1,238,751
In Plant Piping Project	1,650,000	876,242	773,758
Clarifier #7 Project	20,500,000	6,986,236	13,513,764
MLS Scum Control	150,000	135	149,865
Belt Press Building Rehabilitation	75,000	71,518	3,482
<b>Totals</b>	<b>\$ 52,325,484</b>	<b>\$ 27,545,356</b>	<b>\$ 24,780,128</b>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**III. Detailed Notes on All Funds (continued)**

**F. Long-Term Debt**

*Bayport Area System Revenue Bonds*

The bonds outstanding at December 31, 2014, consist of Refunding Bonds, Series 2002, maturing October 1, 2015, with an interest rate of four percent to five percent, originally issued at \$24,025,000; and Revenue Bonds, Series 2013, maturing on October 1, 2033, with interest rates of three percent to five percent, originally issued at \$43,375,000. The annual requirements to amortize all outstanding Bayport Area System Revenue Bonds as of year-end, including interest payments, are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,950,000	\$ 2,049,988	\$ 4,999,988
2016	2,770,000	1,918,088	4,688,088
2017	2,875,000	1,807,288	4,682,288
2018	3,000,000	1,692,288	4,692,288
2019	3,155,000	1,542,288	4,697,288
2020	3,305,000	1,384,538	4,689,538
2021	3,465,000	1,219,288	4,684,288
2022	3,640,000	1,046,038	4,686,038
2023	3,235,000	864,038	4,099,038
2024	3,395,000	702,288	4,097,288
2025	1,225,000	532,538	1,757,538
2026	1,260,000	495,788	1,755,788
2027	1,300,000	457,988	1,757,988
2028	1,365,000	392,988	1,757,988
2029	1,430,000	324,738	1,754,738
2030	1,505,000	253,238	1,758,238
2031	1,580,000	177,988	1,757,988
2032	1,635,000	120,712	1,755,712
2033	1,695,000	61,444	1,756,444
<b>Total</b>	<u>\$ 44,785,000</u>	<u>\$ 17,043,552</u>	<u>\$ 61,828,552</u>

The bonds outstanding are special obligations of the Authority which are secured by a first lien on the "Pledged Revenues of the Bayport Area System Facility," as defined below. The bonds are also secured by all monies in the Bond Fund and the Reserve Fund, subject to the use of such funds for the purposes specified in the Bond Resolution. The holder of the bonds shall never have the right to demand payment of the bonds from monies derived or to be derived from taxation or any other revenues except the Pledged Revenues. Neither the facilities owned by the Authority nor any other property of the Authority is encumbered by any lien for the benefit of the holder of the bonds. The bonds are payable solely from revenues pledged to their payment and shall not be considered as general obligations of the Authority, the governing body of the Authority or the State of Texas.

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**III. Detailed Notes on All Funds (continued)**

**F. Long-Term Debt (continued)**

The "Pledged Revenues" are defined as the "Net Revenues of the System" and any additional revenues, income receipts, deposits, or other resources which the Authority may at its option include. The "Net Revenues of the System" are defined as the "Gross Revenues of the System" less the "Current Expenses of the System."

The "Gross Revenues of the System" include all of the revenues of every nature derived from the operations of the System including all investment income for any fund created by the Bond Resolution to the extent such income is credited to the "Gross Revenues of the System" as required by the Bond Resolution. The "Current Expenses of the System" includes all necessary current operating and maintenance expenses, and the Authority's actual overhead and management costs relating to the System, but does not include depreciation, debt service of the bonds, and management fees to the General Services Division.

The debt service coverage of the pledged revenues for the year ended December 31, 2014, for the Series 2002 and 2013 Bonds is computed in the following schedule:

Net revenues of the system for the year ended December 31, 2014	\$ 3,877,727
Add-Items not includable in current expenses of the System:	
Bond interest expense	1,879,274
Depreciation	4,395,904
Management fee	998,004
	<u>7,273,182</u>
Pledged revenues	<u>\$ 11,150,909</u>
Average annual debt service for bonds	<u>\$ 3,254,134</u>
Debt service coverage average annual debt service	3.43
Actual debt service for bonds	<u>\$ 5,573,038</u>
Debt service coverage actual debt service	2.00

"Pledged Revenues" are also deposited in the Bond Fund and the Reserve Fund. Any surplus revenues are to be used for paying the annual management fee to the General Services Division or for any other lawful purpose.

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986 calculate and rebate arbitrage earnings to the federal government. Specifically, the excess of the aggregated amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, is to be rebated to the federal government. As of year-end, the Authority has no arbitrage liability.

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**III. Detailed Notes on All Funds (continued)**

**F. Long-Term Debt (continued)**

Long-term liability activity for the year ended 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>
<b>Business-type activities</b>						
Accrued compensated absences	\$ 2,647,254	\$ 1,257,027	\$ 1,320,926	\$ 2,583,355	\$ 1,285,439	\$ 1,297,916
Net OPEB obligation	2,250,074	838,482	889,901	2,198,655		2,198,655
Bonds Payable:						
Series 2002	4,235,000		2,065,000	2,170,000	2,170,000	
Series 2004	550,000		550,000			
Series 2013	43,375,000		760,000	42,615,000	780,000	41,835,000
Plus Premium	6,269,798		676,289	5,593,509	360,853	5,232,656
<b>Long term liabilities</b>	<b>\$ 59,327,126</b>	<b>\$ 2,095,509</b>	<b>\$ 6,262,116</b>	<b>\$ 55,160,519</b>	<b>\$ 4,596,292</b>	<b>\$ 50,564,227</b>

Internal service funds serve the enterprise fund. Accordingly, long-term liabilities for them are included as part of the above totals for business-type activities. The balance in compensated absences and the net OPEB obligation at year-end is included in the internal service funds.

**G. Private Activity, Contract and Industrial Development Revenue Bonds (Conduit Debt)**

To accomplish its purposes, the Authority is empowered to issue private activity bonds to finance the acquisition, construction or improvement of pollution control, and solid waste disposal facilities (the "Project", as defined in the bond documents).

The Authority is also authorized to sell the Project that is acquired, constructed, or improved to the entities that the pollution control or solid waste facilities serve (the "Users"). The bonds are secured by a pledge of the monies to be received by the Authority from the Users pursuant to the agreements. Debt service on the bonds, including principal and interest when due, is secured and paid from revenues in accordance with agreements made by the Authority with the Users.

# GULF COAST WASTE DISPOSAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS (continued)

### III. Detailed Notes on All Funds (continued)

#### G. Private Activity, Contract and Industrial Development Revenue Bonds (Conduit Debt) (continued)

The holders of the bonds shall never have the right to demand payment of the bonds from monies derived or to be derived by taxation or any other revenues of the Authority except those revenues pledged, which are debt service charges or payments made under the Installment Sale Agreements, as defined. Neither the facilities owned by the Authority nor any other property of the Authority is encumbered by a lien for the benefit of the holders of the bonds. The bonds are payable solely from revenues pledged to their payment and shall not be considered as general obligations of the Authority, the governing body of the Authority, or the state of Texas.

GCIDA may issue bonds with the approval of the Authority for the promotion and development of commercial, industrial, and manufacturing enterprises to promote and encourage employment and the public welfare. These bonds, like the Authority private activity bonds, fall into the category of "conduit" debt obligations.

Although conduit debt obligations bear the name of the Authority or GCIDA, the resources are provided through the third party on whose behalf they are issued. As conduit debts are the responsibilities of the third parties, and no revenues are discussed above, the Authority and GCIDA conduit bonds are not included in the Authority's financial statements.

Aggregate totals of amounts outstanding at year end as presented in detail in the "Other Supplementary Information" are as follows:

Industrial pollution projects private activity bonds	\$ 365,200,000
Industrial development projects	337,480,000
<b>Total private activity bonds</b>	<u><u>\$ 702,680,000</u></u>

#### H. Ownership of Waste Water Treatment Facilities

Generally, the Authority becomes the owner of the industrial wastewater treatment facilities it constructs or acquires from the proceeds of bonds issued. Municipal wastewater treatment plants owned by the Authority are financed through contributions received from municipalities and land developers, as well as bond issues.

The construction of the 40-Acre Facility was financed through the issuance of Union Carbide Corporation Project Revenue Bonds and through additional contributions made by Union Carbide. Under the Facilities Agreement, Union Carbide has the option of purchasing the facility at appraised values, as defined. However, Union Carbide may not exercise its option to purchase if other corporations are also using the facilities.

Effective January 6, 2006, the participants of the Washburn Tunnel Facility terminated the Joint Venture Agreement and delivered to the Authority a quitclaim deed, quitclaiming to the Authority any and all right, title and interest or reversionary interest they may have had in the Washburn Tunnel facility.

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**IV. Other Information**

**A. Defined Contribution Pension Plan**

The Authority's Board of Directors adopted a resolution establishing a defined contribution money purchase plan and trust agreement (the "Plan") effective January 1, 1990. In a defined contribution pension plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. The Plan is a qualified pension plan under Section 401 (a) of the Internal Revenue Code with International City Management Association Retirement Corporation (ICMA RC) serving as the Plan administrator.

At December 31, 2014 the total plan assets were \$44,402,734. These assets were allocated as follows:

<u>Asset Category</u>	<u>Balance</u>	<u>Percent of Assets</u>
Stable Value/Money Market Funds	\$ 19,132,982	43.1%
Bond Funds	2,993,752	6.7%
Guaranteed Lifetime Income	4,290,043	9.7%
Balanced Funds	5,966,233	13.4%
U.S. Stock Funds	8,883,933	20.0%
International Stock Funds	1,879,647	4.2%
Specialty	602,009	1.4%
Participant loans	654,135	1.5%
Total Assets	<u>\$ 44,402,734</u>	<u>100.00%</u>

The Authority's contribution for the year ended December 31, 2014 was \$ 1,030,127 which represents the required 10 percent of covered payroll. The employees' contribution was \$532,757 which equals 5 percent of covered payroll. There were no additional voluntary contributions. As of December 31, 2014 there were 153 active participants, 74 inactive participants were are retired or terminated participants with balances in the plan.

***Plan Provisions***

All employees whose customary employment is for at least 24 hours per week are eligible to participate in the Plan from the date of employment. Normal retirement age is 65. The Authority contributes on behalf of each participant 10 percent of each pay period earnings. Earnings are defined as W-2 earnings less overtime, shift differential, auto allowance, taxable fringe benefits, and other non-routine portions of employee's compensation, plus compensation voluntarily deferred under an eligible deferred compensation plan under Section 457, a flexible compensation plan under Section 125 of the Internal Revenue Code, or a Retirement Health Savings Plan. Also included in earnings is the tax deferred mandatory employee contribution made each pay period, as authorized by the Authority's Board of Directors in amendments to the Plan.

Participants may also make voluntary, after-tax contributions. Mandatory and voluntary contributions are 100 percent vested. Contributions made by the Authority are 20 percent vested after three years of service, increasing 20 percent each year to 100 percent after seven years of service. A participant may direct the investment of the money contributed by the Authority on his/her behalf in any of the available ICMA RC investment options. There is no investment restriction on the mandatory 5 percent contribution or on any voluntary contribution made by each employee.



**GULF COAST WASTE DISPOSAL AUTHORITY**  
*NOTES TO FINANCIAL STATEMENTS (continued)*

**IV. Other Information (continued)**

**B. Deferred Compensation Plan**

The Authority maintains a deferred compensation plan, which is available to all employees. The plan complies with Section 457 of the Internal Revenue Code (Deferred Compensation Plans with Respect to Service for State and Local Governments). ICMA RC is the independent administrator of the plan.

**C. Retirement Health Savings Plan**

During 2005, the Authority adopted the Vantage Care Retirement Health Savings ("RHS") plan. This plan, established by private letter rulings and Treasury Regulation 301.7701-1 (a) (3) allows employees to accumulate assets on a pre-tax basis to pay for medical expenses upon separation of employment with the Authority. The plan is open to all employees whose regular work schedule is for at least twenty hours per week. ICMA RC is the independent administrator of the plan.

**D. Other Post-Employment Benefits**

***Plan description***

The Gulf Coast Waste Disposal Authority Other Post Employment Benefit Trust (GCAOPEBT) is a single employer trust established in 2008 to provide one or more retirement welfare benefit plans, programs, or arrangements to provide medical and life insurance coverage for qualified retirees in accordance with its personnel policy. The Trust is held by ICMA RC who is also the administrator of the Plan. Assets held by the Trust are valued at fair value. In order to qualify for coverage as a "retiree" under the Authority's medical and life insurance plans an employee must accumulate a minimum number of years of service and chronological age in some combination that equate to "80" (Rule of 80). The Authority has no statutory or contractual obligation to continue to offer these post-retirement benefits. The plan is a prefunded defined benefit OPEB plan. At year end, there were 37 active employees meeting these eligibility requirements who could elect to retire. During the year, 34 qualified retirees received these benefits at a total cost to the Authority of \$396,678. Financial statements of the plan can be found within this financial report. Separate audited financial statements are not available for the Plan. The Plan's provisions and funding requirements are established and can be amended by the Management of the Authority. A separate, audited GAAP basis postemployment benefit plan report is not available.

***Funding policy***

It is the Authority's current administrative policy to pay all but \$70.00 (which is paid by the retiree) of the monthly premium assessed by the Employees' Health Care Internal Service Fund (which approximates cost), for each pre-Medicare retiree under age 65. The Authority pays supplemental health insurance for each retiree eligible for Medicare at a cost ranging from \$153 to \$252 per month, dependent on the Medicare supplement plan chosen by the retiree. The Authority continues to provide dental coverage to the retiree after they have reached age 65. The retiree pays \$15.00 for this coverage. In addition, the Authority pays premiums for term life insurance for retirees. The amount of insurance coverage is 75 percent of the retired employee's base salary at termination, rounded to the next \$1,000, with a minimum coverage of \$20,000 and a maximum of \$50,000. For the year ended December 31, 2014, \$461,877 was transferred to the trust to cover future premiums. The amount transferred equated to 4.5 percent of annual covered payroll. The Plan uses the cash basis of accounting; therefore, contributions, benefits and refunds related to the Plan are recognized when they are made to the Plan or received from the Plan. No benefits were paid out of the GCAOPEBT in 2014. Instead, costs were paid on a "pay-as-you-go" basis from the Authority's internal service fund.

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**IV. Other Information (continued)**

**D. Other Post-Employment Benefits (continued)**

***Annual OPEB Cost and net OPEB obligation***

The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in Authority's net OPEB obligation to GCAOPEBT follows:

	<u>2014</u>
Determination of Annual Required Contribution	
Normal Cost at year end	\$ 334,275
Amortization of UAAL	516,165
Annual Required Contribution (ARC)	<u>850,440</u>
Determination of Net OPEB Obligation	
Annual Required Contribution	850,440
Interest on prior year Net OPEB Obligation	157,505
Adjustment to ARC	(169,463)
Annual OPEB Cost	838,482
Contributions made	(889,901)
Estimated Increase in Net OPEB Obligation	<u>(51,419)</u>
Net OPEB Obligation - beginning of year	<u>2,250,074</u>
Estimated Net OPEB Obligation - end of Year	<u>\$ 2,198,655</u>

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress as of the most recent valuation date is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities (AAL)</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
January 1, 2014	\$ 3,598,819	\$ 10,003,935	\$ 6,405,116	36.0%	\$ 10,169,469	63.0%

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**IV. Other Information (continued)**

**D. Other Post-Employment Benefits (continued)**

The GCA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years for each of the plans were as follows:

<u>Plan Year Ended</u>	<u>Annual OPEB Cost</u>	<u>OPEB Cost Contributed</u>	<u>Percentage OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2012	\$ 1,138,581	\$ 570,922	50.1%	\$ 2,177,980
December 31, 2013	1,299,098	1,227,004	94.5%	2,250,074
December 31, 2014	838,482	889,901	106.1%	2,198,655

**Actuarial Methods and Assumptions**

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

**Original actuarial computation parameters**

Valuation date	January 1, 2014
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar, Open
Remaining amortization period	30 years
Asset valuation	Market Value
Actuarial assumptions	
Investment rate of return	7%
Inflation rate	2.75%
Mortality rate	RP-2000 Mortality Table
Salary scale	5%
Healthcare cost trend rate	11% initial 5% ultimate

**E. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority self-insures, participates in a public entity risk pool, and purchases commercial insurance. The Authority has not significantly reduced insurance coverage amounts or had settlements that exceeded coverage amounts for the past three fiscal years.

# **GULF COAST WASTE DISPOSAL AUTHORITY**

## **NOTES TO FINANCIAL STATEMENTS (continued)**

### **IV. Other Information (continued)**

#### **E. Risk Management (continued)**

The Authority self-insures a portion of its risks by maintaining higher than average deductibles on its insurance policies for the purposes of reducing insurance premiums. The Authority established the Casualty Insurance Risk Reserve Internal Service Fund to account for these activities and made an initial contribution of \$200,000. The fund provides the first dollar coverage of claims up to the casualty insurance policy's deductible amounts. On average, investment earnings have exceeded policy deductibles thereby increasing the reserve for losses. There were no material outstanding claims at year end. The balance in the fund at year end was .

The Authority has further managed its risk by its participation in the Texas Water Conservation Association Risk Management Fund (the Risk Pool), a public entity risk pool. Members of the Texas Water Conservation Association established the Risk Pool for the purposes of (a) formulating, developing and administering a program of self-insurance, (b) obtaining lower costs for workers' compensation, property, liability and group health coverage, and (c) developing a comprehensive safety program for participants in the Risk Pool. The Authority participates in the Risk Pool through an interlocal cooperation agreement with 75 other water districts and authorities. The Risk Pool purchases commercial insurance to reinsure risks in excess of the Risk Pool's retention for each accident, occurrence or claim. The Authority has no additional risk or responsibility to the Risk Pool outside of payment of insurance premiums. The Authority purchases commercial insurance when coverage is not available through the Risk Pool.

#### **F. Compensated Absences**

The Authority accounts for the liability to its employees for accrued vacation, special leave, and sick leave in the Compensated Absences Internal Service Fund. On each pay period, the vested amount accrued by each employee is paid from the Enterprise Fund into the Compensated Absences Fund. When the employee takes vacation or sick leave, the total vested portion is drawn from the Compensated Absences Fund.

#### **G. Employees' Health Care**

The Authority provides medical, dental, and vision benefits to its employees, their dependents who elect coverage, and eligible retirees (covered persons) through a partially self-insured GCWDA Employee Medical and Dental Benefit Plan (the "Plan"). This Plan is accounted for in the Employees' Health Care Fund.

The Authority, as Plan Sponsor, has a signed Service Agreement with the Risk Pool, with claims to be processed by HealthFirst TPA (HealthFirst). The Risk Pool is the fiduciary agent of the Plan and HealthFirst is the third party administrator in connection with the investigation, processing, payment, and resolution of claims. HealthFirst also processes for the Authority excess losses or stop loss (specific or aggregate) insurance for claims. The specific excess loss insurance provides payment of all medical claims that exceed \$125,000. The aggregate stop loss insurance provides payment of all medical claims when the total of such claims exceeds \$2,610,189. There is no stop loss insurance coverage for dental or vision claims.

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**IV. Other Information (continued)**

**G. Employees' Health Care (continued)**

Contributions for the Health Care Fund were based on historical information from the Authority's prior plan and estimates of claims for the current year, the cost of insurance purchased, and administrative fees. During 2014, the GCWDA personnel policy was for the employee to pay \$81.51 per month for medical coverage and the Authority to pay the remainder of the premium for employees, at least 50 percent of the cost of the dependent premium (the Authority currently pays approximately 75 percent) and 100 percent for an eligible retiree net of \$70.00 which is paid by the retiree monthly.

The Enterprise Fund makes monthly payments for the covered persons to the Employee Health Care Fund. The retirees are invoiced monthly for the portion of the premium in excess of GCWDA's authorized costs.

The Authority estimates incurred but not reported (IBNR) claims at year-end through an analysis of historical trends. Changes in claims liability are as follows:

<b>Year Ended December 31,</b>	<b>Beginning Balance</b>	<b>Claims Made and Changes in IBNR</b>	<b>Claims Paid</b>	<b>Ending Balance</b>
2012	\$ 219,820	\$ 3,521,626	\$ 3,474,288	\$ 267,158
2013	267,158	2,596,178	2,646,335	217,001
2014	217,001	2,353,782	2,374,631	196,152

The Authority provides group life insurance to employees at a rate equal to four times their annual rate of basic earnings, rounded to the next higher multiple of \$1,000, subject to a maximum of \$500,000. The Authority also provides accidental death and dismemberment benefits equal to the amount of life insurance in force. The Lincoln National Life Insurance Company provides this coverage. Employees also have the option of purchasing dependent life insurance of \$10,000 for a spouse and \$5,000 for each child through The Lincoln National Life Insurance Company.

**H. Contingencies**

***Regulations***

The Authority is subject to both state and federal regulations, primarily enforced by the Texas Commission on Environmental Quality (TCEQ) and the Environmental Protection Agency (EPA). The Authority must comply with such laws and regulations to maintain the necessary licenses and permits to operate waste disposal facilities.

***Landfill Closure and Post-Closure Costs***

The Authority owns and operates the Campbell Bayou Industrial Solid Waste Facility, which is permitted for non-hazardous and hazardous solid waste, although hazardous waste has not been accepted since 1993.

The TCEQ and EPA regulations require that a final cover be placed on the landfill when closed and that certain maintenance and monitoring functions be performed at the site for thirty years after closure. The Authority has previously certified closure of an inactive portion of the landfill. The Y-Cell is the remaining active cell that is subject to both closure and post-closure activities. Accordingly, a contingent liability exists for future closure of the Y-Cell and post-closure care costs for the entire landfill that will be incurred near or after the date of closure.

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*NOTES TO FINANCIAL STATEMENTS (continued)*

**IV. Other Information (continued)**

**H. Contingencies (continued)**

The estimated total cost of the landfill closure and post-closure care was developed by engineering estimates. These estimates take into account the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of year-end. However, the actual cost of closure and post-closure care may vary due to inflation, changes in technology, or changes in laws and regulations.

The estimated total cost of closure and post-closure for the current site at year end is \$6,944,000. Of this amount, \$2,569,000 and \$1,368,200 are for landfill cells and land farm, respectively, which are no longer accepting waste, and final closure has been certified. As of year-end, the estimated utilized capacity of the Y-Cell is estimated at 82.5%, and \$2,986,000 is the estimated total cost for closure and post-closure. Accordingly, the accrued closure and post-closure care cost liability at year end for the Y-Cell is \$2,463,450. The total accrued closure and post-closure care costs at year end for the entire site are \$6,421,450. The remaining accrued costs to be recognized are \$522,550. The Y-Cell has a projected life of 12 years, of which one is remaining.

The Authority is responsible for the operations of the landfill and the site. The Authority has contracts with corporate participants for the construction and operation of the facility and for its operation. In addition, the participants have acknowledged financial responsibility for the cost of closure and post-closure activities. The participants have elected to demonstrate financial assurance through an irrevocable letter of credit. The Closure and Post Closure Trust Fund is available in case the line of credit is called upon in order to pay closure and post-closure costs. The balance in the fund at year-end was \$5.

The Authority considers the participants to be financially capable of meeting closure and post-closure care obligations when they are due. Accordingly, the Authority has not recorded a liability in connection with closure and post-closure care costs.

***Legal Matters***

During the normal course of business, the Authority becomes a party to disputes and various legal matters. The ultimate outcome of pending or potential disputes, lawsuits, or arbitration cannot be estimated with reasonable accuracy. However, management believes that the ultimate liability, if any, would not have a material effect on the financial condition of the Authority. As of December 31, 2014, the Authority had no outstanding litigation.

**I. Pollution Remediation**

During the course of business, regulatory discharge permits are occasionally violated. The Authority is required to report these violations to the Texas Commission on Environmental Quality (TCEQ). The infrequency of these violations in the past year has resulted in either notification of a violation by the TCEQ or an immaterial penalty. It is the opinion of management that there will be no material penalties assessed against the Authority as a result of any currently known permit violation.

**REQUIRED SUPPLEMENTAL INFORMATION**

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**REQUIRED OTHER POST EMPLOYMENT BENEFIT SUPPLEMENTARY INFORMATION**  
*Gulf Coast Waste Disposal Authority Other Post Employment Benefits Trust*  
*December 31, 2014*

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities (AAL)</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
January 1, 2011	\$ 1,598,837	\$ 9,831,226	\$ 8,232,389	16.3%	\$ 9,954,333	82.7%
January 1, 2012	N/A	N/A	N/A	N/A	N/A	N/A
January 1, 2013	N/A	N/A	N/A	N/A	N/A	N/A
January 1, 2014	\$ 3,598,819	\$ 10,003,935	\$ 6,405,116	36.0%	\$ 10,169,469	63.0%



**OTHER SUPPLEMENTARY INFORMATION**

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## **COMBINING INFORMATION AND STATEMENTS**

# **GULF COAST WASTE DISPOSAL AUTHORITY**

## **ENTERPRISE FUND**

*December 31, 2014*

### **General Services Division**

This division provides various support activities to the facilities, including management, engineering, accounting, information technology support, secretarial support staff and human resources. User charges, management fees and bond issuance financing fees provide the major sources of revenues.

### **Bayport Area System Facility Division**

This division accounts for the operations of a wastewater treatment facility serving to industrial companies in the Bayport Industrial Complex. Revenues to operate this facility are provided by the industries and municipalities in the area in accordance with the rate order approved by the Board of Directors.

### **Blackhawk Regional Wastewater Treatment Facility Division**

This division accounts for the operations of a wastewater treatment facility serving two municipal utility districts and two cities. Revenues to operate this facility are provided by the customers it serves through written contracts for pollution control services. These agreements provide for the participants' payment of costs on a monthly basis by reimbursement of actual costs plus contributions to the contingency reserve for capital equipment replacement pursuant to the facility contract.

### **Campbell Bayou Facility Division**

This division accounts for the operations of an industrial landfill and land treatment as well as disposal of hazardous and nonhazardous solid wastes. The division also accounts for closure operations and post-closure monitoring and maintenance of closed cells of the industrial landfill. The agreement with participants provides for the participants' payment of cost through quarterly revenue billings to cover budgeted expenses followed by quarterly variance adjustments. The landfill is permitted and operates under the regulations of the Resource Conservation and Recovery Act Subtitle C for the receipt of defined industrial wastes.

### **Central Laboratory Division**

This division accounts for the operations of the Authority's Central Laboratory. This facility provides laboratory analysis for all of the Authority's treatment facilities and some industrial customers on an as needed basis. Revenue is received from interdivisional transfers from the facilities for lab work provided and fees charged for lab tests performed for industrial customers.

### **40-Acre Facility Division**

This division accounts for the operations of the wastewater treatment facility in Texas City, Texas. Revenues to operate this facility are provided by the industries with which the Authority has written contracts for pollution control services. The agreement provides for the participants' payment of costs through quarterly revenue billings to cover budgeted expenses followed by periodic variance adjustments for reimbursement of actual costs.

### **Municipal Operations Division**

This division accounts for the operations of the municipal wastewater treatment facility and collection system plus some related billing services for the Cedar Bayou Park Utility District. Written agreements with the district provide for payment of all costs related to the operation of the system.

# **GULF COAST WASTE DISPOSAL AUTHORITY**

*ENTERPRISE FUND (continued)*

*December 31, 2014*

## **Odessa South Regional Facility Division**

This division accounts for the operations of the wastewater treatment facility in Odessa, Texas. Revenues to operate this facility are provided by the industries and the municipality with which the Authority has written contracts for pollution control services. The agreements provide for the participants' payment of costs through quarterly revenue billings to cover budgeted expenses followed by quarterly variance adjustments or invoices for reimbursement of actual costs. In addition, this division accounts for the revenues and expenses of the operations of a trucked in wastewater receiving and pumping station as well as the sale of treated wastewater for reuse.

## **Vince Bayou Division**

This division accounts for the revenues and expenses of the operations of a trucked in wastewater receiving and pumping station located near the Washburn Tunnel Industrial Wastewater Treatment Facility. Contracts and agreements between the Authority and liquid waste hauling companies provide for receiving and testing of the wastewater at the Vince Bayou Facility and pumping it to the Washburn Tunnel Industrial Wastewater Facility for treatment.

## **Washburn Tunnel Facility Division**

This division accounts for the operations of the wastewater treatment facility adjacent to the Houston Ship Channel. Revenues to operate this facility are provided by the City of Pasadena and industries with which the Authority has written contracts for pollution control services. The agreements provide for the participants' payment of costs through monthly revenue billings to cover budgeted expenses followed by monthly variance adjustments for reimbursement for actual costs.

## **Washburn Tunnel Pipeline Services Division**

This division accounts for the acquisition, operation, and maintenance of various pipelines for transport of industrial waste to the Washburn Tunnel Facility for treatment. This division was created in 2003 to help the industries in the Houston Ship Channel area with waste transportation needs. This division operated no pipelines as of year-end.

## **Component Unit – GCIDA**

GCIDA was created by the Authority in 1979 under the provisions of the Development Corporation Act of 1979. As stated in its Articles of Incorporation, "GCIDA was organized exclusively for the purpose of benefiting and accomplishing the public purposes of, and to act on behalf of, the Gulf Coast Waste Disposal Authority and the specifics for which the Corporation was created."

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Information By Division - Net Position*  
*Enterprise Fund*  
*December 31, 2014*

	<b>General Services Division</b>	<b>Bayport Area System Facility Division</b>	<b>Blackhawk Regional Wastewater Treatment Facility Division</b>
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 582,176	\$ 2,369,858	\$ (31,167)
Marketable securities	5,239,579	21,328,717	(280,506)
Receivables, net	121,523	5,270,841	1,320,127
Current portion of interfund loan receivable			
Prepays	11,988	259,355	27,781
Restricted assets			
Cash and cash equivalents		7,404,693	524,811
Marketable securities		7,192,784	
Accrued interest		67,879	
<b>Total current assets</b>	<u>5,955,266</u>	<u>43,894,127</u>	<u>1,561,046</u>
<b>Noncurrent Assets:</b>			
Interfund loan receivable			
Note receivable from others		294,815	
Capital assets			
Land	53,800	907,489	201,000
Construction in progress		19,470,840	1,970,267
Plant and equipment	1,820,415	109,178,456	18,002,378
Less accumulated depreciation	(1,666,962)	(80,476,349)	(13,142,530)
Total capital assets (net of accumulated depreciation)	<u>207,253</u>	<u>49,080,436</u>	<u>7,031,115</u>
<b>Total noncurrent assets</b>	<u>207,253</u>	<u>49,375,251</u>	<u>7,031,115</u>
<b>Total assets</b>	<u>6,162,519</u>	<u>93,269,378</u>	<u>8,592,161</u>
<b>Deferred Outflows of Resources</b>			
Deferred loss on refunding		878,121	
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	295,767	2,829,126	388,265
Wages payable	437,799		
Accrued bond interest		512,497	
Current portion of bonds payable		3,310,853	
Unearned revenue			79,622
<b>Total current liabilities</b>	<u>733,566</u>	<u>6,652,476</u>	<u>467,887</u>
<b>Noncurrent liabilities:</b>			
Interfund loan payable			
Bonds payable (net of unamortized discount and deferred amount on refunding)		47,067,656	
Working capital deposits			575,325
<b>Total noncurrent liabilities</b>		<u>47,067,656</u>	<u>575,325</u>
<b>Total liabilities</b>	<u>733,566</u>	<u>53,720,132</u>	<u>1,043,212</u>
<b>Net Position</b>			
Net investment in capital assets	207,253	10,912,000	7,031,115
Restricted for:			
Debt service		3,496,096	
Contingency reserve			534,619
Unrestricted	5,221,700	26,019,271	(16,785)
<b>Total Net Position</b>	<u>\$ 5,428,953</u>	<u>\$ 40,427,367</u>	<u>\$ 7,548,949</u>

<b>Campbell Bayou Facility Division</b>				
<b>Industrial Solid Waste Facility</b>	<b>Closure/Post Closure</b>	<b>Central Laboratory Division</b>	<b>40-Acre Facility Division</b>	<b>Municipal Operations Division</b>
\$ 10,556	\$ 8,627	\$ 643,947	\$ 25,969	\$ 46,695
95,002	77,639	5,795,524	233,725	420,256
(13,615)	72,361	14,619		26,859
3,331	2,562	9,521	19,902	69
<u>95,274</u>	<u>161,189</u>	<u>6,463,611</u>	<u>279,596</u>	<u>493,879</u>
671,966			1,427,965	
683,107				
5,600,902		6,432,200	35,556,877	
(5,412,267)		(3,803,351)	(17,676,471)	
<u>1,543,708</u>		<u>2,628,849</u>	<u>19,308,371</u>	
<u>1,543,708</u>		<u>2,628,849</u>	<u>19,308,371</u>	
<u>1,638,982</u>	<u>161,189</u>	<u>9,092,460</u>	<u>19,587,967</u>	<u>493,879</u>
51,550	28,098	100,838	599,840	2,441
<u>51,550</u>	<u>28,098</u>	<u>100,838</u>	<u>599,840</u>	<u>2,441</u>
251,018				
<u>251,018</u>				
<u>302,568</u>	<u>28,098</u>	<u>100,838</u>	<u>599,840</u>	<u>2,441</u>
1,543,708		2,628,849	19,308,371	
(207,294)	133,091	6,362,773	(320,244)	491,438
<u>\$ 1,336,414</u>	<u>\$ 133,091</u>	<u>\$ 8,991,622</u>	<u>\$ 18,988,127</u>	<u>\$ 491,438</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Information By Division - Net Position*  
*Enterprise Fund*  
*December 31, 2014*

	<b>Odessa South Regional Facility Division</b>	<b>Vince Bayou Division</b>	<b>Washburn Tunnel Facility Division</b>
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 216,683	\$ 252,516	\$ 2,210
Marketable securities	1,950,151	2,272,646	19,890
Receivables, net	473,003	256,852	2,223,619
Current portion of interfund loan receivable			
Prepays	15,950	2,108	75,103
Restricted assets			
Cash and cash equivalents			
Marketable securities			7,687,674
Accrued interest			
<b>Total current assets</b>	<u>2,655,787</u>	<u>2,784,122</u>	<u>10,008,496</u>
<b>Noncurrent Assets:</b>			
Interfund loan receivable			
Note receivable from others			
Capital assets:			
Land	76,161	100,611	1,736,549
Construction in progress			5,421,142
Plant and equipment	15,168,686	1,818,673	33,114,355
Less accumulated depreciation	<u>(12,711,926)</u>	<u>(1,213,331)</u>	<u>(28,864,714)</u>
Total capital assets (net of accumulated depreciation)	<u>2,532,921</u>	<u>705,953</u>	<u>11,407,332</u>
<b>Total noncurrent assets</b>	<u>2,532,921</u>	<u>705,953</u>	<u>11,407,332</u>
<b>Total assets</b>	<u>5,188,708</u>	<u>3,490,075</u>	<u>21,415,828</u>
<b>Deferred Outflows of Resources</b>			
Deferred loss on refunding			
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	1,147,203	21,311	2,437,416
Wages payable			
Accrued bond interest			
Current portion of revenue bonds payable			
Unearned revenue	463,700		7,175,815
<b>Total current liabilities</b>	<u>1,610,903</u>	<u>21,311</u>	<u>9,613,231</u>
<b>Noncurrent liabilities:</b>			
Interfund loan payable			
Revenue bonds payable (net of unamortized discount and deferred amount on refunding)			
Working capital deposits	1,364,043		38,600
<b>Total noncurrent liabilities</b>	<u>1,364,043</u>		<u>38,600</u>
<b>Total liabilities</b>	<u>2,974,946</u>	<u>21,311</u>	<u>9,651,831</u>
<b>Net Position</b>			
Net investment in capital assets	2,532,921	705,953	11,407,332
Restricted for:			
Debt service			
Contingency reserve			
Unrestricted	<u>(319,159)</u>	<u>2,762,811</u>	<u>356,665</u>
<b>Total Net Position</b>	<u>\$ 2,213,762</u>	<u>\$ 3,468,764</u>	<u>\$ 11,763,997</u>



Washburn Tunnel Pipeline Services Division	Component Unit GCIDA Division	Eliminations	Total
\$ (68)	\$ 74,311	\$ -	\$ 4,202,313
(610)	668,801	-	37,820,814
			9,766,189
			-
			427,670
			-
			7,929,504
			14,880,458
			67,879
<u>(678)</u>	<u>743,112</u>		<u>75,094,827</u>
			-
			294,815
			-
			5,175,541
			27,545,356
24,348			226,717,290
(23,657)			(164,991,558)
<u>691</u>			<u>94,446,629</u>
<u>691</u>			<u>94,741,444</u>
<u>13</u>	<u>743,112</u>		<u>169,836,271</u>
			878,121
			7,901,855
			437,799
			512,497
			3,310,853
			7,719,137
			<u>19,882,141</u>
			-
			-
			47,067,656
			<u>2,228,986</u>
			<u>49,296,642</u>
			<u>69,178,783</u>
691			56,278,193
			3,496,096
			534,619
(678)	743,112		41,226,701
<u>\$ 13</u>	<u>\$ 743,112</u>	<u>\$</u>	<u>\$ 101,535,609</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Information by Division - Changes in Net Position*  
*Enterprise Fund*  
*Year ended December 31,2014*

	<b>General Services Division</b>	<b>Bayport Area System Facility Division</b>	<b>Blackhawk Regional Wastewater Treatment Facility Division</b>
<b>Operating revenues</b>			
Charges for sales and services			
Services to industries	\$ 1,392,138	\$ 31,565,813	\$
Services to municipalities		27,937	2,897,346
Intragovernmental	4,628,455		
Other	162,909	149,782	62,622
<b>Total operating revenues</b>	<u>6,183,502</u>	<u>31,743,532</u>	<u>2,959,968</u>
<b>Operating expenses</b>			
Costs of sales and services	5,235,152	21,058,259	2,817,806
Administration	574,998	782,517	96,391
Depreciation	17,731	4,395,904	445,067
<b>Total operating expenses</b>	<u>5,827,881</u>	<u>26,236,680</u>	<u>3,359,264</u>
<b>Operating income (loss)</b>	<u>355,621</u>	<u>5,506,852</u>	<u>(399,296)</u>
<b>Nonoperating revenues (expenses)</b>			
Investment income (loss)	43,586	239,195	(191)
Interest expense		(1,879,274)	
Gain (loss) on disposal of capital assets			
Insurance Proceeds		10,954	
<b>Total nonoperating revenues (expenses)</b>	<u>43,586</u>	<u>(1,629,125)</u>	<u>(191)</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>399,207</u>	<u>3,877,727</u>	<u>(399,487)</u>
Capital Contributions			1,838,986
Transfers in (out)			
Changes in Net Position	399,207	3,877,727	1,439,499
<b>Beginning Net Position</b>	<u>5,029,746</u>	<u>36,549,640</u>	<u>6,109,450</u>
<b>Ending Net Position</b>	<u>\$ 5,428,953</u>	<u>\$ 40,427,367</u>	<u>\$ 7,548,949</u>

<b>Campbell Bayou Facility Division</b>				
<b>Industrial Solid Waste Facility</b>	<b>Closure/Post Closure</b>	<b>Central Laboratory Division</b>	<b>40-Acre Facility Division</b>	<b>Municipal Operations Division</b>
\$ 319,157	\$ 507,649	\$ 28,496	\$ 4,920,909	\$
		4,721		125,348
		5,396,403	47,300	
			13	
<u>319,157</u>	<u>507,649</u>	<u>5,429,620</u>	<u>4,968,222</u>	<u>125,348</u>
260,548	394,260	4,403,396	4,509,337	137,784
59,686	113,389	72,980	457,588	2,594
33,555		378,192	1,647,843	
<u>353,789</u>	<u>507,649</u>	<u>4,854,568</u>	<u>6,614,768</u>	<u>140,378</u>
<u>(34,632)</u>		<u>575,052</u>	<u>(1,646,546)</u>	<u>(15,030)</u>
1,267	175	36,677	1,369	2,843
(200)		(5,861)	(9,116)	
<u>1,067</u>	<u>175</u>	<u>30,816</u>	<u>(7,747)</u>	<u>2,843</u>
<u>(33,565)</u>	<u>175</u>	<u>605,868</u>	<u>(1,654,293)</u>	<u>(12,187)</u>
(33,565)	175	605,868	(1,654,293)	(12,187)
1,369,979	132,916	8,385,754	20,642,420	503,625
<u>\$ 1,336,414</u>	<u>\$ 133,091</u>	<u>\$ 8,991,622</u>	<u>\$ 18,988,127</u>	<u>\$ 491,438</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Information by Division - Changes in Net Position*  
**Enterprise Fund**  
*Year ended December 31, 2013*

	<b>Odessa South Regional Facility Division</b>	<b>Vince Bayou Division</b>	<b>Washburn Tunnel Facility Division</b>
<b>Operating revenues</b>			
Charges for sales and services			
Services to industries	\$ 3,792,018	\$ 1,185,585	\$ 11,858,339
Services to municipalities	266,446		
Intragovernmental			110,026
Other	49,938	3,720	19,150
<b>Total operating revenues</b>	<u>4,108,402</u>	<u>1,189,305</u>	<u>11,987,515</u>
<b>Operating expenses</b>			
Costs of sales and services	3,275,062	694,665	11,323,382
Administration	446,995	43,548	607,806
Depreciation	502,272	78,739	746,649
<b>Total operating expenses</b>	<u>4,224,329</u>	<u>816,952</u>	<u>12,677,837</u>
<b>Operating income (loss)</b>	<u>(115,927)</u>	<u>372,353</u>	<u>(690,322)</u>
<b>Nonoperating revenues (expenses)</b>			
Investment income (loss)	7,998	14,760	2,608
Interest expense			(4,583)
Gain (loss) on disposal of capital assets	(25,722)	(10,338)	
<b>Total nonoperating revenues (expenses)</b>	<u>(17,724)</u>	<u>4,422</u>	<u>(1,975)</u>
<b>Income (loss) before contributions</b>	<u>(133,651)</u>	<u>376,775</u>	<u>(692,297)</u>
Capital Contributions	156,357		5,069,647
Transfers in (out)			
Changes in Net Position	22,706	376,775	4,377,350
<b>Beginning Net Position</b>	<u>2,191,056</u>	<u>3,091,989</u>	<u>7,386,647</u>
<b>Ending Net Position</b>	<u>\$ 2,213,762</u>	<u>\$ 3,468,764</u>	<u>\$ 11,763,997</u>

<b>Washburn Tunnel Pipeline Facility Division</b>	<b>Component Unit GCIDA Division</b>	<b>Eliminations</b>	<b>Total</b>
\$	\$	\$	\$ 55,570,104
			3,321,798
		(10,182,184)	
			448,134
		(10,182,184)	59,340,036
		(10,182,184)	43,927,467
			3,258,492
151			8,246,103
151		(10,182,184)	55,432,062
(151)			3,907,974
(5)	4,685	(4,583)	350,384
		4,583	(1,879,274)
			(51,237)
			10,954
(5)	4,685		(1,569,173)
(156)	4,685		2,338,801
			7,064,990
(156)	4,685		9,403,791
169	738,427		92,131,818
\$ 13	\$ 743,112	\$	\$ 101,535,609

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Information by Division - Cash Flows*  
*Enterprise Fund*  
*Year ended December 31, 2014*

	<b>General Services Division</b>	<b>Bayport Area System Facility Division</b>	<b>Blackhawk Regional Wastewater Treatment Facility Division</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 1,638,152	\$ 31,829,100	\$ 3,312,934
Receipts from intragovernmental users	4,628,455	-	-
Payments to suppliers	(1,623,750)	(10,432,151)	(1,602,700)
Payments to employees	(4,223,113)	(4,451,727)	(820,624)
Payments to intergovernmental suppliers	(582,436)	(6,375,475)	(481,292)
<b>Net cash provided (used) by operating activities</b>	<u>(162,692)</u>	<u>10,569,747</u>	<u>408,318</u>
<b>Cash Flows from Noncapital</b>			
<b>Financing Activities</b>			
Principal received (paid) on intragovernmental loan	656,012	-	-
Interest received (paid) on intragovernmental loan	10,322	-	-
Interest received on note receivable	-	237,294	-
Principal received on note receivable	-	6,433	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>666,334</u>	<u>243,727</u>	<u>-</u>
<b>Cash Flows from Capital and Related</b>			
<b>Financing Activities</b>			
Acquisition and construction of capital assets	(2,979)	(15,485,505)	(1,838,986)
Proceeds from sale of capital assets	-	-	-
Retirement of bonds	-	(3,375,000)	-
Interest paid on capital related debt	-	(1,916,286)	-
Capital contributions received from (returned to) participants	-	-	1,838,986
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(2,979)</u>	<u>(20,776,791)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>			
Maturity (purchase) of investments	(332,221)	10,925,161	(346,950)
Interest received (paid)	43,586	239,195	(191)
<b>Net cash provided by investing activities</b>	<u>(288,635)</u>	<u>11,164,356</u>	<u>(347,141)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	212,028	1,201,039	61,177
<b>Beginning cash and cash equivalents</b>	370,148	8,573,512	432,467
<b>Ending cash and cash equivalents</b>	<u>\$ 582,176</u>	<u>\$ 9,774,551</u>	<u>\$ 493,644</u>
<b>Ending cash and cash equivalents</b>			
Unrestricted cash and cash equivalents	\$ 582,176	\$ 2,369,858	\$ (31,167)
Restricted cash and cash equivalents	-	7,404,693	524,811
	<u>\$ 582,176</u>	<u>\$ 9,774,551</u>	<u>\$ 493,644</u>

<b>Campbell Bayou Facility Division</b>				
<b>Industrial Solid Waste Facility</b>	<b>Closure/Post Closure</b>	<b>Central Laboratory Division</b>	<b>40-Acre Facility Division</b>	<b>Municipal Operations Division</b>
\$ 319,157	\$ 440,409	\$ 26,990	\$ 4,920,923	\$ 173,550
-	-	5,396,403	47,300	-
(104,850)	(240,941)	(1,056,101)	(2,351,069)	(50,465)
(105,111)	(160,863)	(2,550,978)	(1,566,633)	(58,753)
(111,865)	(140,029)	(819,564)	(1,218,741)	(26,650)
<u>(2,669)</u>	<u>(101,424)</u>	<u>996,750</u>	<u>(168,220)</u>	<u>37,682</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	(166,140)	-	-
-	-	-	4,298	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(166,140)</u>	<u>4,298</u>	<u>-</u>
5,424	96,750	(612,114)	158,531	(24,940)
1,267	175	36,677	1,369	2,843
<u>6,691</u>	<u>96,925</u>	<u>(575,437)</u>	<u>159,900</u>	<u>(22,097)</u>
4,022	(4,499)	255,173	(4,022)	15,585
6,534	13,126	388,774	29,991	31,110
<u>\$ 10,556</u>	<u>\$ 8,627</u>	<u>\$ 643,947</u>	<u>\$ 25,969</u>	<u>\$ 46,695</u>
\$ 10,556	\$ 8,627	\$ 643,947	\$ 25,969	\$ 46,695
<u>\$ 10,556</u>	<u>\$ 8,627</u>	<u>\$ 643,947</u>	<u>\$ 25,969</u>	<u>\$ 46,695</u>

**GULF COAST WASTE DISPOSAL AUTHORITY***Combining Information by Division - Cash Flows**Enterprise Fund**Year ended December 31, 2014*

	<b>General Services Division</b>	<b>Bayport Area System Facility Division</b>	<b>Blackhawk Regional Wastewater Treatment Facility Division</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ 355,621	\$ 5,506,852	\$ (399,296)
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	17,731	4,395,904	445,067
Changes in Operating Assets and Liabilities:			
(Increase) decrease in assets			
Accounts receivable	83,105	85,568	273,344
Prepays	5,310	16,271	1,040
Increase (decrease) in liabilities:			
Wages payable	(295,669)	-	-
Accounts payable	(328,790)	565,152	8,541
Deferred revenue	-	-	79,622
Working capital deposits			
<b>Net cash provided (used) by operating activities</b>	<b>\$ (162,692)</b>	<b>\$ 10,569,747</b>	<b>\$ 408,318</b>



<b>Campbell Bayou Facility Division</b>					
<b>Industrial Solid Waste Facility</b>	<b>Closure/Post Closure</b>	<b>Central Laboratory Division</b>	<b>40-Acre Facility Division</b>	<b>Municipal Operations Division</b>	
\$ (34,632)	\$ -	\$ 575,052	\$ (1,646,546)	\$ (15,030)	
33,555	-	378,192	1,647,843	-	
-	(67,240)	(6,227)	-	51,595	
536	715	(1,380)	2,117	34	
-	-	-	-	-	
(2,128)	(34,899)	51,113	(171,634)	1,083	
-	-	-	-	-	
<u>\$ (2,669)</u>	<u>\$ (101,424)</u>	<u>\$ 996,750</u>	<u>\$ (168,220)</u>	<u>\$ 37,682</u>	

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Information by Division - Cash Flows*  
*Enterprise Fund*  
*Year ended December 31, 2014*

	<b>Odessa South Regional Facility Division</b>	<b>Vince Bayou Division</b>	<b>Washburn Tunnel Facility Division</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 4,696,908	\$ 1,146,441	\$ 18,437,369
Receipts from intragovernmental users	-	-	110,026
Payments to suppliers	(1,096,680)	(117,690)	(4,722,504)
Payments to employees	(1,192,598)	(303,243)	(3,575,138)
Payments to intergovernmental suppliers	(583,229)	(309,551)	(2,763,979)
<b>Net cash provided (used) by operating activities</b>	<b>1,824,401</b>	<b>415,957</b>	<b>7,485,774</b>
<b>Cash Flows from Noncapital</b>			
<b>Financing Activities</b>			
Principal received (paid) on intragovernmental loan	-	-	(275,000)
Interest received (paid) on intragovernmental loan	-	-	(4,583)
Interest received on note receivable	-	-	-
Principal received on note receivable	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>(279,583)</b>
<b>Cash Flows from Capital and Related</b>			
<b>Financing Activities</b>			
Acquisition and construction of capital assets	(403,698)	-	(5,133,179)
Proceeds from sale of capital assets	-	10,337	-
Retirement of bonds	-	-	-
Interest paid on capital related debt	-	-	-
Capital contributions received from (returned to) participants	156,357	-	5,069,647
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(247,341)</b>	<b>10,337</b>	<b>(63,532)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of investments	(1,410,900)	(335,149)	(7,182,573)
Interest received (paid)	7,998	14,760	2,608
<b>Net cash provided by investing activities</b>	<b>(1,402,902)</b>	<b>(320,389)</b>	<b>(7,179,965)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>			
	174,158	105,905	(37,306)
Beginning cash and cash equivalents	42,525	146,611	39,516
<b>Ending cash and cash equivalents</b>	<b>\$ 216,683</b>	<b>\$ 252,516</b>	<b>\$ 2,210</b>
<b>Ending cash and cash equivalents</b>			
Unrestricted cash and cash equivalents	\$ 216,683	\$ 252,516	\$ 2,210
Restricted cash and cash equivalents	-	-	-
	<b>\$ 216,683</b>	<b>\$ 252,516</b>	<b>\$ 2,210</b>

Washburn Tunnel Pipeline Facility Division	Component Unit GCIDA Division	Eliminations	Total
\$ -	\$ -	\$ -	\$ 66,941,933
-	-	(10,182,184)	-
-	-	-	(23,398,901)
-	-	-	(19,008,781)
-	-	10,182,184	(3,230,627)
<u>-</u>	<u>-</u>	<u>-</u>	<u>21,303,624</u>
-	-	-	381,012
-	-	-	5,739
-	-	-	237,294
-	-	-	6,433
<u>-</u>	<u>-</u>	<u>-</u>	<u>630,478</u>
-	-	-	(23,030,487)
-	-	-	14,635
-	-	-	(3,375,000)
-	-	-	(1,916,286)
-	-	-	7,064,990
<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,242,148)</u>
(21)	17,936	-	958,934
-	4,685	-	354,972
<u>(21)</u>	<u>22,621</u>	<u>-</u>	<u>1,313,906</u>
(21)	22,621	-	2,005,860
(47)	51,690	-	10,125,957
<u>\$ (68)</u>	<u>\$ 74,311</u>	<u>\$</u>	<u>\$ 12,131,817</u>
\$ (68)	\$ 74,311	\$	\$ 4,202,313
			7,929,504
<u>\$ (68)</u>	<u>\$ 74,311</u>	<u>\$</u>	<u>\$ 12,131,817</u>

**GULF COAST WASTE DISPOSAL AUTHORITY***Combining Information by Division - Cash Flows**Enterprise Fund**Year ended December 31, 2014*

	<b>Odessa South Regional Facility Division</b>	<b>Vince Bayou Facility Division</b>	<b>Washburn Tunnel Facility Division</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ (115,927)	\$ 372,353	\$ (690,322)
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	502,272	78,739	746,649
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Assets			
Accounts Receivable	(115,701)	(42,864)	(205,047)
Prepays	1,805	202	3,992
Increase (Decrease) in Liabilities:			
Wages Payable	-	-	-
Accounts payable	848,549	7,527	865,840
Deferred revenue	462,500	-	6,764,662
Working capital deposits	240,903		
<b>Net cash provided by operating activities</b>	<b>\$ 1,824,401</b>	<b>\$ 415,957</b>	<b>\$ 7,485,774</b>

<u>Washburn Tunnel Pipeline Facility Division</u>	<u>Component Unit GCIDA Division</u>	<u>Eliminations</u>	<u>Total</u>
\$ (151)	\$ -	\$ -	\$ 3,907,974
151	-	-	8,246,103
-	-	-	56,533
-	-	-	30,642
-	-	-	(295,669)
-	-	-	1,810,354
-	-	-	7,306,784
-	-	-	240,903
<u>\$</u>	<u>\$ -</u>	<u>\$</u>	<u>\$ 21,303,624</u>

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**Casualty Insurance Risk Reserve Fund**

This fund accounts for the accumulation of resources to pay the deductible amounts on casualty insurance. This limited purpose risk reserve fund was established in 1989. It was funded to a level of \$200,000 allocated among the operating divisions on the same basis as the actual liability insurance premiums.

**Compensated Absences Fund**

This fund accounts for the accumulation of resources to pay the liability for the vested amount of employees' vacation and sick leave. The primary source of revenue is earnings on the accumulated resources.

**Data Processing Fund**

This fund accounts for the revenues and expenses generated through data processing services provided to GCWDA facilities.

**Employees' Health Care Fund**

This fund accounts for the revenues and expenses of a fund created in March 1993 to provide medical and associated benefits for the Authority's employees, participating dependents, and eligible retirees in accordance with the Gulf Coast Waste Disposal Authority Employee Medical and Dental Benefit Plan. The Enterprise Fund makes payments to the Health Care Fund based on historical estimates of the amounts needed to pay current year claims and to establish a reserve for future expenses.

**Equipment Services Fund**

This fund accounts for the revenues and expenses generated through equipment lease services provided to GCWDA facilities.

**Pretreatment Legislation Fund**

This fund accounts for revenues and expenditures for support of Federal law that offers pretreatment categorical exemptions to Authority industrial customers.

**GULF COAST WASTE DISPOSAL AUTHORITY**

*Combining Statement of Net Position*

*Internal Service Funds*

*December 31, 2014*

	<u>Casualty Insurance Risk Reserve</u>	<u>Compensated Absences</u>	<u>Data Processing</u>
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 36,544	\$ 253,990	\$ 9,503
Marketable securities	328,895	2,285,911	85,531
Other assets			
Prepays			119
<b>Total current assets</b>	<u>365,439</u>	<u>2,539,901</u>	<u>95,153</u>
<b>Noncurrent Assets:</b>			
Capital assets			
Plant and equipment			951,763
Less accumulated depreciation			<u>(579,514)</u>
Total capital assets (net of accumulated depreciation)			<u>372,249</u>
<b>Total noncurrent assets</b>			<u>372,249</u>
<b>Total assets</b>	<u>365,439</u>	<u>2,539,901</u>	<u>467,402</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable			
Due to other funds/divisions			290,428
Current portion of accrued compensated absences		1,285,439	
<b>Total current liabilities</b>		<u>1,285,439</u>	<u>290,428</u>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences		1,297,916	
Net OPEB obligation			
<b>Total noncurrent liabilities</b>		<u>1,297,916</u>	
<b>Total liabilities</b>		<u>2,583,355</u>	<u>290,428</u>
<b>Net Position</b>			
Net investment in capital assets			372,249
Unrestricted	365,439	(43,454)	(195,275)
<b>Total Net Position</b>	<u>\$ 365,439</u>	<u>\$ (43,454)</u>	<u>\$ 176,974</u>



<u>Employees' Health Care</u>	<u>Equipment Service</u>	<u>Pretreatment Legislation</u>	<u>Total</u>
\$ 260,393	\$ 148,909	\$ 41,989	\$ 751,328
2,343,541	1,340,180	377,900	6,761,958
	290,428		290,428
53,000	231		53,350
<u>2,656,934</u>	<u>1,779,748</u>	<u>419,889</u>	<u>7,857,064</u>
	5,155,657		6,107,420
	<u>(4,144,424)</u>		<u>(4,723,938)</u>
	1,011,233		1,383,482
	<u>1,011,233</u>		<u>1,383,482</u>
<u>2,656,934</u>	<u>2,790,981</u>	<u>419,889</u>	<u>9,240,546</u>
219,440			219,440
			290,428
			<u>1,285,439</u>
<u>219,440</u>			<u>1,795,307</u>
			1,297,916
<u>2,198,655</u>			<u>2,198,655</u>
<u>2,198,655</u>			<u>3,496,571</u>
<u>2,418,095</u>			<u>5,291,878</u>
	1,011,233		1,383,482
238,839	<u>1,779,748</u>	<u>419,889</u>	<u>2,565,186</u>
<u>\$ 238,839</u>	<u>\$ 2,790,981</u>	<u>\$ 419,889</u>	<u>\$ 3,948,668</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**

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

*Internal Service Funds*

*Year ended December 31, 2014*

	<u>Casualty Insurance Risk Reserve</u>	<u>Compensated Absences</u>	<u>Data Processing</u>
<b>Operating revenues</b>			
Charges for sales and services:			
Intragovernmental	\$	\$	\$ 355,020
Other			
<b>Total operating revenues</b>			<u>355,020</u>
<b>Operating expenses</b>			
Costs of sales and services	3,000	(46,896)	296,224
Administration			236
Depreciation			67,237
<b>Total operating expenses</b>	<u>3,000</u>	<u>(46,896)</u>	<u>363,697</u>
<b>Operating income (loss)</b>	<u>(3,000)</u>	<u>46,896</u>	<u>(8,677)</u>
<b>Nonoperating revenues (expenses)</b>			
Investment income (loss)	2,266	16,528	493
Interest expense			(3,381)
Gain (loss) on disposal of capital assets			
<b>Total nonoperating revenues (expenses)</b>	<u>2,266</u>	<u>16,528</u>	<u>(2,888)</u>
Changes in Net Position	(734)	63,424	(11,565)
<b>Beginning Net Position</b>	<u>366,173</u>	<u>(106,878)</u>	<u>188,539</u>
<b>Ending Net Position</b>	<u>\$ 365,439</u>	<u>\$ (43,454)</u>	<u>\$ 176,974</u>

<b>Employees' Health Care</b>	<b>Equipment Service</b>	<b>Pretreatment Legislation</b>	<b>Total</b>
\$ 2,846,428	\$ 731,648	\$	\$ 3,933,096
545,366	3,500	128,850	677,716
<u>3,391,794</u>	<u>735,148</u>	<u>128,850</u>	<u>4,610,812</u>
2,894,695	29,246	106,330	3,282,599
319,326	4,639		324,201
	625,069		692,306
<u>3,214,021</u>	<u>658,954</u>	<u>106,330</u>	<u>4,299,106</u>
<u>177,773</u>	<u>76,194</u>	<u>22,520</u>	<u>311,706</u>
16,550	12,891	2,494	51,222
	(5,739)		(9,120)
	(437)		(437)
<u>16,550</u>	<u>6,715</u>	<u>2,494</u>	<u>41,665</u>
194,323	82,909	25,014	353,371
44,516	2,708,072	394,875	3,595,297
<u>\$ 238,839</u>	<u>\$ 2,790,981</u>	<u>\$ 419,889</u>	<u>\$ 3,948,668</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Statement of Cash Flows*  
*Internal Service Funds*  
*Year ended December 31, 2014*

	<b>Casualty Insurance Risk Reserve</b>	<b>Compensated Absences</b>	<b>Data Processing</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$	\$	\$
Receipts from intragovernmental users			355,020
Payments to suppliers	(3,000)	-	(320,540)
Payments to employees	-	(17,003)	-
<b>Net cash provided (used) by operating activities</b>	<u>(3,000)</u>	<u>(17,003)</u>	<u>34,480</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Loan from equipment service	-	-	290,428
Principal paid on interfund loan	-	-	
Interest paid on interfund loan	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>-</u>	<u>290,428</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	-	-	(350,471)
Proceeds from sale of capital assets	-	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>-</u>	<u>-</u>	<u>(350,471)</u>
<b>Cash Flows from Investing Activities</b>			
Maturity (purchase) of investments	11,646	76,639	25,929
Interest received	2,266	16,528	493
<b>Net cash provided by (used for) investing activities</b>	<u>13,912</u>	<u>93,167</u>	<u>26,422</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	10,912	76,164	859
<b>Beginning cash and cash equivalents</b>	<u>25,632</u>	<u>177,826</u>	<u>8,644</u>
<b>Ending cash and cash equivalents</b>	<u>\$ 36,544</u>	<u>\$ 253,990</u>	<u>\$ 9,503</u>

<b>Employees' Health Care</b>	<b>Equipment Service</b>	<b>Pretreatment Legislation</b>	<b>Total</b>
\$ 568,855	\$	\$ 128,850	\$ 697,705
2,822,943	735,146		3,913,109
(3,595,503)	(33,858)	(108,114)	(4,061,015)
-	-	-	(17,003)
<u>(203,705)</u>	<u>701,288</u>	<u>20,736</u>	<u>532,796</u>
	(290,428)	-	-
-	(381,012)	-	(381,012)
-	(5,739)	-	(5,739)
<u>-</u>	<u>(677,179)</u>	<u>-</u>	<u>(386,751)</u>
	(59,444)	-	(409,915)
-	(437)	-	(437)
<u>-</u>	<u>(59,881)</u>	<u>-</u>	<u>(410,352)</u>
252,172	65,952	(9,007)	423,331
16,550	12,891	2,494	51,222
<u>268,722</u>	<u>78,843</u>	<u>(6,513)</u>	<u>474,553</u>
65,017	43,071	14,223	210,246
195,376	105,838	27,766	541,082
<u>\$ 260,393</u>	<u>\$ 148,909</u>	<u>\$ 41,989</u>	<u>\$ 751,328</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Statement of Cash Flows*  
*Internal Service Funds*  
*Year ended December 31, 2014*

	<u>Casualty Insurance Risk Reserve</u>	<u>Compensated Absences</u>	<u>Data Processing</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ (3,000)	\$ 46,896	\$ (8,677)
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	-	-	67,237
Changes in Operating Assets and Liabilities			
(Increase) decrease in assets			
Prepays	-	-	(14)
Increase (decrease) liabilities			
Wages payable	-	(63,899)	-
Accounts payable	-		(24,066)
Net OPEB obligation	-	-	-
<b>Net cash provided by operating activities</b>	<u>\$ (3,000)</u>	<u>\$ (17,003)</u>	<u>\$ 34,480</u>

<u>Employees' Health Care</u>	<u>Equipment Service</u>	<u>Pretreatment Legislation</u>	<u>Total</u>
\$ 177,773	\$ 76,194	\$ 22,520	\$ 311,706
-	625,069	-	692,306
-	25	-	11
-	-	-	(63,899)
(330,059)	-	(1,784)	(355,909)
(51,419)	-	-	(51,419)
<u>\$ (203,705)</u>	<u>\$ 701,288</u>	<u>\$ 20,736</u>	<u>\$ 532,796</u>

## GULF COAST WASTE DISPOSAL AUTHORITY

### *Industrial Projects - Private Activity Revenue*

#### *Bonds Issued and Outstanding*

*December 31, 2014*

	<u>Series</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>
Exxon Pollution Control Project Revenue Refunding Bonds	1989	10/01/89	2024	**
Exxon Project Pollution Control Revenue Refunding Bonds	1995	11/29/95	2020	**
USX Corporation Environmental Improvement Revenue Bonds	1998	03/01/98	2017	5.500%
Air Products Project Solid Waste Disposal Revenue Bonds	1999	06/01/99	2034	**
Air Products Project Solid Waste Disposal Revenue Bonds	2000	03/01/00	2035	**
ExxonMobil Project Environmental Facilities Revenue Bonds	2000	05/31/00	2020	**
ExxonMobil Environmental Fac Rev Bonds Series 2001A	2001A	04/23/01	2030	**
ExxonMobil Environmental Fac Rev Bonds Series 2001B	2001B	04/23/01	2025	**
ExxonMobil Project Environmental Facilities Revenue Bonds Series 2002	2002	02/01/02	2025	**
Exxon Mobil Environmental Facilities Revenue Bonds	2003	04/01/03	2025	**
Waste Management of Texas, Inc. Solid Waste Disposal Revenue Bonds	2003A	04/01/03	2028	5.200%*
Waste Management of Texas, Inc. Solid Waste Disposal Revenue Bonds	2003B	04/01/03	2028	0.850%
Waste Management of Texas, Inc. Solid Waste Disposal Revenue Bonds	2003C	04/01/03	2028	5.200%*
American Acryl L.P. Environmental Facilities Revenue Bonds	2003	05/01/03	2038	**
Waste Management of Texas, Inc. and Western Waste Industries Project	2004A	03/01/04	2019	3.530%*
Air Products Environmental Facilities Revenue Bonds	2004	12/01/04	2039	**
Air Products Environmental Facilities Revenue Bonds	2005	04/01/05	2040	**

#### **Totals**

\* Rate as of 12/31/14, adjusted rate bonds

\*\* Variable rate



<u>Purpose</u>	<u>Total</u>	<u>Amount Retired</u>	<u>Amount Outstanding</u>
Air Pollution Control, Water Pollution Facilities	\$ 24,700,000	\$ -	\$ 24,700,000
Air Pollution Control, Water Pollution Facilities	52,500,000	-	52,500,000
Environmental Improvement	10,600,000	-	-
Solid Waste Disposal	25,000,000	-	25,000,000
Solid Waste Disposal	25,000,000	-	25,000,000
Environmental Improvement	25,000,000	-	25,000,000
Environmental Improvement	25,000,000	-	25,000,000
Environmental Improvement	25,000,000	-	25,000,000
Environmental Improvement	25,000,000	-	25,000,000
Environmental Improvement	25,000,000	-	25,000,000
Solid Waste Disposal	12,000,000	-	12,000,000
Solid Waste Disposal	42,500,000	-	10,000,000
Solid Waste Disposal	12,000,000	-	12,000,000
Environmental Improvement	19,000,000	-	19,000,000
Solid Waste Disposal	35,000,000	-	35,000,000
Solid Waste Disposal	25,000,000	-	25,000,000
Solid Waste Disposal	19,000,000	19,000,000	-
	<u>\$ 427,300,000</u>	<u>\$ 19,000,000</u>	<u>\$ 365,200,000</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Gulf Coast Industrial Development Authority - Industrial  
 Development Revenue Bonds Issued and Outstanding  
 December 31, 2014*

	<u>Series</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>
PetroUnited Terminals, Inc. Project	1989	11/01/89	2019	**
CITGO Petroleum Environmental Facilities Revenue Bonds	1998	08/01/98	2028	8.000%
CITGO Petroleum Corporation Project	2004	05/01/04	2032	**
Dia-Den, Ltd. Project Industrial Development Rev Refunding Bonds	2007	10/25/07	2027	**
ExxonMobil Project Revenue Bonds	2012	11/01/12	2041	**
<b>Totals</b>				

\*\* Variable rate bond

<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Amount Outstanding</u>
\$ 12,400,000	\$ 5,200,000	\$ 7,200,000
100,000,000	75,000,000	25,000,000
25,000,000		25,000,000
5,280,000		5,280,000
275,000,000		275,000,000
<u>\$ 417,680,000</u>	<u>\$ 80,200,000</u>	<u>\$ 337,480,000</u>

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**STATISTICAL SECTION**

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# **GULF COAST WASTE DISPOSAL AUTHORITY**

## **STATISTICAL SECTION**

*December 31, 2014*

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

	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	86
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the Authority's most significant local revenue source – fees from the customers of its largest facility – Bayport.	91
<b>Debt Capacity</b>	
This schedule presents 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.	92
<b>Demographic and Economic Information</b>	
These schedules offer the reader an indicator to help the reader understand the environment within which the Authority operates. Other demographic and economic indicators such as per capita or population statistics are irrelevant to the Authority as the Authority's revenue base is completely from industrial, municipal and special districts.	95
<b>Operating Information</b>	
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.	98

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**GULF COAST WASTE DISPOSAL AUTHORITY**  
***Net Position By Component***  
***Last Ten Years (1)***

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Primary government				
Net investment in capital assets	\$ 37,482,921	\$ 40,832,148	\$ 44,320,059	\$ 62,886,387
Restricted	4,129,420	4,168,561	4,780,166	5,146,708
Unrestricted	34,966,631	35,893,851	44,258,262	33,047,532
Total primary government Net Position	<u>\$ 76,578,972</u>	<u>\$ 80,894,560</u>	<u>\$ 93,358,487</u>	<u>\$ 101,080,627</u>

(1) Effective January 1, 2007, the Authority reclassified all of its governmental activities to business-type activities. 2006 and prior have been restated to reflect this reclassification.



<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 65,499,281	\$ 61,948,931	\$ 59,278,920	\$ 51,956,683	\$ 52,785,531	\$ 57,661,675
5,285,912	5,560,832	5,673,882	5,731,659	3,983,207	4,030,715
22,615,118	22,443,235	23,073,089	34,552,737	38,958,377	43,791,887
<u>\$ 93,400,311</u>	<u>\$ 89,952,998</u>	<u>\$ 88,025,891</u>	<u>\$ 92,241,079</u>	<u>\$ 95,727,115</u>	<u>\$ 105,484,277</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**CHANGE IN NET POSITION**  
*Last Ten Years (1)*

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>				
Business-type activities:				
General services	\$ 4,625,778	\$ 5,061,636	\$ 2,478,603	\$ 6,743,499
Wastewater treatment	46,073,983	50,184,882	49,536,590	56,606,205
Solid waste disposal	1,201,672	1,368,584	1,288,065	1,608,135
<b>Total primary government expenses</b>	<u>51,901,433</u>	<u>56,615,102</u>	<u>53,303,258</u>	<u>64,957,839</u>
<b>Program Revenues</b>				
Business-type activities:				
Charges for services:				
General services	4,208,888	4,998,422	2,062,936	1,486,789
Wastewater treatment	44,741,360	48,077,853	48,971,742	53,825,381
Solid waste disposal	886,576	1,010,813	959,903	1,841,318
Operating grants and contributions		3,000,000		440,948
Capital grants and contributions		1,789,677	10,224,129	14,037,369
<b>Total primary government revenues</b>	<u>49,836,824</u>	<u>58,876,765</u>	<u>62,218,710</u>	<u>71,631,805</u>
<b>Total primary government net (expense) revenues</b>	<u>(2,064,609)</u>	<u>2,261,663</u>	<u>8,915,452</u>	<u>6,673,966</u>
<b>General Revenues and Other Changes in Net Position</b>				
Business-type activities				
Investment earnings (loss)	1,531,533	2,053,925	3,548,475	2,508,713
Extraordinary item - Hurricane Ike repairs				(1,126,200)
Extraordinary item - Capital asset impairment				(334,339)
<b>Total primary government</b>	<u>1,531,533</u>	<u>2,053,925</u>	<u>3,548,475</u>	<u>1,048,174</u>
<b>Total primary government Changes in Net Position</b>	<u>\$ (533,076)</u>	<u>\$ 4,315,588</u>	<u>\$ 12,463,927</u>	<u>\$ 7,722,140</u>

(1) Effective January 1, 2007, the Authority reclassified all of its governmental activities to business-type activities. 2006 and prior have been restated to reflect this reclassification.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 2,100,743	\$ 3,273,402	\$ 2,834,832	\$ 2,200,954	\$ 1,867,558	\$ 1,158,663
57,574,147	55,229,866	51,085,936	52,545,181	55,913,550	55,037,733
1,505,345	1,301,995	927,107	1,101,793	826,055	853,672
<u>61,180,235</u>	<u>59,805,263</u>	<u>54,847,875</u>	<u>55,847,928</u>	<u>58,607,163</u>	<u>57,050,068</u>
1,436,674	2,093,096	1,897,049	2,964,156	1,499,139	1,555,047
47,651,573	51,439,683	49,041,872	52,713,336	54,957,532	56,958,781
905,857	1,074,327	890,613	957,530	783,755	826,806
2,152,547	385,507				
560,468	663,106	912,927	2,909,000	4,865,128	7,064,990
<u>52,707,119</u>	<u>55,655,719</u>	<u>52,742,461</u>	<u>59,544,022</u>	<u>62,105,554</u>	<u>66,405,624</u>
<u>(8,473,116)</u>	<u>(4,149,544)</u>	<u>(2,105,414)</u>	<u>3,696,094</u>	<u>3,498,391</u>	<u>9,355,556</u>
807,340	702,231	712,353	519,094	(12,355)	401,606
(14,540)					
<u>792,800</u>	<u>702,231</u>	<u>712,353</u>	<u>519,094</u>	<u>(12,355)</u>	<u>401,606</u>
<u>\$ (7,680,316)</u>	<u>\$ (3,447,313)</u>	<u>\$ (1,393,061)</u>	<u>\$ 4,215,188</u>	<u>\$ 3,486,036</u>	<u>\$ 9,757,162</u>

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**GULF COAST WASTE DISPOSAL AUTHORITY**  
**BAYPORT MAJOR CUSTOMERS**  
*Current Year and Nine Years Ago*

Customer	2014			2005		
	Total Sales	Rank	% of Total Sales	Total Sales	Rank	% of Total Sales
Celanese LTD	\$ 4,042,985	1	12.81%	\$ 3,591,778	1	17.77%
Albermarle Corporation	3,469,508	2	10.99%	2,174,376	3	10.76%
Kaneka Texas Corporation	3,360,245	3	10.65%	1,037,359	5	5.13%
Lyondell Chemical Company	2,861,490	4	9.07%	2,884,419	2	14.27%
Dixie Chemical Company, Inc.	1,794,859	5	5.69%	1,153,906	4	5.71%
Kuraray America	1,460,728	6	4.63%		n/a	
Carpenter Company	1,355,456	7	4.29%		n/a	
Intergulf Corp	1,113,131	8	3.53%	719,283	6	3.56%
American Acryl, LP	926,618	9	2.94%		n/a	
Baker Petrolina Corp	809,772	10	2.57%		n/a	
Lubrizol Corporation		n/a		702,809	7	3.48%
Noltex, LLC		n/a		688,745	8	3.41%
Huish Detergents Inc.		n/a		682,748	9	3.38%
Equistar Bayport Chemicals LP		n/a		678,620	10	3.36%
Subtotal	<u>21,194,792</u>		<u>67.14%</u>	<u>14,314,043</u>		<u>70.81%</u>
Other customers	<u>10,371,021</u>		<u>32.86%</u>	<u>5,900,296</u>		<u>29.19%</u>
<b>Total</b>	<u>\$ 31,565,813</u>		<u>100.00%</u>	<u>\$ 20,214,339</u>		<u>100.00%</u>

Source: GCWDA 2005 CAFR and  
2014 General Ledger

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**BAYPORT AREA REVENUE BONDS DEBT SERVICE**  
**COVERAGE OF THE PLEDGED REVENUES**  
*Last Ten Years*

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net Income (loss)	\$ 602,928	\$ 1,061,033	\$ 3,344,921	\$ (1,881,084)
Add items not includable in current expenses:				
Bond interest expense	2,443,000	2,339,387	2,214,213	2,087,750
Depreciation	3,572,981	3,915,355	4,271,287	4,446,193
Management fees	<u>378,696</u>	<u>489,996</u>	<u>600,000</u>	<u>600,000</u>
Pledge revenues	6,997,605	7,805,771	10,430,421	5,252,859
Average annual debt service on outstanding bonds	<u>\$ 3,780,180</u>	<u>\$ 3,719,318</u>	<u>\$ 3,649,840</u>	<u>\$ 3,571,674</u>
Actual debt service on outstanding bonds	<u>\$ 4,130,773</u>	<u>\$ 4,853,000</u>	<u>\$ 4,844,387</u>	<u>\$ 4,869,213</u>
Coverage by pledged revenues of average annual debt service on outstanding bonds	1.85	2.10	2.86	1.47
Coverage by pledged revenues of actual debt service on outstanding bonds	1.69	1.61	2.15	1.08

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ (4,861,650)	\$ (1,038,507)	\$ (479,508)	\$ 3,372,235	\$ 620,770	\$ 3,877,727
1,954,917	1,814,644	1,666,275	1,424,400	2,182,607	1,879,274
5,044,916	4,783,144	4,716,215	4,567,156	4,533,646	4,395,904
<u>650,004</u>	<u>650,004</u>	<u>698,748</u>	<u>798,804</u>	<u>898,800</u>	<u>998,004</u>
2,788,187	6,209,285	6,601,730	10,162,595	8,235,823	11,150,909
<u>\$ 3,483,152</u>	<u>\$ 3,381,864</u>	<u>\$ 3,265,465</u>	<u>\$ 3,231,758</u>	<u>\$ 3,113,717</u>	<u>\$ 3,254,134</u>
<u>\$ 4,867,750</u>	<u>\$ 4,864,917</u>	<u>\$ 4,864,644</u>	<u>\$ 4,856,275</u>	<u>\$ 3,669,950</u>	<u>\$ 5,573,038</u>

0.80	1.84	2.02	3.14	2.65	3.43
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0.57	1.28	1.36	2.09	2.24	2.00
------	------	------	------	------	------

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**RATIO OF OUTSTANDING DEBT BY TYPE**

*Last Ten Years*

(dollars in thousands)

<i>Fiscal Year</i>	<b>Business-Type Activities</b>				<b>Total Primary Government</b>	<b>Total Operating Revenue</b>	<b>Percent of Total Revenue</b>
	<i>Revenue Bonds</i>	<i>Refunding Bonds</i>	<i>Promissory Note</i>	<i>Capital Lease</i>			
2005	\$ 24,275	\$ 24,025	\$	\$	\$ 48,300	\$ 49,679	98.24%
2006	21,770	24,025	2,783		48,578	55,877	97.22%
2007 (1)	21,380	21,760	2,239		45,379	62,218	86.94%
2008	20,980	19,380	1,661	54	42,075	69,721	72.94%
2009	20,570	16,880	1,049	29	38,528	49,981	60.35%
2010	20,145	14,255	399	54	34,853	54,723	77.09%
2011	19,705	11,505			31,210	51,241	63.69%
2012	19,460	9,630			29,090	57,144	55.11%
2013 (2)	27,490	20,670			48,160	57,240	84.14%
2014	24,665	20,120			44,785	59,340	75.47%

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

(1) Effective January 1, 2007, the Authority reclassified all of its governmental activities to business-type activities.

(2) In 2013 the Authority issued the Gulf Coast Waste Disposal Authority Bayport Area System Revenue Bonds, Series 2013.



**GULF COAST WASTE DISPOSAL AUTHORITY**  
**ACTIVE INDUSTRIAL AND MUNICIPAL CUSTOMERS**  
*Last Ten Years*

<b>Fiscal Year</b>	<b>Business- Type Activities</b>
2005	143
2006	143
2007	142
2008	155
2009	154
2010	148
2011	156
2012	154
2013	156
2014	176

Source: Facility operating records

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**GULF COAST WASTE DISPOSAL AUTHORITY**  
**FULL-TIME EQUIVALENT AUTHORITY**  
**EMPLOYEES BY FUNCTION/PROGRAM**  
*Last Ten Years*

<u>Year</u>	<u>General Services</u>	<u>Wastewater Treatment</u>	<u>Solid Waste Disposal</u>	<u>Total</u>
2005	29	123	-	152
2006	29	120	-	149
2007	29	118	3	150
2008	30	118	3	151
2009	31	118	3	152
2010	31	118	3	152
2011	27	119	2	148
2012	25	115	2	142
2013	26	115	2	143
2014	29	119	2	150

Source: Human Resources

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
*Last Ten Fiscal Years*

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Function/Program</b>					
Wastewater Treatment					
Wastewater treated (MGD)*	43.785	47.827	44.610	46.646	40.020
Permitted capacity (MGD)	109.650	109.650	109.650	109.650	85.700
Solid Waste Disposal					
Nonhazardous waste					
received (cubic yards)	9,472	10,848	4,889	13,535	4,312
Permitted capacity					
(cubic yards)	95,000	95,000	95,000	95,000	95,000

\*MGD = million gallons per day

Source: Facility operations records

Note: No operating indicators are available for the general services function/program.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
41.350	41.900	45.752	47.638	43.570
85.700	85.700	86.950	91.950	91.950
1,072	668	1,706	2,123	1,005
95,000	95,000	95,000	95,000	95,000

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
*Last Ten Fiscal Years*

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Function/Program</b>					
General Services:					
Administrative Building	1	1	1	1	1
Wastewater Treatment:					
Aeration basins	22	22	22	22	22
Aeration tanks	3	4	5	5	5
Aerobic digester basins	11	11	11	11	12
Anaerobic basins	1	1	1	1	1
Belt presses	8	8	8	8	10
Clarifiers	18	18	17	17	17
Equalization basins	6	6	6	5	5
Facultative basins	2	2	2	2	2
Gravity filters	5	5	5	5	5
Disinfect areas	5	5	5	5	5
Sewerage acceptance units	2	2	2	2	2
Sludge surface disposal basins	3	3	3	3	3
Solid Waste Disposal:					
Land treatment units	2	2	2	2	2
Hazardous waste disposal cells	6	6	6	6	6
Non-hazardous waste disposal cells	4	4	4	4	4

Source: Various Facilities

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
1	1	1	1	1
22	22	22	22	18
5	5	5	5	10
12	12	12	12	13
1	1	1	1	
10	10	10	10	11
17	17	17	17	19
5	5	5	5	8
2	2	2	2	1
5	5	5	5	8
5	5	5	5	7
2	2	2	2	3
3	3	3	3	3
2	2	2	2	2
6	6	6	6	8
4	4	4	4	4

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**TEXAS SUPPLEMENTARY INFORMATION SECTION**

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**GULF COAST WASTE DISPOSAL AUTHORITY**  
***TSI-1 SERVICES AND RATES***  
***Year ended December 31, 2014***

1. Services provided by the District:
  - A. Wastewater treatment (Industrial and Municipal)
  - B. Solid waste disposal (Industrial)

**GULF COAST WASTE DISPOSAL AUTHORITY**

***TSI-2. SCHEDULE OF EXPENSES***

***Year Ended December 31, 2014***

Personnel services *	\$ 18,710,539
Materials and supplies	8,223,575
Utilities	5,996,202
Repairs and maintenance	3,392,242
Professional services	944,388
Contractual services	6,974,465
General and administrative	1,609,202
Major repairs	1,123,366
Interest and amortization	1,878,534
Depreciation	8,197,555
	<u><u>\$ 57,050,068</u></u>

\* Number of persons employed by the Authority: 149 Full-Time, 2 Part-Time

(1) The TCEQ Water District Financial Management Guide specifies the above schedule to include the general fund and notes that if the Authority uses an enterprise fund, an alternative schedule should be used. Because the Authority only has one enterprise fund this schedule is prepared at government-wide level.

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**TSI-3 SCHEDULE OF TEMPORARY INVESTMENTS**  
**December 31, 2014**

	<u>Identification or Certificate Number</u>	<u>Effective Yield</u>	<u>Maturity Date</u>	<u>Balance at End of Year (Amortized Cost)</u>
Texas CLASS	N/A	0.100%	N/A	\$ 7,085,114
Texpool	N/A	0.042%	N/A	8,170,567
Insured Deposit Portal CD pool	N/A	0.23%	N/A	4,002,294
Certificate of Deposit	332135FK3	0.40%	03/12/15	225,032
Certificate of Deposit	05568P397	0.45%	05/26/15	250,138
Certificate of Deposit	78658AGW2	0.40%	06/01/15	100,060
Certificate of Deposit	38147JFL1	0.50%	11/30/15	249,735
Certificate of Deposit	04407RAP6	0.50%	12/28/15	<u>50,010</u>
<b>Total temporary investments</b>				<u><u>\$ 20,132,950</u></u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEAR**  
*(All Bonded Debt Services) - By Years*  
*December 31, 2014*

Due During the Year Ending	Annual Requirements for All Series			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
2015	\$ 2,950,000	\$ 1,024,994	\$ 1,024,994	\$ 4,999,988
2016	2,770,000	959,044	959,044	4,688,088
2017	2,875,000	903,644	903,644	4,682,288
2018	3,000,000	846,144	846,144	4,692,288
2019	3,155,000	771,144	771,144	4,697,288
2020	3,305,000	692,269	692,269	4,689,538
2021	3,465,000	609,644	609,644	4,684,288
2022	3,640,000	523,019	523,019	4,686,038
2023	3,235,000	432,019	432,019	4,099,038
2024	3,395,000	351,144	351,144	4,097,288
2025	1,225,000	266,269	266,269	1,757,538
2026	1,260,000	247,894	247,894	1,755,788
2027	1,300,000	228,994	228,994	1,757,988
2028	1,365,000	196,494	196,494	1,757,988
2029	1,430,000	162,369	162,369	1,754,738
2030	1,505,000	126,619	126,619	1,758,238
2031	1,580,000	88,994	88,994	1,757,988
2032	1,635,000	60,356	60,356	1,755,712
2033	1,695,000	30,722	30,722	1,756,444
	<u>\$ 44,785,000</u>	<u>\$ 8,521,776</u>	<u>\$ 8,521,776</u>	<u>\$ 61,828,552</u>

Due During the Year Ending	Series, 2002			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
2015	\$ 2,170,000	\$ 54,250	\$ 54,250	\$ 2,278,500
	<u>\$ 2,170,000</u>	<u>\$ 54,250</u>	<u>\$ 54,250</u>	<u>\$ 2,278,500</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEAR**  
*(All Bonded Debt Services) - By Years*  
*December 31, 2014*

Due During the Year Ending	Series, 2013			Total
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	
2015	780,000	970,744	970,744	\$ 2,721,488
2016	2,770,000	959,044	959,044	4,688,088
2017	2,875,000	903,644	903,644	4,682,288
2018	3,000,000	846,144	846,144	4,692,288
2019	3,155,000	771,144	771,144	4,697,288
2020	3,305,000	692,269	692,269	4,689,538
2021	3,465,000	609,644	609,644	4,684,288
2022	3,640,000	523,019	523,019	4,686,038
2023	3,235,000	432,019	432,019	4,099,038
2024	3,395,000	351,144	351,144	4,097,288
2025	1,225,000	266,269	266,269	1,757,538
2026	1,260,000	247,894	247,894	1,755,788
2027	1,300,000	228,994	228,994	1,757,988
2028	1,365,000	196,494	196,494	1,757,988
2029	1,430,000	162,369	162,369	1,754,738
2030	1,505,000	126,619	126,619	1,758,238
2031	1,580,000	88,994	88,994	1,757,988
2032	1,635,000	60,356	60,356	1,755,712
2033	1,695,000	30,722	30,722	1,756,444
	<u>\$ 42,615,000</u>	<u>\$ 8,467,526</u>	<u>\$ 8,467,526</u>	<u>\$ 59,550,052</u>

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**GULF COAST WASTE DISPOSAL AUTHORITY**  
**TSI-6 CHANGES IN LONG-TERM BONDED DEBT**  
*Year ended December 31, 2014*

Revenue Bonds	Interest Rate	Bonds Outstanding 01/01/2014	Bonds Sold During 2014	Bonds Refunded During 2014	Requirements Fiscal Year 2014			Total	Bonds Outstanding 12/31/2014
					Principal Due 10/01	Interest Due 04/01	Interest Due 10/01		
Series 2002 Revenue Bonds	5.0	\$ 4,235,000			\$ 2,065,000	\$ 105,875	\$ 105,875	\$ 2,276,750	\$ 2,170,000
Series 2004 Refunding Bonds	2.0-5.0	550,000			550,000	11,000	11,000	572,000	-
Series 2013 Revenue and Refunding Bonds	3.0-5.0	43,375,000			760,000	982,144	982,144	2,724,288	42,615,000
		<u>\$ 48,160,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,375,000</u>	<u>\$ 1,099,019</u>	<u>\$ 1,099,019</u>	<u>\$ 5,573,038</u>	<u>\$ 44,785,000</u>

**Paying Agent's Name & City**

Series 2002, 2004 and 2013 The Bank of New York Mellon Dallas, TX

Debt Service Reserve Fund cash and investments balances as of December 31, 2014 \$ 3,496,096

Average Annual Debt Service payment (Principal and Interest) for remaining term of all debt \$ 3,254,134

**GULF COAST WASTE DISPOSAL AUTHORITY**

**TSI-7 SCHEDULE OF REVENUES AND EXPENSES**

**Enterprise Funds**

**For Five Years ended December 31, 2014**

	<b>Amounts</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Operating revenues</b>					
Charges for services					
Services to industries	\$55,570,104	\$53,320,897	\$53,167,009	\$50,549,132	\$46,810,158
Services to municipalities	3,321,798	3,555,135	2,778,707	2,549,424	2,373,728
Other	448,134	364,394	689,306	1,624,874	796,711
<b>Total revenues</b>	<b>59,340,036</b>	<b>57,240,426</b>	<b>56,635,022</b>	<b>54,723,430</b>	<b>49,980,597</b>
<b>Expenditures</b>					
Cost of sales and services	43,927,467	44,910,104	41,711,110	45,294,258	45,933,577
Administrative	3,258,492	2,981,431	3,075,901	2,875,283	3,793,417
Depreciation	8,246,103	8,410,599	8,318,615	8,840,373	9,138,420
<b>Total expenditures</b>	<b>55,432,062</b>	<b>56,302,134</b>	<b>53,105,626</b>	<b>57,009,914</b>	<b>58,865,414</b>
<b>Operating income (loss)</b>	<b>3,907,974</b>	<b>938,292</b>	<b>3,529,396</b>	<b>(2,286,484)</b>	<b>(8,884,817)</b>
<b>Non-Operating Revenues (Expenses)</b>					
Interest income	350,384	1,080	426,822	623,919	663,836
Interest expense	(1,879,274)	(2,182,607)	(1,424,400)	(1,827,957)	(2,003,334)
Gain (loss) on disposal of capital asset	(51,237)	1,023	(44,752)	(15,470)	(69,030)
Operating Contributions	10,954			385,507	2,152,547
<b>Total non-operating revenues (expenses)</b>	<b>(1,569,173)</b>	<b>(2,180,504)</b>	<b>(1,042,330)</b>	<b>(834,001)</b>	<b>744,019</b>
<b>Income (loss) before contributions</b>	<b>2,338,801</b>	<b>(1,242,212)</b>	<b>2,487,066</b>	<b>(3,120,485)</b>	<b>(8,140,798)</b>
Capital Contributions, net	7,064,990	4,865,128	2,909,000		
<b>Income (loss) before extraordinary items</b>	<b>9,403,791</b>	<b>3,622,916</b>	<b>5,396,066</b>	<b>(3,120,485)</b>	<b>(8,140,798)</b>
Extraordinary item - Hurricane Ike repairs					(14,540)
Extraordinary item - Capital Asset Impairment					
Change in Net Position	<b>\$ 9,403,791</b>	<b>\$ 3,622,916</b>	<b>\$ 5,396,066</b>	<b>\$ (3,120,485)</b>	<b>\$ (8,155,338)</b>
<b>Total active industrial and municipal participants</b>	<b>176</b>	<b>156</b>	<b>156</b>	<b>148</b>	<b>155</b>

**Percent of Total Revenues**

<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
93.6%	93.2%	93.9%	92.4%	93.7%
5.6%	6.2%	4.9%	4.7%	4.7%
0.8%	0.6%	1.2%	3.0%	1.6%
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
74.0%	78.5%	73.6%	82.8%	91.9%
5.5%	5.2%	5.4%	5.3%	7.6%
13.9%	14.7%	14.7%	16.2%	18.3%
<u>93.4%</u>	<u>98.3%</u>	<u>93.8%</u>	<u>104.2%</u>	<u>117.8%</u>
<u>6.6%</u>	<u>1.7%</u>	<u>6.2%</u>	<u>-4.2%</u>	<u>-17.8%</u>
0.6%	0.0%	0.8%	1.1%	1.3%
-3.2%	-3.8%	-2.5%	-3.3%	-4.0%
-0.1%	0.0%	-0.1%	0.0%	-0.1%
0.0%			0.7%	4.3%
<u>-2.6%</u>	<u>-3.8%</u>	<u>-1.8%</u>	<u>-2.2%</u>	<u>1.5%</u>
3.9%	-2.1%	4.4%	-6.4%	-16.3%
11.9%	8.5%	5.1%		
15.8%	6.4%	9.5%	-6.4%	-16.3%
				0.0%
<u>15.8%</u>	<u>6.4%</u>	<u>9.5%</u>	<u>-6.4%</u>	<u>-16.3%</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**TSI-8 BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL**  
*Year ended December 31, 2014*

<b>Complete District Mailing Address:</b>	<u>910 Bay Area Boulevard, Houston, Texas 77058</u>
<b>District Business Telephone Number:</b>	<u>(281) 488-4115</u>
<b>Submission Date of the most recent District Registration Form</b> (TWC Sections 36.054 and 49.054):	<u>12/14</u>
<b>Limit on Fees of Office that a Director may receive during a fiscal year:</b> (Set by Board Resolution - TWC Section 49.060)	<u>\$7,200</u>

<b>Board Members</b>	<b>Term of Office or Date Hired *</b>	<b>Elected/ Appointed</b>	<b>Fees of office paid 12/31/14</b>	<b>Expenses reimbursed 12/31/14</b>	<b>Title at Year End</b>
Franklin D.R. Jones, Jr.	09/01/13 - 08/31/15	Appointed (2)	\$ 7,200	\$ 14,079	Chairman
Rita Standridge	09/01/14 - 08/31/16	Appointed (3)	5,100	3,536	Vice Chair
Irvin W. Osborne-Lee, Ph.D.	09/01/14 - 08/31/16	Appointed (3)	6,000	8,029	Treasurer
Stan Cromartie	09/01/14 - 08/31/16	Appointed (1)	4,650	4,076	Secretary
J. Mark Schultz	09/01/14 - 08/31/16	Appointed (2)	6,300	3,523	Member
Gloria Milian Matt	02/14/14 - 08/31/15	Appointed (1)	2,400	502	Member
Zoe Milian Barinaga	09/01/13 - 02/14/14	Appointed (1)	150	31	Resigned
Ron Crowder	09/01/13 - 08/31/15	Appointed (3)	2,850	344	Member
Lamont E. Meaux	09/01/14 - 08/31/16	Appointed (1)	3,150	1,375	Member
Chris Peden	05/09/13 - 08/31/15	Appointed (2)	6,300	5,552	Member

**Key Administrative Personnel:**

Ricky Clifton	01/15/11	N/A	\$ 299,759	General Manager
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**Consultants:**

Olson and Olson	01/01/80	N/A	\$ 84,840	General Counsel
Whitley Penn, LLP	10/01/06	N/A	\$ 75,317	External Auditors

\*Note: Under State law, Directors whose terms have expired continue to serve until they are reappointed or a replacement is appointed and qualified. Members are appointed by (1) Governor; (2) County Commissioners Court; or (3) Consortium of Mayors