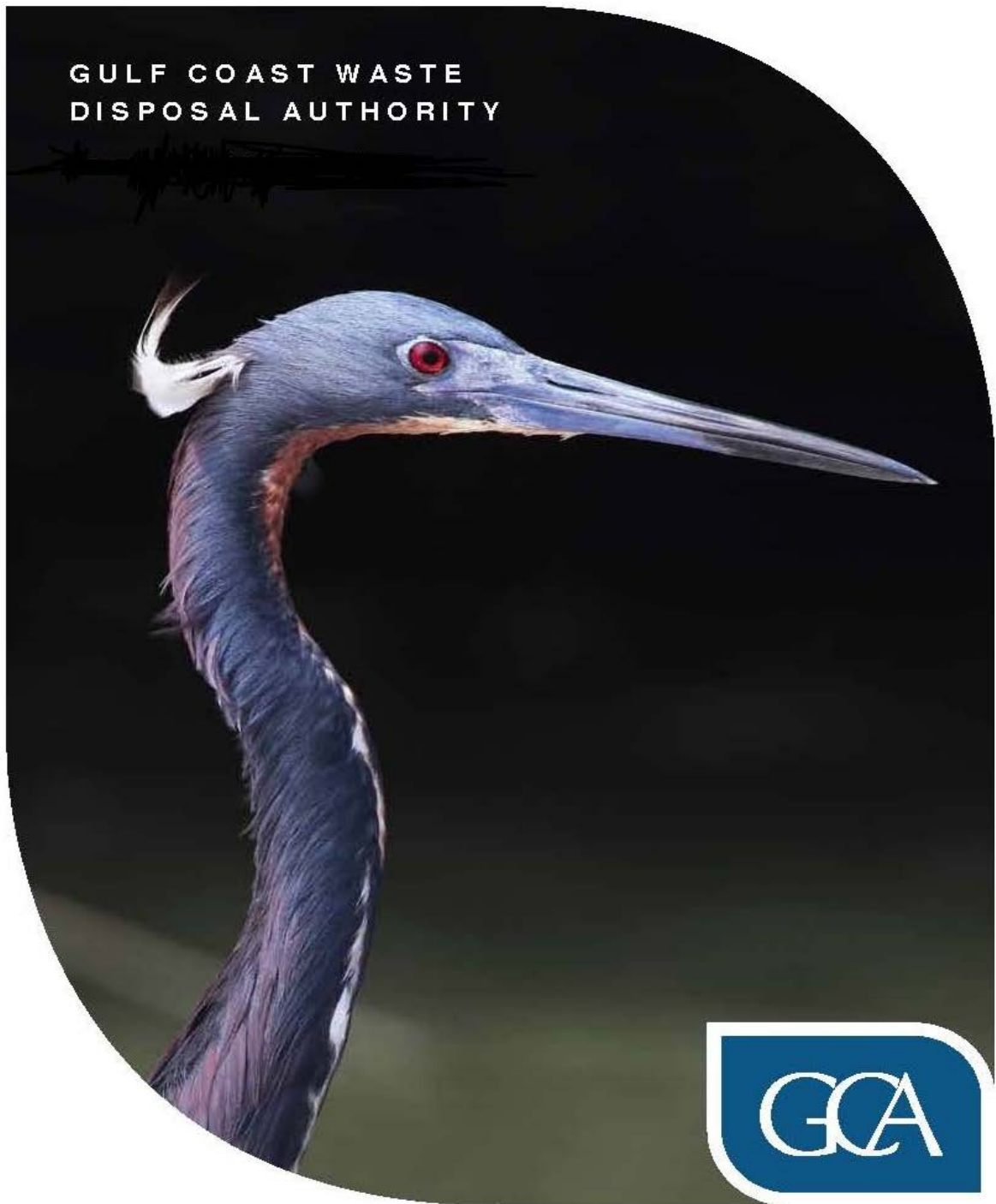


GULF COAST WASTE  
DISPOSAL AUTHORITY



*Comprehensive Annual Report*  
*Year Ended December 31, 2016*



**GULF COAST WASTE DISPOSAL AUTHORITY**  
**TABLE OF CONTENTS**

	<u>Page</u>
<b>Introductory Section</b>	
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	v
Organizational Chart	vi
Board of Directors	vii
Committee/Board Assignments	viii
Administrative Staff and Consultants	ix
<b>Financial Section</b>	
<b>Report of Independent Auditors</b>	1
<b>Management’s Discussion and Analysis</b>	4
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Proprietary Funds:	
Statement of Net Position	14
Statement of Revenues, Expenses and Changes in Fund Net Position	15
Statement of Cash Flows	16
Fiduciary Funds:	
Statement of Fiduciary Net Position	18
Statement of Changes in Fiduciary Net Position	19
Notes to Financial Statements	21
<b>Required Supplemental Information:</b>	
Required Other Post-Employment Benefits Supplementary Information	46
<b>Other Supplementary Information:</b>	
Combining Information and Statements:	
Enterprise Funds:	
Combining Information by Division - Net Position	52
Combining Information by Division - Revenues, Expenses, and Changes in Net Position	56
Combining Information by Division - Cash Flows	60
Internal Service Funds:	
Combining Statement of Net Position	70
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	72
Combining Statement of Cash Flows	74
Industrial Projects - Private Activity Revenue Bonds Issued and Outstanding	78
Gulf Coast Industrial Development Authority - Industrial Development Revenue Bonds Issued and Outstanding	80
Statement of Changes in Assets and Liabilities – Agency Funds	82

# GULF COAST WASTE DISPOSAL AUTHORITY

## TABLE OF CONTENTS (continued)

	<u>Page</u>
<b>Statistical Section</b>	
Net Position by Component - Last Ten Years	86
Changes in Net Position - Last Ten Years	88
Bayport Major Customers - Current Year and Nine Years Ago	91
Bayport Area Revenue Bonds Debt Service Coverage of the Pledged Revenues - Last Ten Years	92
Ratio of Outstanding Debt by Type - Last Ten Years	94
Active Industrial and Municipal Customers - Last Ten Years	95
Full-Time Equivalent Authority Employees by Function/Program - Last Ten Years	97
Operating Indicators by Function/Program - Last Fiscal Ten Years	98
Capital Asset Statistics by Function/Program - Last Fiscal Ten Years	100
<b>Texas Supplementary Information Section</b>	
TSI-1 Services and Rates	105
TSI-2 Government-Wide Schedule of Expenses	106
TSI-3 Schedule of Temporary Investments	107
TSI-4 Analysis of Taxes Levied and Receivable	N/A
TSI-5 Long-Term Debt Service Requirements by Year	108
TSI-6 Changes in Long-Term Bonded Debt	111
TSI-7 Schedule of Revenues and Expenses	112
TSI-8 Board Members and Administrative Personnel	114

## **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](http://www.gcwda.com)

April 18, 2017

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, 2016.

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 days 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, 2016, 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, 2016, 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 the 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, Odessa South Regional Facility, 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, 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 2016, 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 the Authority'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 5.3% as of December 31, 2016, up 15% from a year ago. It also reports that there are currently 3.04 million jobs, the highest level in Houston's history according to the Greater Houston Partnership (GHP). The outlook for growth of the region continues to be strong with the GHP estimating 29,700 new non-farm jobs for 2017.

**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 \$127 million in planned additions to existing facilities. The Bayport Facility accounts for over \$87 million of the total with additions to increase capacity as well as to maintain compliance with air and water permits. Other additions include \$8.7 million at the Blackhawk Facility; \$12.6 million at the Washburn Tunnel Facility; \$4.4 million at the 40-Acre Facility; \$3.8 million at the Odessa facility; \$8.3 million at the Campbell Bayou Facility; \$1 million at the Central Lab Facility, and \$485,000 at the Vince Bayou Receiving Station. 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 Facility received a Platinum Award, the Odessa South Facility received a Gold Award, and the Bayport and Washburn Tunnel Facilities received a Silver Award for their compliance achievements during the 2015 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, 2015. This was the 29th 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,



Ricky Clifton  
General Manager



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**

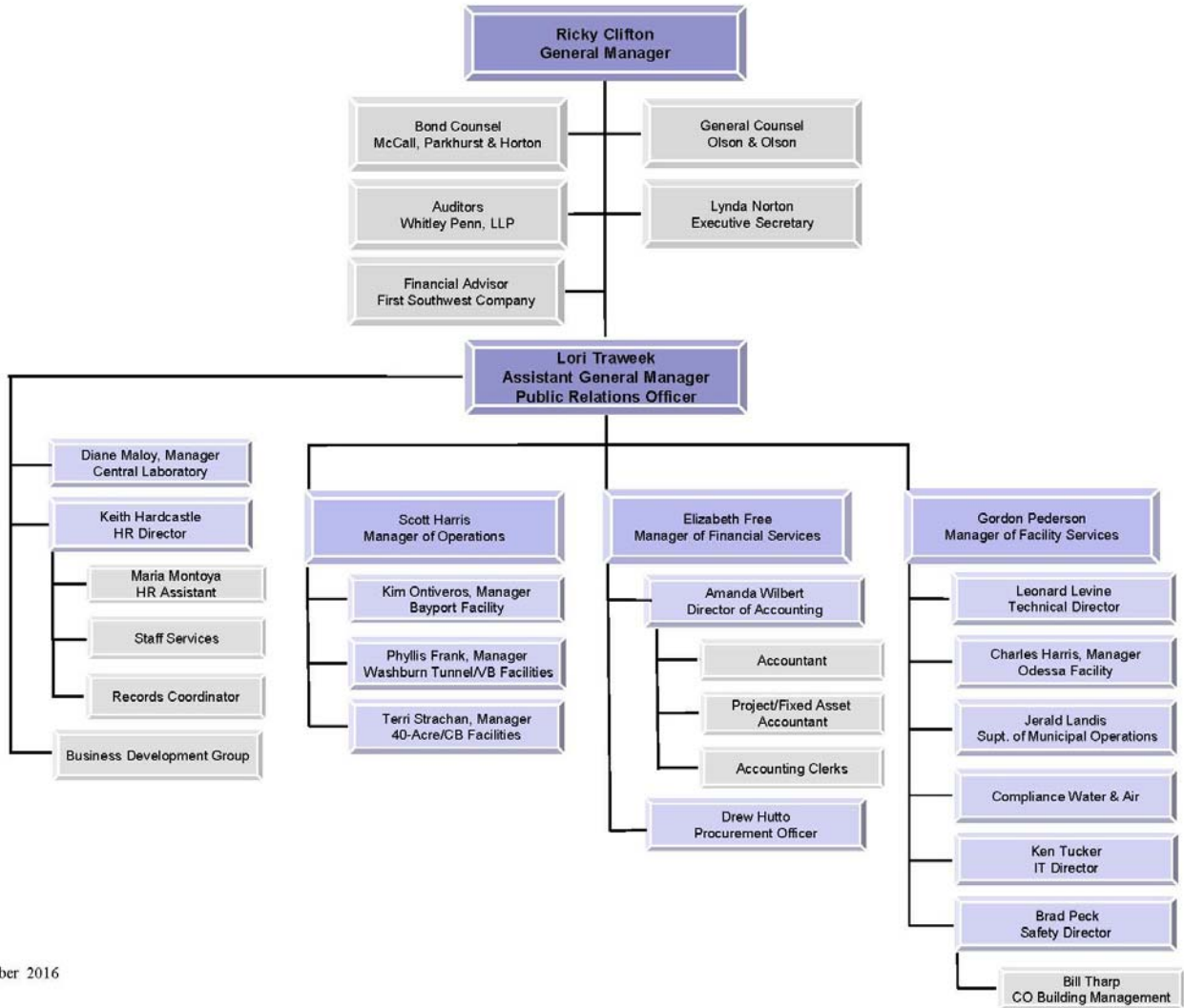
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

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

# Gulf Coast Waste Disposal Authority



ed: December 2016

**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***

Nancy C. Blackwell  
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

W. Chris 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  
Mark Schultz

**AUDIT COMMITTEE**

**Irvin Osborne-Lee, Ph.D., Chairman**  
Rita Standridge  
Nancy C. Blackwell, P.E.  
W. Chris Peden, CPA

**BUDGET REVIEW COMMITTEE**

**Nancy C. Blackwell, P.E., Chairman**  
Lamont E. Meaux  
Ron Crowder  
W. Chris Peden, CPA

**SPECIAL PROJECT COMMITTEE**

**Rita Standridge, Chairman**  
Lamont E. Meaux  
W. Chris Peden, CPA  
Nancy C. Blackwell, P.E.

**BUSINESS DEVELOPMENT COMMITTEE**

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

**LEGISLATIVE COMMITTEE**

**Mark Schultz, Chairman**  
Stanley C. Cromartie, AIA  
Rita Standridge  
Lamont E. Meaux  
Nancy C. Blackwell, P.E.  
W. Chris Peden, CPA

\*\* 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

**Assistant General Manager**

Lori Traweek

**Manager of Financial Services**

Elizabeth Free, MBA, CGFO, CPM

**Manager of Operations**

Scott Harris

**Manager of Facility Services**

Gordon Pederson

**Director of Accounting**

Amanda Wilbert, CPA, CFE

**General Counsel**

Olson & Olson LLP

Houston, Texas

**Bond Counsel**

McCall, Parkhurst & Horton

Dallas, Texas

**Financial Advisor**

First Southwest Company

Houston, Texas

**Investment Advisor**

PFM Asset Management, LLC

Dallas, 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, 2016, 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.

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

### ***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, 2016, 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.

### ***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 45 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.

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

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*

Houston, Texas  
April 18, 2017

**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, 2016. 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.

**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 21.

**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 division 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 \$125.9 million at the close of the 2016 fiscal year.

**Gulf Coast Waste Disposal Authority**

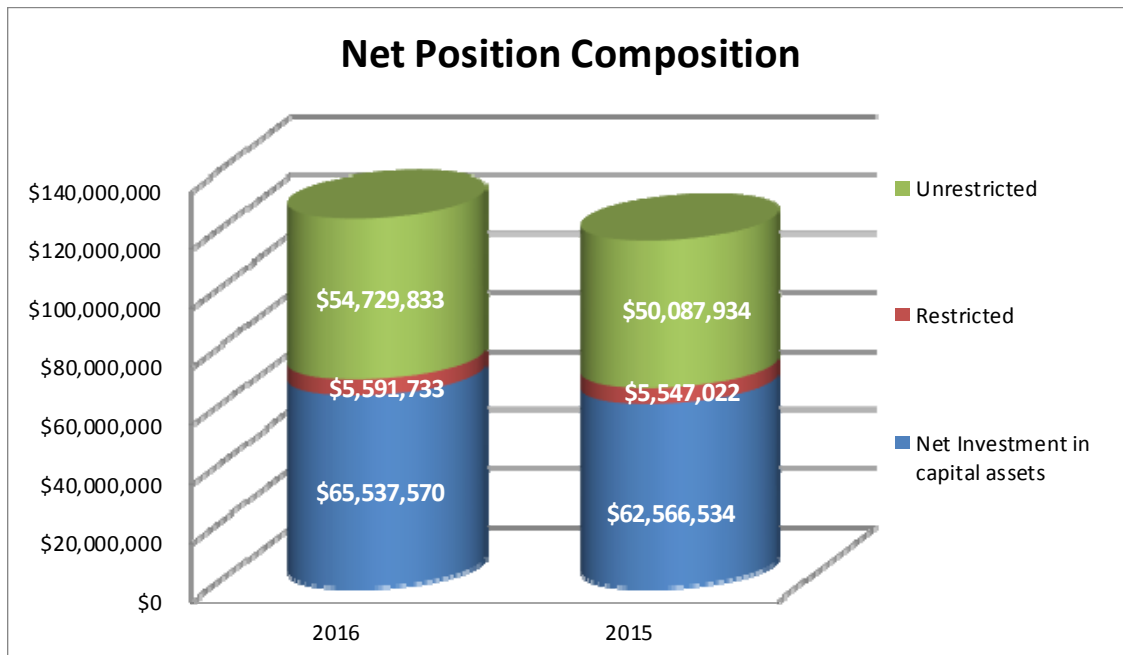
**Net Position**

**December 31, 2016**

**With comparative totals for December 31, 2015**

	2016	2015	Increase / (Decrease)	
			\$	%
Current and other assets	\$ 107,911,634	\$ 107,947,811	\$ (36,177)	-0.03%
Capital assets	109,181,650	105,831,803	3,349,847	3.17%
Total assets	217,093,284	213,779,614	3,313,670	1.55%
Total deferred outflows of resources	697,994	788,057	(90,063)	-11.43%
Long term liabilities	78,201,210	82,770,341	(4,569,131)	-5.52%
Other liabilities	13,730,932	13,595,840	135,092	0.99%
Total liabilities	91,932,142	96,366,181	(4,434,039)	-4.60%
Net Position:				
Net Investment in capital assets	65,537,570	62,566,534	2,971,036	4.75%
Restricted	5,591,733	5,547,022	44,711	0.81%
Unrestricted	54,729,833	50,087,934	4,641,899	9.27%
Total Net Position	\$ 125,859,136	\$ 118,201,490	\$ 7,657,646	6.48%

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





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

A majority of the Authority's \$125.9 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.

The 3.2% increase in net position invested in capital assets is primarily due to additions to capital assets of \$13.3 million. This was offset by the approximately \$9.9 million recognized in 2016 for depreciation expense on capital assets previously placed in service.

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 \$54.7 million, representing a 9.3% increase from 2015. Unrestricted net position may be used to meet the Authority's ongoing liabilities.

Current and other assets decreased \$36,177 in 2016. This is essentially unchanged from the prior year, with a difference of less than a tenth of a percent.

The \$4.4 million (4.6%) decrease in total liabilities is primarily due to principle payments on bonds.

Total net position increased by \$7.7 million in 2016. 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, 2016**  
**With comparative totals for year ended December 31, 2015**

	2016	2015	Increase / (Decrease)	
			\$	%
Revenues:				
Program revenues				
Charges for services	\$ 63,684,269	\$ 62,925,797	\$ 758,472	1.2%
Capital grants and contributions	2,870,910	8,406,698	(5,535,788)	-65.8%
Total program revenues	66,555,179	71,332,495	(4,777,316)	-6.7%
Unrestricted investment earnings (loss)	781,655	315,871	465,784	147.5%
Total revenues	67,336,834	71,648,366	(4,311,532)	-6.0%
Expenses:				
General services	1,342,428	922,949	419,479	45.4%
Wastewater treatment	57,389,738	57,103,537	286,201	0.5%
Solid waste disposal	947,022	904,667	42,355	4.7%
Total expenses	59,679,188	58,931,153	748,035	1.3%
Change in Net Position	7,657,646	12,717,213	(5,059,567)	-39.8%
Net Position, beginning	118,201,490	105,484,277	12,717,213	12.1%
Net Position, ending	\$ 125,859,136	\$ 118,201,490	\$ 7,657,646	6.5%

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

Capital grants and contributions decreased in 2016 by \$5.5 million. Charges for services increased by \$0.8 million due primarily to a rate increase in 2016.

Unrestricted investment earnings increased by \$465,784 due improved rate of return on investments.

Total expenses increased by \$0.7 million during 2016 due primarily to an increase of approximately \$432,000 in the General Services division due to the addition of two new employee positions during the year.

**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, 2016, totaled \$109.2 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 3.2%. Depreciation expense for the year was \$9.9 million. Construction in progress decreased \$20,771,108.

**Gulf Coast Waste Disposal Authority**

*Capital Assets (net of depreciation)*

*December 31, 2016*

*With comparative totals for December 31, 2015*

	<u>2016</u>	<u>2015</u>	<u>Increase/(Decrease)</u>	
			<u>\$</u>	<u>%</u>
Land	\$ 5,174,541	\$ 5,175,541	\$ (1,000)	-0.02%
Buildings	194,185	204,134	(9,949)	-4.9%
Waste treatment facilities and equipment	90,380,028	66,427,484	23,952,544	36.1%
Administrative furniture and equipment	1,319,660	1,140,300	179,360	15.7%
Construction in progress	12,113,236	32,884,344	(20,771,108)	-63.2%
	<u>\$ 109,181,650</u>	<u>\$ 105,831,803</u>	<u>\$ 3,349,847</u>	<u>3.2%</u>

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

Major capital asset outlays during the fiscal year 2016 included the following:

<u>Capital Outlay Description</u>	<u>Capital Outlay</u>
Plant improvements at the Blackhawk Facility:	
Third Clarifier - Engineering	\$ 469,100
Third Clarifier - Construction	1,592,900
Plant improvements at the Bayport Facility:	
Belt Press 810 and 820 Rehabilitation	\$ 455,000
Biosan Pipeline Assessment and Upgrade	425,000
Organic Capacity Evaluation and Upgrade	753,400
RAS Piping Project	701,700
In Plant Piping Project	6,399,400
	<u>\$ 10,796,500</u>

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.

**Debt**

At the end of the current fiscal year, the Authority had \$64 million in debt outstanding compared to \$67.6 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 5.3%. This compares to the national rate of 4.7% and the Texas rate of 4.8%. This has been due to the recent downturn in the oil and gas industry. However, the Greater Houston Partnership forecasts the 10-county Houston metro area will create 29,700 jobs in 2017 which will bring its employment to 3.1 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 small rate increase for the Bayport Area System Facility Division which will generate another \$300,000 for the Division for fiscal year 2017.

**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, 2016*

	<b>Business Type Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 6,586,820
Marketable securities	54,101,610
Receivables, net	12,256,325
Prepays	1,058,028
Restricted assets:	
Cash and cash equivalents	27,632,742
Marketable securities	5,960,836
Noncurrent receivable	315,273
Capital assets not being depreciated:	
Land	5,174,541
Construction in progress	12,113,236
Capital assets net of accumulated depreciation:	
Plant and equipment	91,893,873
<b>Total assets</b>	<b>217,093,284</b>
<b>Deferred Outflows of Resources</b>	
Deferred loss on refunding	697,994
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	7,918,512
Wages payable	456,482
Accrued bond interest	739,247
Unearned revenue	4,616,691
Working capital deposits	
Noncurrent liabilities:	
Due within one year	5,519,823
Due in more than one year	70,860,933
Working capital deposits	1,820,454
<b>Total liabilities</b>	<b>91,932,142</b>
<b>Net Position</b>	
Net investment in capital assets	65,537,570
Restricted:	
Debt service	4,983,863
Contingency reserve	607,870
Unrestricted	54,729,833
<b>Total Net Position</b>	<b>\$ 125,859,136</b>

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY***Statement of Activities - Business Type Activities**For the year ended December 31, 2016*

<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>Capital Grants and Contributions</u>	
General services	\$ 1,342,428	\$ 2,075,707	\$ -	\$ 733,279
Wastewater treatment	57,389,738	60,683,240	2,870,910	6,164,412
Solid waste disposal	947,022	925,322	-	(21,700)
	<u>\$ 59,679,188</u>	<u>\$ 63,684,269</u>	<u>\$ 2,870,910</u>	<u>6,875,991</u>
	Unrestricted investment earnings			<u>781,655</u>
	Change in Net Position			<u>7,657,646</u>
	<b>Beginning Net Position</b>			<u>118,201,490</u>
	<b>Ending Net Position</b>			<u>\$ 125,859,136</u>

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**PROPRIETARY FUNDS**  
**Statement of Net Position**  
**December 31, 2016**

	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 5,702,838	\$ 883,982
Marketable securities	46,840,922	7,260,688
Receivables, net	12,256,325	-
Current portion of interfund loan receivable	-	74,980
Prepays	511,114	546,914
Restricted assets:		
Cash and cash equivalents	27,632,742	-
Marketable securities	5,960,836	-
<b>Total current assets</b>	<u>98,904,777</u>	<u>8,766,564</u>
<b>Noncurrent Assets:</b>		
Note receivable from others	315,273	-
Capital assets:		
Land	5,174,541	-
Construction in progress	11,845,695	267,541
Plant and equipment	265,282,112	6,362,089
Less accumulated depreciation	<u>(174,747,525)</u>	<u>(5,002,803)</u>
Total capital assets (net of accumulated depreciation)	<u>107,554,823</u>	<u>1,626,827</u>
<b>Total noncurrent assets</b>	<u>107,870,096</u>	<u>1,626,827</u>
<b>Total assets</b>	<u>206,774,873</u>	<u>10,393,391</u>
<b>Deferred Outflows of Resources</b>		
Deferred loss on refunding	<u>697,994</u>	<u>-</u>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 7,650,350	\$ 268,162
Wages payable	456,482	-
Accrued bond interest	739,247	-
Current portion of interund loan payable	-	74,980
Current portion of accrued compensated absences	-	1,339,231
Current portion of bonds payable	4,180,592	-
Unearned revenue	4,616,691	-
<b>Total current liabilities</b>	<u>17,643,362</u>	<u>1,682,373</u>
<b>Noncurrent liabilities:</b>		
Accrued compensated absences	-	1,359,451
Net OPEB obligation	-	1,828,084
Bonds payable (net of unamortized discount)	67,673,398	-
Working capital deposits	1,820,454	-
<b>Total noncurrent liabilities</b>	<u>69,493,852</u>	<u>3,187,535</u>
<b>Total liabilities</b>	<u>87,137,214</u>	<u>4,869,908</u>
<b>Net Position</b>		
Net investment in capital assets	63,910,743	1,626,827
Restricted:		
Debt service	4,983,863	-
Contingency reserve	607,870	-
Unrestricted	<u>50,833,177</u>	<u>3,896,656</u>
<b>Total Net Position</b>	<u>120,335,653</u>	<u>\$ 5,523,483</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	<u>5,523,483</u>	
Net Position of the business-type activities	<u>\$ 125,859,136</u>	

See notes to the financial statements



**GULF COAST WASTE DISPOSAL AUTHORITY**

**PROPRIETARY FUNDS**

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

*For the year ended December 31, 2016*

	<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	\$ 59,992,734	\$ -
Services to municipalities	2,705,221	-
Intragovernmental	-	4,211,443
Other	986,314	912,505
	<u>63,684,269</u>	<u>5,123,948</u>
<b>Total operating revenues</b>		
<b>Operating expenses</b>		
Costs of sales and services	44,339,421	3,854,353
Administration	3,694,670	314,982
Depreciation	9,493,602	364,256
	<u>57,527,693</u>	<u>4,533,591</u>
<b>Total operating expenses</b>		
<b>Operating income (loss)</b>	<u>6,156,576</u>	<u>590,357</u>
<b>Nonoperating revenues (expenses)</b>		
Investment income (loss)	687,156	94,499
Interest expense	(2,704,239)	(4,374)
Gain (loss) on disposal of capital assets	(77,768)	44,529
	<u>(2,094,851)</u>	<u>134,654</u>
<b>Total nonoperating expenses</b>		
<b>Loss before contributions</b>	4,061,725	725,011
Capital contributions	2,870,910	-
<b>Changes in Net Position</b>	<u>6,932,635</u>	<u>725,011</u>
<b>Beginning Net Position</b>	<u>113,403,018</u>	<u>4,798,472</u>
<b>Ending Net Position</b>	<u>\$ 120,335,653</u>	<u>\$ 5,523,483</u>
Change in Net Position of enterprise fund	\$ 6,932,635	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	<u>725,011</u>	
<b>Change in net position of business-type activities</b>	<u>\$ 7,657,646</u>	

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY**

**PROPRIETARY FUNDS**

**Statement of Cash Flows**

**Year ended December 31, 2016**

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 64,854,676	\$ 926,844
Receipts from intragovernmental users	-	4,187,954
Payments to suppliers	(28,579,301)	(4,244,557)
Payments to employees	(20,015,190)	(6,716)
Payments to intragovernmental suppliers	(2,481,433)	-
<b>Net cash provided by operating activities</b>	<u>13,778,752</u>	<u>863,525</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Interest received (paid) on intragovernmental loan	-	(4,374)
Interest received on note receivable	210,003	-
Principal received on note receivable	16,710	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>226,713</u>	<u>101,602</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(12,515,668)	(607,602)
Proceeds from sale of capital assets	-	44,529
Proceeds from sale of revenue bonds	-	-
Interest paid on capital related debt	(2,736,139)	-
Capital contributions received from participants	2,870,910	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(12,380,897)</u>	<u>(563,073)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	9,618,218	(1,073,936)
Interest received	477,154	94,499
<b>Net cash used by investing activities</b>	<u>10,095,372</u>	<u>(979,437)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	11,719,940	(577,383)
<b>Beginning cash and cash equivalents</b>	21,615,640	1,461,365
<b>Ending cash and cash equivalents</b>	<u>\$ 33,335,580</u>	<u>\$ 883,982</u>
<b>Ending cash and cash equivalents</b>		
Unrestricted cash and cash equivalents	\$ 5,702,838	\$ 883,982
Restricted cash and cash equivalents	27,632,742	-
	<u>\$ 33,335,580</u>	<u>\$ 883,982</u>

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**PROPRIETARY FUNDS**  
**Statement of Cash Flows**  
**For the year ended December 31, 2016**

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
	<u>          </u>	<u>          </u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating income (loss)	\$ 6,156,576	\$ 590,357
Adjustment to reconcile operating income to net cash provided by operating activities		
Depreciation	9,493,602	364,256
Changes in Operating Assets and Liabilities		
(Increase) decrease in assets:		
Receivables, net	(1,417,522)	-
Prepays	(9,863)	(193,582)
Increase (decrease) in liabilities:		
Wages payable	86,459	323,143
Accounts payable	(3,118,429)	(233,012)
Net OPEB obligation	-	12,363
Unearned revenue	3,431,974	-
Working capital deposits	(844,045)	-
<b>Net cash provided by operating activities</b>	<u><u>\$ 13,778,752</u></u>	<u><u>\$ 863,525</u></u>

See notes to the financial statements

# GULF COAST WASTE DISPOSAL AUTHORITY

## Statement of Fiduciary Net Position

### Fiduciary Funds

December 31, 2016

	<u>Other Employee Benefit Trust Fund</u>	<u>Agency Fund</u>
	<b>Gulf Coast Waste Disposal Authority</b>	
	<u>Other Post Employment Benefit Trust</u>	<u>Employee Flexible Spending Agency Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 314,652
Investments, at fair value:		
Marketable securities	<u>5,444,545</u>	<u>-</u>
<b>Total Assets</b>	<u>5,444,545</u>	<u>314,652</u>
<b>Liabilities</b>		
Due to others	<u>-</u>	<u>314,652</u>
<b>Total Liabilities</b>	<u>-</u>	<u>\$ 314,652</u>
<b>Net Position</b>		
Held in trust for other postemployment benefits	<u>5,444,545</u>	
<b>Total Net Position</b>	<u>\$ 5,444,545</u>	

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
*Fiduciary Funds*  
*Year ended December 31, 2016*

	<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	\$ 500,305
Investment income:	
Net appreciation/(depreciation) in fair value of investments	345,021
Net investment income	<u>345,021</u>
<b>Total additions</b>	<u>845,326</u>
 Change in Net Position	 845,326
<b>Beginning Net Position</b>	<u>4,599,219</u>
<b>Ending Net Position</b>	<u><u>\$ 5,444,545</u></u>

See notes to the financial statements

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# 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 has operational responsibilities for the component unit; 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 Gulf Coast Industrial Development Authority (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 funds:

**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.

**Employee Flexible Spending Agency Fund.** This is an agency fund established to hold employee contributions to flexible spending accounts. Contributions are made from biweekly payroll deductions. Employees can spend their full annual contributions at any time during the year, so the Authority has contributed \$300,000 to the fund to cover payments made during the year that exceed the year-to-date contributions. The fund is administered by HealthFirst.



# **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 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 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, Odessa South Regional Facility 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. Texas TERM is directed by an advisory board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services. 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.

The Authority's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 70, *Certain Investment Pools and Pool Participants*.

The Authority reports all investments at fair value based on quoted market prices at year-end date. The Authority categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**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.

# 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)

##### 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:

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

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.

**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)**

**6. Compensated Absences (continued)**

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.

**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.

**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)**

**10. New Accounting Standards**

In the current fiscal year, the Authority implemented the following new standards:

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures include information about any limitations or restrictions on participant withdrawals.

**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 and the Odessa South Regional Facility Division, the Board establishes rates for the treatment of waste received from the facilities customers. Although the Bayport Area Facility Division and the Odessa South Regional Facility Division budgets are presented annually to all the participants of those facilities 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 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, 2016, the Authority had the following investments:

<u>Investment Type</u>	<u>Fair Value/Amortized Cost</u>	<u>Percentage of Portfolio</u>	<u>Weighted Average Maturity (Days)</u>
U.S. Agencies			
FNMA	\$ 6,373,857	7%	690
FHLMC	5,847,866	7%	626
FHLB	5,485,131	6%	558
FFCB	225,020	0%	111
U.S. Treasury Notes	8,303,174	10%	477
Certificates of Deposit	6,484,589	7%	1,141
Municipal Securities	4,902,096	6%	705
Texpool	246,214	0%	40
Texas TERM	46,043,342	53%	47
Texas CLASS	3,150,406	4%	50
Total fair value	<u>\$ 87,061,695</u>	<u>100%</u>	

Portfolio weighted average maturity 325

The Authority's investments fair value measurements are as follows as December 31, 2016:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
U.S. Agencies	\$ 17,931,874	\$ -	\$ 17,931,874	\$ -
U.S. Treasury Note	8,303,174	8,303,174		-
Certificates of Dep	6,484,589.00	-	6,484,589.00	-
Municipal Securities	4,902,096.00	-	4,902,096.00	-
	<u>\$ 37,621,733</u>	<u>\$ 8,303,174</u>	<u>\$ 29,318,559</u>	<u>\$ -</u>

*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, 2016, 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.

**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 - 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, 2016, total bank balances were \$7,767,809 and had a carrying value of \$7,364,770. Of that, \$250,000 was covered by FDIC by FDIC insurance and the remaining was covered by pledged securities.

*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/Amortized Cost</u>	<u>Credit Rating</u>	
		<u>Standard &amp; Poor's</u>	<u>Moody's</u>
U.S. Agencies			
FNMA	\$ 6,373,857	AA+	-
FHLMC	5,847,866	AA+	-
FHLB	5,485,131	-	Aaa
FFCB	225,020	-	Aaa
U.S. Treasuries	8,303,174	AA+	-
Municipal Securities	1,411,394	A	-
Municipal Securities	403,860	A+	-
Municipal Securities	1,577,743	AA	-
Municipal Securities	236,534	AA-	-
Municipal Securities	1,272,565	-	Aa3
State Pools			
Texpool	246,214	AAAm	-
Texas TERM	46,043,342	AAAm	-
Texas CLASS	3,150,406	AAAm	-
Total fair value	<u>\$ 80,577,106</u>		

Investment income for the year ended December 31, 2016 is comprised of the following:

Interest and Dividend	\$ 758,011
Realized gains (losses)	113,559
Unrealized gain	(89,915)
	<u>\$ 781,655</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:

	<u>Business Type Activities</u>	
	<u>Current</u>	<u>Non-Current</u>
Accounts receivable	\$ 8,194,258	\$ -
Unbilled receivables	13,662	-
Accrued revenue	4,508,042	-
Allowance for doubtful accou	(144,649)	-
Other receivables	270	-
	<u>\$ 12,571,583</u>	<u>\$ -</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. As of December 31, 2015, the note was assumed by another Bayport customer. This customer will make payments in equal monthly installments beginning January 2016. The payments will continue for 15 years at a rate of 4.25% per annum. The remaining balance on the note as of December 31, 2016 was \$315,273 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	\$ 74,980
	<b>Total</b>	<u>\$ 74,980</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, 2016, are as follows:

<b>Restricted Assets:</b>	
Cash and cash equivalents	\$ 27,632,742
Marketable securities	5,951,485
Accrued interest	9,351
	<u>\$ 33,593,578</u>
<b>Restricted for:</b>	
Debt service	\$ 4,983,863
Capital expenditures	28,001,845
Contingency reserve	607,870
	<u>\$ 33,593,578</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>\$ 4,983,863</u>
Average annual debt service	<u>\$ 4,748,064</u>

As of December 31, 2016, \$27,511,916 and \$489,929 in remaining unspent capital project funds from the Bayport Area System Revenue Bonds and the Washburn Tunnel Facility respectively 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, 2016, the increase to the reserve was \$39,633 from the participants. The restricted assets as reported on the Statement of Net Position as of December 31, 2016 was \$607,870.

**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	\$ -	\$ (1,000)	\$ 5,174,541
Construction in progress	32,884,344	12,360,227	(33,131,335)	12,113,236
Total capital assets not being depreciated	<u>38,059,885</u>	<u>12,360,227</u>	<u>(33,132,335)</u>	<u>17,287,777</u>
Capital assets being depreciated:				
Waste treatment facilities and equipment	236,680,320	33,517,312	(6,658,419)	263,539,213
Office buildings	1,124,080	-	(9,949)	1,114,131
Administrative furniture and equipment	6,834,806	552,136	(396,085)	6,990,857
Total capital assets being depreciated	<u>244,639,206</u>	<u>34,069,448</u>	<u>(7,064,453)</u>	<u>271,644,201</u>
Less accumulated depreciation for:				
Waste treatment facilities and equipment	(170,252,836)	(9,475,713)	6,569,364	(173,159,185)
Office buildings	(937,677)	(15,598)	9,949	(943,326)
Administrative furniture and equipment	(5,676,775)	(366,547)	395,505	(5,647,817)
Total accumulated depreciation	<u>(176,867,288)</u>	<u>(9,857,858)</u>	<u>6,974,818</u>	<u>(179,750,328)</u>
Total capital assets being depreciated, net	<u>67,771,918</u>	<u>24,211,590</u>	<u>(89,635)</u>	<u>91,893,873</u>
<b>Capital Assets, net</b>	<u><u>\$ 105,831,803</u></u>	<u><u>\$ 36,571,817</u></u>	<u><u>\$ (33,221,970)</u></u>	<u><u>\$ 109,181,650</u></u>

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

<b>Business-type</b>	
General services	\$ 17,889
Wastewater treatment	9,445,574
Solid waste disposal	30,139
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>364,256</u>
Total depreciation expense	<u><u>\$ 9,857,858</u></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:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Commitment</u>
<b>Blackhawk Facility</b>			
Preliminary Engineering - Third Clarifier	\$ 120,100	\$ 120,100	\$ -
Engineering Service - Third Clarifier	676,900	469,113	207,787
Third Clarifier - Construction	5,020,000	1,592,891	3,427,109
<b>Campbell Bayou Facility</b>			
Cells Expansion at Campbell Bayou	707,700	683,107	24,593
<b>Bayport Facility</b>			
In-Plant Piping Project	12,200,000	6,399,389	5,800,611
RAS Piping Project	4,560,800	701,724	3,859,076
Belt Press 810 and 820 Rehabilitation	700,000	528,245	171,755
Belt Press 820 Rebuild	750,000	172,770	577,230
Organic Capacity Evaluation and Upgrade	13,000,000	753,389	12,246,611
Biosan Pipeline Assessment and Upgrade	11,750,000	424,969	11,325,031
<b>Data Processing Services</b>			
Microsoft Dynamics AX Software	1,000,000	267,539	732,461
<b>Totals</b>	<u>\$ 50,485,500</u>	<u>\$ 12,113,236</u>	<u>\$ 38,372,264</u>

# 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, 2016, 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; Revenue Bonds, Series 2013, maturing on October 1, 2033, with interest rates of three percent to five percent, originally issued at \$43,375,000; and Revenue Bonds, Series 2015, maturing October 1, 2033, with an interest rate of two percent to five percent, originally issued at \$25,770,000. 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>
2017	\$ 3,730,000	\$ 2,956,988	\$ 6,686,988
2018	3,880,000	2,816,338	6,696,338
2019	4,070,000	2,631,138	6,701,138
2020	4,255,000	2,436,788	6,691,788
2021	4,455,000	2,233,538	6,688,538
2022	4,680,000	2,010,788	6,690,788
2023	4,325,000	1,776,788	6,101,788
2024	4,540,000	1,560,538	6,100,538
2025	2,430,000	1,333,538	3,763,538
2026	2,525,000	1,236,538	3,761,538
2027	2,625,000	1,135,488	3,760,488
2028	2,760,000	1,004,238	3,764,238
2029	2,890,000	866,238	3,756,238
2030	3,040,000	721,738	3,761,738
2031	3,190,000	569,738	3,759,738
2032	3,330,000	431,962	3,761,962
2033	3,470,000	287,944	3,757,944
2034	1,865,000	137,750	2,002,750
2035	1,935,000	70,144	2,005,144
<b>Total</b>	<u>\$ 63,995,000</u>	<u>\$ 26,218,220</u>	<u>\$ 90,213,220</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, 2016, for the Series Bayport Area System Revenue Bonds is computed in the following schedule:

Net revenues of the system for the year ended December 31, 2016	\$ 5,007,053
Add-Items not includable in current expenses of the System:	
Bond interest expense	2,704,239
Depreciation	4,950,344
Management fee	<u>1,077,900</u>
Pledged revenues	<u>\$ 13,739,536</u>
Average annual debt service for bonds	<u>\$ 4,748,064</u>
Debt service coverage average annual debt service	2.89
Actual debt service for bonds	<u>\$ 6,694,588</u>
Debt service coverage actual debt service	2.05

"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	\$ 2,375,539	\$ 1,340,976	\$ 1,017,833	\$ 2,698,682	\$ 1,339,231	\$ 1,359,451
Net OPEB obligation	1,815,721	852,777	840,414	1,828,084	-	1,828,084
Bonds Payable:						
Series 2013	41,835,000	-	2,770,000	39,065,000	2,875,000	36,190,000
Series 2015	25,770,000	-	840,000	24,930,000	855,000	24,075,000
Plus Premium	8,309,582	-	450,592	7,858,990	450,592	7,408,398
<b>Long term liabilities</b>	<b>\$ 80,105,842</b>	<b>\$ 2,193,753</b>	<b>\$ 5,918,839</b>	<b>\$ 76,380,756</b>	<b>\$ 5,519,823</b>	<b>\$ 70,860,933</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.

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.

# 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)

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	\$ 266,200,000
Industrial development projects	<u>332,200,000</u>
<b>Total private activity bonds</b>	<b><u>\$ 598,400,000</u></b>

#### 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 the Gulf Coast Waste Disposal Authority 401(a) Money Purchase Plan, 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, 2016 the total plan assets were \$44,853,629 . These assets were allocated as follows:

<u>Asset Category</u>	<u>Balance</u>	<u>Percent of Assets</u>
Stable Value/Money Market Funds	\$ 16,878,534	38%
Bond Funds	3,018,084	7%
Guaranteed Lifetime Income	6,690,968	15%
Balanced Funds	6,542,872	15%
U.S. Stock Funds	9,603,753	21%
International Stock Funds	1,760,933	4%
Specialty	358,485	1%
Total Assets	<u>\$ 44,853,629</u>	<u>100.00%</u>

The Authority's contribution for the year ended December 31, 2016 was \$1,113,532 which represents the required 10 percent of covered payroll. The employees' contribution was \$556,766 which equals 5 percent of covered payroll. There were no additional voluntary contributions. For the year ended December 31, 2016, the Authority recognized pension expense of \$1,113,532 and forfeitures reduced the Authority's pension expense by \$44,440. As of December 31, 2016 there were 148 active participants, 79 inactive participants are retired or terminated participants with balances in the plan.

***Plan Provisions***

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Authority's Board of Directors. 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. Nonvested Authority contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the Authority's required contributions. 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 39 active employees meeting these eligibility requirements who could elect to retire. During the year, 54 qualified retirees received these benefits at a total cost to the Authority of \$348,783. 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, 2016, \$500,305 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 2016. 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>2016</u>
Determination of Annual Required Contribution	
Normal Cost at year end	\$ 333,608
Amortization of UAAL	<u>528,819</u>
Annual Required Contribution (ARC)	862,427
Determination of Net OPEB Obligation	
Annual Required Contribution	862,427
Interest on prior year Net OPEB Obligation	127,100
Adjustment to ARC	<u>(136,750)</u>
Annual OPEB Cost	852,777
Contributions made	<u>(840,414)</u>
Estimated Increase in Net OPEB Obligation	12,363
Net OPEB Obligation - beginning of year	<u>1,815,721</u>
Estimated Net OPEB Obligation - end of Year	<u>\$ 1,828,084</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, 2016	\$ 4,599,219	\$ 11,161,347	\$ 6,562,128	41.2%	\$ 10,730,448	61.2%

**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 2016 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, 2014	\$ 838,482	\$ 889,901	106.13%	\$ 2,198,655
December 31, 2015	834,843	1,217,777	145.87%	1,815,721
December 31, 2016	852,777	840,414	98.55%	1,828,084

**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, 2016
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 \$370,647.

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 \$3,712,816. 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 2016, 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</b>	<b>Beginning</b>	<b>Claims Made</b>		<b>Ending</b>
<b>December 31,</b>	<b>Balance</b>	<b>and Changes</b>	<b>Claims Paid</b>	<b>Balance</b>
		<b>in IBNR</b>		
2014	\$ 217,001	\$ 2,353,782	\$ 2,374,631	\$ 196,152
2015	196,152	3,389,696	3,303,370	282,478
2016	282,478	2,207,627	2,306,119	183,986

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 \$7,118,500. Of this amount, \$2,633,752 and \$1,423,650 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 87.35%, and \$3,061,098 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 \$2,673,869. The total accrued closure and post-closure care costs at year end for the entire site are \$6,731,271. The remaining accrued costs to be recognized are \$387,229. The rate of fill for the Y-cell has slowed down resulting in a longer projected life. At the current rate of fill the life of the Y-cell has been estimated to be another four years as of 2016.

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, 2016, 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, 2016*

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
January 1, 2014	\$ 3,598,819	\$ 10,003,935	\$ 6,405,116	36.0%	\$ 10,169,469	63.0%
January 1, 2015	N/A	N/A	N/A	N/A	N/A	N/A
January 1, 2016	\$ 4,599,219	\$ 11,161,347	\$ 6,562,128	41.2%	\$ 10,730,448	61.2%



**OTHER SUPPLEMENTARY INFORMATION**

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## **COMBINING INFORMATION AND STATEMENTS**

# **GULF COAST WASTE DISPOSAL AUTHORITY**

## **ENTERPRISE FUND**

*December 31, 2016*

### **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 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, 2016*

## **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 in accordance with the rate order approved by the Board of Directors. 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, 2016*

	<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	\$ 781,819	\$ 3,052,320	\$ 102,731
Marketable securities	6,421,561	25,070,589	843,792
Receivables, net	180,620	6,146,596	1,599,949
Prepays	15,224	316,476	31,790
Restricted assets			
Cash and cash equivalents	-	27,024,872	607,870
Marketable securities	-	5,470,907	-
<b>Total current assets</b>	<u>7,399,224</u>	<u>67,081,760</u>	<u>3,186,132</u>
<b>Noncurrent Assets:</b>			
Note receivable from others	-	315,273	-
Capital assets			
Land	53,800	907,489	200,000
Construction in progress	-	8,980,485	2,182,103
Plant and equipment	1,742,899	132,798,139	20,058,386
Less accumulated depreciation	(1,588,340)	(84,779,490)	(13,740,817)
Total capital assets (net of accumulated depreciation)	<u>208,359</u>	<u>57,906,623</u>	<u>8,699,672</u>
<b>Total noncurrent assets</b>	<u>208,359</u>	<u>58,221,896</u>	<u>8,699,672</u>
<b>Total assets</b>	<u>7,607,583</u>	<u>125,303,656</u>	<u>11,885,804</u>
<b>Deferred Outflows of Resources</b>			
Deferred loss on refunding	-	697,994	-
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	176,582	3,294,328	1,154,004
Wages payable	456,482	-	-
Accrued bond interest	-	739,247	-
Current portion of bonds payable	-	4,180,592	-
Unearned revenue	-	-	695,658
<b>Total current liabilities</b>	<u>633,064</u>	<u>8,214,167</u>	<u>1,849,662</u>
<b>Noncurrent liabilities:</b>			
Bonds payable (net of unamortized discount and deferred amount on refunding)	-	67,673,398	-
Working capital deposits	-	-	738,293
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>67,673,398</u>	<u>738,293</u>
<b>Total liabilities</b>	<u>633,064</u>	<u>75,887,565</u>	<u>2,587,955</u>
<b>Net Position</b>			
Net investment in capital assets	208,359	14,262,543	8,699,672
Restricted for:			
Debt service	-	4,983,863	-
Contingency reserve	-	-	607,870
Unrestricted	<u>6,766,160</u>	<u>30,867,679</u>	<u>(9,693)</u>
<b>Total Net Position</b>	<u>\$ 6,974,519</u>	<u>\$ 50,114,085</u>	<u>\$ 9,297,849</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>
\$ 8,611	\$ 18,720	\$ 867,872	\$ 94,009	\$ 54,830
70,727	153,762	7,128,368	772,150	450,356
-	-	22,179	1,159,138	21,470
5,363	2,547	12,232	20,767	31
-	-	-	-	-
-	-	-	-	-
<u>84,701</u>	<u>175,029</u>	<u>8,030,651</u>	<u>2,046,064</u>	<u>526,687</u>
-	-	-	-	-
671,966	-	-	1,427,965	-
683,107	-	-	-	-
5,564,977	-	7,130,241	35,478,183	-
(5,437,634)	-	(4,521,407)	(20,823,127)	-
<u>1,482,416</u>	<u>-</u>	<u>2,608,834</u>	<u>16,083,021</u>	<u>-</u>
<u>1,482,416</u>	<u>-</u>	<u>2,608,834</u>	<u>16,083,021</u>	<u>-</u>
<u>1,567,117</u>	<u>175,029</u>	<u>10,639,485</u>	<u>18,129,085</u>	<u>526,687</u>
-	-	-	-	-
41,116	7,169	101,771	563,174	2,905
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	35,000	-	1,802,745	-
<u>41,116</u>	<u>42,169</u>	<u>101,771</u>	<u>2,365,919</u>	<u>2,905</u>
-	-	-	-	-
<u>251,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>251,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>292,134</u>	<u>42,169</u>	<u>101,771</u>	<u>2,365,919</u>	<u>2,905</u>
1,482,416	-	2,608,834	16,083,021	-
-	-	-	-	-
-	-	-	-	-
(207,433)	132,860	7,928,880	(319,855)	523,782
<u>\$ 1,274,983</u>	<u>\$ 132,860</u>	<u>\$ 10,537,714</u>	<u>\$ 15,763,166</u>	<u>\$ 523,782</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Information By Division - Net Position*  
*Enterprise Fund*  
*December 31, 2016*

	<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	\$ 137,923	\$ 380,411	\$ 121,865
Marketable securities	1,132,846	3,124,550	1,000,949
Receivables, net	1,083,193	239,248	1,803,932
Prepays	16,349	2,503	87,830
Restricted assets			
Cash and cash equivalents	-	-	-
Marketable securities	-	-	489,929
<b>Total current assets</b>	<u>2,370,311</u>	<u>3,746,712</u>	<u>3,504,505</u>
<b>Noncurrent Assets:</b>			
Note receivable from others	-	-	-
Capital assets:			
Land	76,161	100,611	1,736,549
Construction in progress	-	-	-
Plant and equipment	15,121,114	1,916,579	45,454,947
Less accumulated depreciation	(13,627,782)	(1,216,129)	(28,996,152)
Total capital assets (net of accumulated depreciation)	<u>1,569,493</u>	<u>801,061</u>	<u>18,195,344</u>
<b>Total noncurrent assets</b>	<u>1,569,493</u>	<u>801,061</u>	<u>18,195,344</u>
<b>Total assets</b>	<u>3,939,804</u>	<u>4,547,773</u>	<u>21,699,849</u>
<b>Deferred Outflows of Resources</b>			
Deferred loss on refunding	-	-	-
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	508,863	10,162	1,790,276
Wages payable	-	-	-
Accrued bond interest	-	-	-
Current portion of revenue bonds payable	-	-	-
Unearned revenue	749,520	-	1,333,768
<b>Total current liabilities</b>	<u>1,258,383</u>	<u>10,162</u>	<u>3,124,044</u>
<b>Noncurrent liabilities:</b>			
Revenue bonds payable (net of unamortized discount and deferred amount on refunding)	-	-	-
Working capital deposits	810,508	-	20,635
<b>Total noncurrent liabilities</b>	<u>810,508</u>	<u>-</u>	<u>20,635</u>
<b>Total liabilities</b>	<u>2,068,891</u>	<u>10,162</u>	<u>3,144,679</u>
<b>Net Position</b>			
Net investment in capital assets	1,569,493	801,061	18,195,344
Restricted for:			
Debt service	-	-	-
Contingency reserve	-	-	-
Unrestricted	301,420	3,736,550	359,826
<b>Total Net Position</b>	<u>\$ 1,870,913</u>	<u>\$ 4,537,611</u>	<u>\$ 18,555,170</u>



<b>Washburn Tunnel Pipeline Services Division</b>	<b>Component Unit GCIDA Division</b>	<b>Eliminations</b>	<b>Total</b>
\$ (75)	\$ 81,802	\$ -	\$ 5,702,838
(614)	671,886	-	46,840,922
-	-	-	12,256,325
2	-	-	511,114
-	-	-	27,632,742
-	-	-	5,960,836
<u>(687)</u>	<u>753,688</u>	<u>-</u>	<u>98,904,777</u>
-	-	-	315,273
-	-	-	5,174,541
-	-	-	11,845,695
16,647	-	-	265,282,112
<u>(16,647)</u>	<u>-</u>	<u>-</u>	<u>(174,747,525)</u>
-	-	-	107,554,823
-	-	-	107,870,096
<u>(687)</u>	<u>753,688</u>	<u>-</u>	<u>206,774,873</u>
-	-	-	697,994
-	-	-	7,650,350
-	-	-	456,482
-	-	-	739,247
-	-	-	4,180,592
-	-	-	4,616,691
<u>-</u>	<u>-</u>	<u>-</u>	<u>17,643,362</u>
-	-	-	67,673,398
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,820,454</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>69,493,852</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>87,137,214</u>
-	-	-	63,910,743
-	-	-	4,983,863
-	-	-	607,870
<u>(687)</u>	<u>753,688</u>	<u>-</u>	<u>50,833,177</u>
<u>\$ (687)</u>	<u>\$ 753,688</u>	<u>\$ -</u>	<u>\$ 120,335,653</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Information by Division - Changes in Net Position*  
*Enterprise Fund*  
*Year ended December 31,2016*

	<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	\$ 1,808,820	\$ 34,339,811	\$ -
Services to municipalities	-	35,602	2,515,872
Intragovernmental	5,175,788	-	-
Other	266,887	463,629	63,375
<b>Total operating revenues</b>	<u>7,251,495</u>	<u>34,839,042</u>	<u>2,579,247</u>
<b>Operating expenses</b>			
Costs of sales and services	5,858,165	21,776,438	2,333,346
Administration	703,680	840,312	210,423
Depreciation	17,889	4,950,344	463,339
<b>Total operating expenses</b>	<u>6,579,734</u>	<u>27,567,094</u>	<u>3,007,108</u>
<b>Operating income (loss)</b>	<u>671,761</u>	<u>7,271,948</u>	<u>(427,861)</u>
<b>Nonoperating revenues (expenses)</b>			
Investment income (loss)	72,063	458,926	2,723
Interest expense	-	(2,704,239)	-
Gain (loss) on disposal of capital assets	(63)	(19,582)	-
<b>Total nonoperating revenues (expenses)</b>	<u>72,000</u>	<u>(2,264,895)</u>	<u>2,723</u>
<b>Income (loss) before contributions</b>	<u>743,761</u>	<u>5,007,053</u>	<u>(425,138)</u>
Capital Contributions	-	-	1,844,162
Changes in Net Position	743,761	5,007,053	1,419,024
<b>Beginning Net Position</b>	<u>6,230,758</u>	<u>45,107,032</u>	<u>7,878,825</u>
<b>Ending Net Position</b>	<u>\$ 6,974,519</u>	<u>\$ 50,114,085</u>	<u>\$ 9,297,849</u>

**Campbell Bayou Facility Division**

<b><u>Industrial Solid Waste Facility</u></b>	<b><u>Closure/Post Closure</u></b>	<b><u>Central Laboratory Division</u></b>	<b><u>40-Acre Facility Division</u></b>	<b><u>Municipal Operations Division</u></b>
\$ 363,729	\$ 561,593	\$ 69,102	\$ 4,950,992	\$ -
-	-	5,883	-	147,864
-	-	6,147,959	50,430	-
-	-	753	-	-
<u>363,729</u>	<u>561,593</u>	<u>6,223,697</u>	<u>5,001,422</u>	<u>147,864</u>
293,560	451,355	4,918,640	4,512,580	128,503
72,472	110,238	82,406	489,801	1,758
30,139	-	425,554	1,611,814	-
<u>396,171</u>	<u>561,593</u>	<u>5,426,600</u>	<u>6,614,195</u>	<u>130,261</u>
<u>(32,442)</u>	<u>-</u>	<u>797,097</u>	<u>(1,612,773)</u>	<u>17,603</u>
2,308	7	69,218	1,000	5,104
-	-	-	-	-
-	-	(3,672)	-	-
<u>2,308</u>	<u>7</u>	<u>65,546</u>	<u>1,000</u>	<u>5,104</u>
<u>(30,134)</u>	<u>7</u>	<u>862,643</u>	<u>(1,611,773)</u>	<u>22,707</u>
-	-	-	-	-
(30,134)	7	862,643	(1,611,773)	22,707
1,305,117	132,853	9,675,071	17,374,939	501,075
<u>\$ 1,274,983</u>	<u>\$ 132,860</u>	<u>\$ 10,537,714</u>	<u>\$ 15,763,166</u>	<u>\$ 523,782</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Information by Division - Changes in Net Position*  
*Enterprise Fund*  
*Year ended December 31,2016*

	<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	\$ 4,476,841	\$ 1,413,519	\$ 12,008,327
Services to municipalities	-	-	-
Intragovernmental	-	-	109,440
Other	184,686	5,334	1,650
<b>Total operating revenues</b>	<u>4,661,527</u>	<u>1,418,853</u>	<u>12,119,417</u>
<b>Operating expenses</b>			
Costs of sales and services	3,519,789	752,540	11,278,122
Administration	481,331	50,169	652,080
Depreciation	521,228	87,293	1,385,958
<b>Total operating expenses</b>	<u>4,522,348</u>	<u>890,002</u>	<u>13,316,160</u>
<b>Operating income (loss)</b>	<u>139,179</u>	<u>528,851</u>	<u>(1,196,743)</u>
<b>Nonoperating revenues (expenses)</b>			
Investment income (loss)	15,668	30,957	21,325
Interest expense	-	-	-
Gain (loss) on disposal of capital assets	(536)	(27,125)	(26,219)
<b>Total nonoperating revenues (expenses)</b>	<u>15,132</u>	<u>3,832</u>	<u>(4,894)</u>
<b>Income (loss) before contributions</b>	<u>154,311</u>	<u>532,683</u>	<u>(1,201,637)</u>
Capital Contributions	-	-	1,026,748
Changes in Net Position	154,311	532,683	(174,889)
<b>Beginning Net Position</b>	<u>1,716,602</u>	<u>4,004,928</u>	<u>18,730,059</u>
<b>Ending Net Position</b>	<u>\$ 1,870,913</u>	<u>\$ 4,537,611</u>	<u>\$ 18,555,170</u>

<b>Washburn Tunnel Pipeline Facility Division</b>	<b>Component Unit GCIDA Division</b>	<b>Eliminations</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ 59,992,734
-	-	-	2,705,221
-	-	(11,483,617)	-
-	-	-	986,314
-	-	(11,483,617)	63,684,269
-	-	(11,483,617)	44,339,421
-	-	-	3,694,670
44	-	-	9,493,602
44	-	(11,483,617)	57,527,693
(44)	-	-	6,156,576
(6)	7,863	-	687,156
-	-	-	(2,704,239)
(571)	-	-	(77,768)
(577)	7,863	-	(2,094,851)
(621)	7,863	-	4,061,725
-	-	-	2,870,910
(621)	7,863	-	6,932,635
(66)	745,825	-	113,403,018
\$ (687)	\$ 753,688	\$ -	\$ 120,335,653

**GULF COAST WASTE DISPOSAL AUTHORITY**

*Combining Information by Division - Cash Flows*

*Enterprise Fund*

*Year ended December 31, 2016*

	<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	\$ 2,022,285	\$ 34,827,199	\$ 2,088,708
Receipts from intragovernmental users	5,175,788	-	-
Payments to suppliers	(1,420,000)	(11,816,524)	(429,681)
Payments to employees	(4,526,958)	(4,554,972)	(797,044)
Payments to intergovernmental suppliers	(688,368)	(6,589,930)	(472,896)
<b>Net cash provided (used) by operating activities</b>	<u>562,747</u>	<u>11,865,773</u>	<u>389,087</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Interest received on note receivable	-	210,003	-
Principal received on note receivable	-	16,710	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>226,713</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(35,169)	(9,229,379)	(1,834,016)
Interest paid on capital related debt	-	(2,736,139)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(35,169)</u>	<u>(11,965,518)</u>	<u>10,146</u>
<b>Cash Flows from Investing Activities</b>			
Maturity (purchase) of investments	(1,043,679)	12,472,265	(368,953)
Interest received (paid)	72,063	248,923	2,723
<b>Net cash provided by investing activities</b>	<u>(971,616)</u>	<u>12,721,188</u>	<u>(366,230)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(444,038)	12,848,156	33,003
<b>Beginning cash and cash equivalents</b>	1,225,857	17,229,036	677,598
<b>Ending cash and cash equivalents</b>	<u>\$ 781,819</u>	<u>\$ 30,077,192</u>	<u>\$ 710,601</u>
<b>Ending cash and cash equivalents</b>			
Unrestricted cash and cash equivalents	\$ 781,819	\$ 3,052,320	\$ 102,731
Restricted cash and cash equivalents	-	27,024,872	607,870
	<u>\$ 781,819</u>	<u>\$ 30,077,192</u>	<u>\$ 710,601</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>
\$ 363,729	\$ 596,592	\$ 83,288	\$ 5,594,598	\$ 147,845
-	-	6,147,959	50,430	-
(137,428)	(251,755)	(1,081,566)	(2,183,564)	(51,709)
(116,602)	(172,595)	(2,820,672)	(1,616,877)	(49,514)
(122,024)	(148,216)	(1,082,551)	(1,337,387)	(28,254)
<u>(12,325)</u>	<u>24,026</u>	<u>1,246,458</u>	<u>507,200</u>	<u>18,368</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(199,347)	-	-
-	-	-	-	-
-	-	(199,347)	-	-
2,041	(32,869)	(1,528,561)	(480,638)	(58,062)
2,308	7	69,218	999	5,104
<u>4,349</u>	<u>(32,862)</u>	<u>(1,459,343)</u>	<u>(479,639)</u>	<u>(52,958)</u>
(7,976)	(8,836)	(412,232)	27,561	(34,590)
16,587	27,556	1,280,104	66,448	89,420
<u>\$ 8,611</u>	<u>\$ 18,720</u>	<u>\$ 867,872</u>	<u>\$ 94,009</u>	<u>\$ 54,830</u>
\$ 8,611	\$ 18,720	\$ 867,872	\$ 94,009	\$ 54,830
-	-	-	-	-
<u>\$ 8,611</u>	<u>\$ 18,720</u>	<u>\$ 867,872</u>	<u>\$ 94,009</u>	<u>\$ 54,830</u>

**GULF COAST WASTE DISPOSAL AUTHORITY***Combining Information by Division - Cash Flows**Enterprise Fund**Year ended December 31,2016*

	<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)	\$ 671,761	\$ 7,271,948	\$ (427,861)
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	17,889	4,950,344	463,339
Changes in Operating Assets and Liabilities:			
(Increase) decrease in assets			
Accounts receivable	11,240	(11,843)	(1,190,822)
Prepays	(5,733)	7,622	(885)
Increase (decrease) in liabilities:			
Wages payable	86,459	-	-
Accounts payable	(154,207)	(352,298)	845,033
Deferred revenue	(64,662)	-	689,322
Working capital deposits	-	-	10,961
<b>Net cash provided (used) by operating activities</b>	<b>\$ 562,747</b>	<b>\$ 11,865,773</b>	<b>\$ 389,087</b>



<u>Campbell Bayou Facility Division</u>					
<u>Industrial Solid Waste Facility</u>	<u>Closure/Post Closure</u>	<u>Central Laboratory Division</u>	<u>40-Acre Facility Division</u>	<u>Municipal Operations Division</u>	
\$ (32,442)	\$ -	\$ 797,097	\$ (1,612,773)	\$ 17,603	
30,139	-	425,554	1,611,814	-	
-	(1)	7,550	(1,159,138)	(19)	
(974)	(14)	(3,412)	(485)	10	
-	-	-	-	-	
(9,048)	(10,959)	19,669	(134,962)	774	
-	35,000	-	1,802,744	-	
-	-	-	-	-	
<u>\$ (12,325)</u>	<u>\$ 24,026</u>	<u>\$ 1,246,458</u>	<u>\$ 507,200</u>	<u>\$ 18,368</u>	

**GULF COAST WASTE DISPOSAL AUTHORITY**

*Combining Information by Division - Cash Flows*

*Enterprise Fund*

*Year ended December 31,2016*

	<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	\$ 5,201,612	\$ 1,469,756	\$ 12,459,064
Receipts from intragovernmental users	-	-	109,440
Payments to suppliers	(3,218,023)	(272,009)	(7,717,038)
Payments to employees	(1,311,126)	(266,545)	(3,782,285)
Payments to intergovernmental suppliers	(705,598)	(315,152)	(2,474,674)
<b>Net cash provided (used) by operating activities</b>	<u>(33,135)</u>	<u>616,050</u>	<u>(1,405,493)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Interest received on note receivable	-	-	-
Principal received on note receivable	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(7,587)	27,123	(1,237,237)
Interest paid on capital related debt	-	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(7,587)</u>	<u>27,123</u>	<u>(210,489)</u>
<b>Cash Flows from Investing Activities</b>			
Maturity (purchase) of investments	(77,665)	(824,238)	1,622,969
Interest received (paid)	15,668	30,957	21,325
<b>Net cash provided by investing activities</b>	<u>(61,997)</u>	<u>(793,281)</u>	<u>1,644,294</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(102,719)	(150,108)	28,312
Beginning cash and cash equivalents	240,642	530,519	93,553
<b>Ending cash and cash equivalents</b>	<u>\$ 137,923</u>	<u>\$ 380,411</u>	<u>\$ 121,865</u>
<b>Ending cash and cash equivalents</b>			
Unrestricted cash and cash equivalents	\$ 137,923	\$ 380,411	\$ 121,865
Restricted cash and cash equivalents	-	-	-
	<u>\$ 137,923</u>	<u>\$ 380,411</u>	<u>\$ 121,865</u>

Washburn Tunnel Pipeline Facility Division	Component Unit GCIDA Division	Eliminations	Total
\$ -	\$ -	\$ -	\$ 64,854,676
-	-	(11,483,617)	-
(4)	-	-	(28,579,301)
-	-	-	(20,015,190)
-	-	11,483,617	(2,481,433)
<u>(4)</u>	<u>-</u>	<u>-</u>	<u>13,778,752</u>
-	-	-	210,003
-	-	-	16,710
-	-	-	226,713
(56)	-	-	(12,515,668)
-	-	-	(2,736,139)
<u>(56)</u>	<u>-</u>	<u>-</u>	<u>(12,380,897)</u>
118	(64,510)	-	9,618,218
(6)	7,865	-	477,154
<u>112</u>	<u>(56,645)</u>	<u>-</u>	<u>10,095,372</u>
52	(56,645)	-	11,719,940
(127)	138,447	-	21,615,640
<u>\$ (75)</u>	<u>\$ 81,802</u>	<u>\$ -</u>	<u>\$ 33,335,580</u>
\$ (75)	\$ 81,802	\$ -	\$ 5,702,838
-	-	-	27,632,742
<u>\$ (75)</u>	<u>\$ 81,802</u>	<u>\$ -</u>	<u>\$ 33,335,580</u>

**GULF COAST WASTE DISPOSAL AUTHORITY***Combining Information by Division - Cash Flows**Enterprise Fund**Year ended December 31,2016*

	<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)	\$ 139,179	\$ 528,851	\$ (1,196,743)
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	521,228	87,293	1,385,958
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Assets			
Accounts Receivable	657,208	50,903	217,400
Prepays	140	(180)	(5,948)
Increase (Decrease) in Liabilities:			
Wages Payable	-	-	-
Accounts payable	(1,233,767)	(50,817)	(2,037,847)
Deferred revenue	737,883	-	231,687
Working capital deposits	(855,006)	-	-
<b>Net cash provided by operating activities</b>	<b>\$ (33,135)</b>	<b>\$ 616,050</b>	<b>\$ (1,405,493)</b>

Washburn Tunnel Pipeline Facility Division	Component Unit GCIDA Division	Eliminations	Total
\$ (44)	\$ -	\$ -	\$ 6,156,576
44	-	-	9,493,602
-	-	-	(1,417,522)
(4)	-	-	(9,863)
-	-	-	86,459
-	-	-	(3,118,429)
-	-	-	3,431,974
-	-	-	(844,045)
<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,778,752</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 expenses 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, 2016**

	<b>Casualty Insurance Risk Reserve</b>	<b>Compensated Absences</b>	<b>Data Processing</b>
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 40,228	\$ 271,948	\$ 37,347
Marketable securities	330,419	2,233,675	306,755
Other assets	-	-	-
Prepays	-	-	120
<b>Total current assets</b>	<b>370,647</b>	<b>2,505,623</b>	<b>344,222</b>
<b>Noncurrent Assets:</b>			
Capital assets:			
Construction in progress	-	-	267,541
Plant and equipment	-	-	936,191
Less accumulated depreciation	-	-	(602,024)
Total capital assets (net of accumulated depreciation)	-	-	601,708
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>601,708</b>
<b>Total assets</b>	<b>370,647</b>	<b>2,505,623</b>	<b>945,930</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	-	-	25,632
Due to other funds/divisions	-	-	74,980
Current portion of accrued compensated absences	-	1,339,231	-
<b>Total current liabilities</b>	<b>-</b>	<b>1,339,231</b>	<b>100,612</b>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences	-	1,359,451	-
Net OPEB obligation	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>1,359,451</b>	<b>-</b>
<b>Total liabilities</b>	<b>-</b>	<b>2,698,682</b>	<b>100,612</b>
<b>Net Position</b>			
Net investment in capital assets	-	-	601,708
Unrestricted	370,647	(193,059)	243,610
<b>Total Net Position</b>	<b>\$ 370,647</b>	<b>\$ (193,059)</b>	<b>\$ 845,318</b>



<u>Employees' Health Care</u>	<u>Equipment Service</u>	<u>Pretreatment Legislation</u>	<u>Total</u>
\$ 267,201	\$ 205,994	\$ 61,264	\$ 883,982
2,194,684	1,691,955	503,200	7,260,688
-	74,980	-	74,980
546,725	69	-	546,914
<u>3,008,610</u>	<u>1,972,998</u>	<u>564,464</u>	<u>8,766,564</u>
-	-	-	267,541
-	5,425,898	-	6,362,089
-	(4,400,779)	-	(5,002,803)
-	1,025,119	-	1,626,827
-	1,025,119	-	1,626,827
<u>3,008,610</u>	<u>2,998,117</u>	<u>564,464</u>	<u>10,393,391</u>
242,530	-	-	268,162
-	-	-	74,980
-	-	-	1,339,231
<u>242,530</u>	<u>-</u>	<u>-</u>	<u>1,682,373</u>
-	-	-	1,359,451
1,828,084	-	-	1,828,084
<u>1,828,084</u>	<u>-</u>	<u>-</u>	<u>3,187,535</u>
<u>2,070,614</u>	<u>-</u>	<u>-</u>	<u>4,869,908</u>
-	1,025,119	-	1,626,827
937,996	1,972,998	564,464	3,896,656
<u>\$ 937,996</u>	<u>\$ 2,998,117</u>	<u>\$ 564,464</u>	<u>\$ 5,523,483</u>

**GULF COAST WASTE DISPOSAL AUTHORITY***Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**Internal Service Funds**Year ended December 31, 2016*

	<b>Casualty Insurance Risk Reserve</b>	<b>Compensated Absences</b>	<b>Data Processing</b>
<b>Operating revenues</b>			
Charges for sales and services:			
Intragovernmental	\$ -	\$ -	\$ 782,436
Other	-	-	1,461
<b>Total operating revenues</b>	<u>-</u>	<u>-</u>	<u>783,897</u>
<b>Operating expenses</b>			
Costs of sales and services	-	329,859	465,050
Administration	-	-	273
Depreciation	-	-	106,656
<b>Total operating expenses</b>	<u>-</u>	<u>329,859</u>	<u>571,979</u>
<b>Operating income (loss)</b>	<u>-</u>	<u>(329,859)</u>	<u>211,918</u>
<b>Nonoperating revenues (expenses)</b>			
Investment income (loss)	3,867	28,210	4,069
Interest expense	-	-	(4,374)
Gain (loss) on disposal of capital assets	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>3,867</u>	<u>28,210</u>	<u>(305)</u>
Changes in Net Position	3,867	(301,649)	211,613
<b>Beginning Net Position</b>	<u>366,780</u>	<u>108,590</u>	<u>633,705</u>
<b>Ending Net Position</b>	<u>\$ 370,647</u>	<u>\$ (193,059)</u>	<u>\$ 845,318</u>

<u>Employees' Health Care</u>	<u>Equipment Service</u>	<u>Pre treatment Legislation</u>	<u>Total</u>
\$ 3,081,255	\$ 347,752	\$ -	\$ 4,211,443
740,505	7,689	162,850	912,505
<u>3,821,760</u>	<u>355,441</u>	<u>162,850</u>	<u>5,123,948</u>
2,910,391	46,952	102,101	3,854,353
313,586	1,123	-	314,982
-	257,600	-	364,256
<u>3,223,977</u>	<u>305,675</u>	<u>102,101</u>	<u>4,533,591</u>
597,783	49,766	60,749	590,357
30,094	23,060	5,199	94,499
-	-	-	(4,374)
-	44,529	-	44,529
<u>30,094</u>	<u>67,589</u>	<u>5,199</u>	<u>134,654</u>
627,877	117,355	65,948	725,011
310,119	2,880,762	498,516	4,798,472
<u>\$ 937,996</u>	<u>\$ 2,998,117</u>	<u>\$ 564,464</u>	<u>\$ 5,523,483</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Statement of Cash Flows*  
*Internal Service Funds*  
*Year ended December 31,2016*

	<b>Casualty Insurance Risk Reserve</b>	<b>Compensated Absences</b>
	<u>          </u>	<u>          </u>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ -	\$ -
Receipts from intragovernmental users	-	-
Payments to suppliers	-	-
Payments to employees	-	(6,716)
<b>Net cash provided (used) by operating activities</b>	<u>-</u>	<u>(6,716)</u>
 <b>Cash Flows from Noncapital Financing Activities</b>		
Loan from equipment service	-	-
Interest paid on interfund loan	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>-</u>
 <b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	-	-
Proceeds from sale of capital assets	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>-</u>	<u>-</u>
 <b>Cash Flows from Investing Activities</b>		
Maturity (purchase) of investments	(31,724)	(210,672)
Interest received	3,867	28,210
<b>Net cash provided by (used for) investing activities</b>	<u>(27,857)</u>	<u>(182,462)</u>
 <b>Net increase (decrease) in cash and cash equivalents</b>	<u>(27,857)</u>	<u>(189,178)</u>
 <b>Beginning cash and cash equivalents</b>	<u>68,085</u>	<u>461,126</u>
<b>Ending cash and cash equivalents</b>	<u>\$ 40,228</u>	<u>\$ 271,948</u>

<u>Data Processing</u>	<u>Employees' Health Care</u>	<u>Equipment Service</u>	<u>Pretreatment Legislation</u>	<u>Total</u>
\$ -	\$ 763,994	\$ -	\$ 162,850	\$ 926,844
782,436	3,057,766	347,752	-	4,187,954
(529,644)	(3,572,576)	(40,236)	(102,101)	(4,244,557)
-	-	-	-	(6,716)
<u>252,792</u>	<u>249,184</u>	<u>307,516</u>	<u>60,749</u>	<u>863,525</u>
(109,472)		215,448	-	105,976
<u>(4,374)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,374)</u>
<u>(113,846)</u>	<u>-</u>	<u>215,448</u>	<u>-</u>	<u>101,602</u>
(336,116)	-	(271,486)	-	(607,602)
<u>-</u>	<u>-</u>	<u>44,529</u>	<u>-</u>	<u>44,529</u>
<u>(336,116)</u>	<u>-</u>	<u>(226,957)</u>	<u>-</u>	<u>(563,073)</u>
131,692	(417,232)	(448,777)	(97,223)	(1,073,936)
4,069	30,094	23,060	5,199	94,499
<u>135,761</u>	<u>(387,138)</u>	<u>(425,717)</u>	<u>(92,024)</u>	<u>(979,437)</u>
(61,409)	(137,954)	(129,710)	(31,275)	(577,383)
98,756	405,155	335,704	92,539	1,461,365
<u>\$ 37,347</u>	<u>\$ 267,201</u>	<u>\$ 205,994</u>	<u>\$ 61,264</u>	<u>\$ 883,982</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Statement of Cash Flows*  
*Internal Service Funds*  
*Year ended December 31,2016*

	<b>Casualty Insurance Risk Reserve</b>	<b>Compensated Absences</b>
	<u>                    </u>	<u>                    </u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating income (loss)	\$	\$ (329,859)
Adjustment to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	-	-
Changes in Operating Assets and Liabilities		
(Increase) decrease in assets		
Prepays	-	-
Increase (decrease) liabilities		
Wages payable	-	323,143
Accounts payable	-	
Net OPEB obligation	-	-
<b>Net cash provided by operating activities</b>	<u><u>\$</u></u>	<u><u>\$ (6,716)</u></u>

<u>Data Processing</u>	<u>Employees' Health Care</u>	<u>Equipment Service</u>	<u>Pretreatment Legislation</u>	<u>Total</u>
\$ 211,918	\$ 597,783	\$ 49,766	\$ 60,749	\$ 590,357
106,656	-	257,600	-	364,256
-	(193,725)	143	-	(193,582)
-	-	-	-	323,143
(65,782)	(167,237)	7	-	(233,012)
-	12,363	-	-	12,363
<u>\$ 252,792</u>	<u>\$ 249,184</u>	<u>\$ 307,516</u>	<u>\$ 60,749</u>	<u>\$ 863,525</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**

*Industrial Projects - Private Activity Revenue*

*Bonds Issued and Outstanding*

*December 31, 2016*

	<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	**
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	0.0085
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% *

**Totals**

\* Rate as of 12/31/13, 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	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	10,000,000	-	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
	<u>\$ 290,200,000</u>	<u>\$ 24,000,000</u>	<u>\$ 266,200,000</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Gulf Coast Industrial Development Authority - Industrial*  
*Development Revenue Bonds Issued and Outstanding*  
*December 31, 2016*

	<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	**
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
<u>275,000,000</u>		<u>275,000,000</u>
<u>\$ 412,400,000</u>	<u>\$ 80,200,000</u>	<u>\$ 332,200,000</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
*Agency Funds*  
*Year ended December 31, 2016*

	<u>December 31,</u> <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31,</u> <u>2016</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 312,203	\$ 116,394	\$ 113,945	\$ 314,652
<b>Total Assets</b>	<u>\$ 312,203</u>	<u>\$ 312,203</u>	<u>\$ 312,203</u>	<u>\$ 314,652</u>
<b>Liabilities</b>				
Due to others	\$ 312,203	\$ 116,394	\$ 113,945	\$ 314,652
<b>Total Liabilities</b>	<u>\$ 312,203</u>	<u>\$ 312,203</u>	<u>\$ 312,203</u>	<u>\$ 314,652</u>

**STATISTICAL SECTION**

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# **GULF COAST WASTE DISPOSAL AUTHORITY**

## **STATISTICAL SECTION**

*December 31, 2016*

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 TenYears (1)***

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Primary government				
Net investment in capital assets	\$ 40,832,148	\$ 44,320,059	\$ 62,886,387	\$ 65,499,281
Restricted	4,168,561	4,780,166	5,146,708	5,285,912
Unrestricted	<u>35,893,851</u>	<u>44,258,262</u>	<u>33,047,532</u>	<u>22,615,118</u>
Total primary government Net Position	<u>\$ 80,894,560</u>	<u>\$ 93,358,487</u>	<u>\$ 101,080,627</u>	<u>\$ 93,400,311</u>



<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 61,948,931	\$ 59,278,920	\$ 51,956,683	\$ 52,785,531	\$ 62,566,534	\$ 65,537,570
5,560,832	5,673,882	5,731,659	3,983,207	5,547,022	5,591,733
<u>22,443,235</u>	<u>23,073,089</u>	<u>34,552,737</u>	<u>38,958,377</u>	<u>50,087,934</u>	<u>54,729,833</u>
<u>\$ 89,952,998</u>	<u>\$ 88,025,891</u>	<u>\$ 92,241,079</u>	<u>\$ 95,727,115</u>	<u>\$ 118,201,490</u>	<u>\$ 125,859,136</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**

**CHANGE IN NET POSITION**

*Last Ten Years (1)*

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>				
Business-type activities:				
General services	\$ 2,478,603	\$ 6,743,499	\$ 2,100,743	\$ 3,273,402
Wastewater treatment	49,536,590	56,606,205	57,574,147	55,229,866
Solid waste disposal	1,288,065	1,608,135	1,505,345	1,301,995
<b>Total primary government expenses</b>	<u>53,303,258</u>	<u>64,957,839</u>	<u>61,180,235</u>	<u>59,805,263</u>
<b>Program Revenues</b>				
Business-type activities:				
Charges for services:				
General services	2,062,936	1,486,789	1,436,674	2,093,096
Wastewater treatment	48,971,742	53,825,381	47,651,573	51,439,683
Solid waste disposal	959,903	1,841,318	905,857	1,074,327
Operating grants and contributions	-	440,948	2,152,547	385,507
Capital grants and contributions	10,224,129	14,037,369	560,468	663,106
<b>Total primary government revenues</b>	<u>62,218,710</u>	<u>71,631,805</u>	<u>52,707,119</u>	<u>55,655,719</u>
<b>Total primary government net (expense) revenues</b>	<u>8,915,452</u>	<u>6,673,966</u>	<u>(8,473,116)</u>	<u>(4,149,544)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Business-type activities				
Investment earnings (loss)	2,053,925	3,548,475	2,508,713	807,340
Extraordinary item - Hurricane Ike repairs	-	-	(1,126,200)	(14,540)
Extraordinary item - Capital asset impairment	-	-	(334,339)	-
<b>Total primary government</b>	<u>2,053,925</u>	<u>3,548,475</u>	<u>1,048,174</u>	<u>792,800</u>
<b>Total primary government Changes in Net Position</b>	<u>\$ 10,969,377</u>	<u>\$ 10,222,441</u>	<u>\$ (7,424,942)</u>	<u>\$ (3,356,744)</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 2,834,832	\$ 2,200,954	\$ 1,867,558	\$ 1,158,663	\$ 922,949	\$ 1,342,428
51,085,936	52,545,181	55,913,550	55,037,733	57,103,537	57,389,738
927,107	1,101,793	826,055	853,672	904,667	947,022
<u>54,847,875</u>	<u>55,847,928</u>	<u>58,607,163</u>	<u>57,050,068</u>	<u>58,931,153</u>	<u>59,679,188</u>
1,897,049	2,964,156	1,499,139	1,555,047	1,809,874	2,075,707
49,041,872	52,713,336	54,957,532	56,958,781	60,227,895	60,683,240
890,613	957,530	783,755	826,806	888,028	925,322
-	-	10,338	-	-	-
912,927	2,909,000	4,865,128	7,064,990	8,406,698	2,870,910
<u>52,742,461</u>	<u>59,544,022</u>	<u>62,115,892</u>	<u>66,405,624</u>	<u>71,332,495</u>	<u>66,555,179</u>
<u>(2,105,414)</u>	<u>3,696,094</u>	<u>3,508,729</u>	<u>9,355,556</u>	<u>12,401,342</u>	<u>6,875,991</u>
702,231	712,353	519,094	(12,355)	315,871	781,655
-	-	-	-	-	-
-	-	-	-	-	-
<u>702,231</u>	<u>712,353</u>	<u>519,094</u>	<u>(12,355)</u>	<u>315,871</u>	<u>781,655</u>
<u>\$ (1,403,183)</u>	<u>\$ 4,408,447</u>	<u>\$ 4,027,823</u>	<u>\$ 9,343,201</u>	<u>\$ 12,717,213</u>	<u>\$ 7,657,646</u>

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

Customer	2016			2007		
	Total Sales	Rank	% of Total Sales	Total Sales	Rank	% of Total Sales
Celanese LTD	\$ 5,019,031	1	14.3%	\$ 4,037,283	1	16.1%
Lyondell Chemical Company	4,593,221	2	13.1%	3,363,034	2	13.4%
Albemarle Corporation	4,171,269	3	11.9%	2,683,849	3	10.7%
Kaneka North America	4,144,331	4	11.8%	1,782,091	4	7.1%
Kuraray America	3,537,892	5	10.1%		n/a	
Carpenter Company	1,475,632	6	4.2%		n/a	
Dixie Chemical Company, Inc.	1,149,114	7	3.3%	1,116,373	5	4.4%
Intergulf Corp	990,280	8	2.8%	809,614	8	3.2%
Noltex, LLC	920,110	9	2.6%		n/a	
American Acryl, LP	898,471	10	2.6%	728,740	9	2.9%
Kaneka Nutrients, LP	-	n/a		1,016,883	6	4.0%
Huish Detergents, Inc.	-	n/a		711,803	10	2.8%
Equistar Bayport Chemicals LP	-	n/a		859,137	7	3.4%
Subtotal	26,899,351		76.7%	17,108,807		68.1%
Other customers	8,193,680		23.3%	8,005,906		31.9%
<b>Total</b>	<b>\$ 35,093,031</b>		<b>100.0%</b>	<b>\$ 25,114,713</b>		<b>100.0%</b>

Source: GCWDA 2007 CAFR and  
2016 General Ledger

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net Income (loss)	\$ 3,344,921	\$ (1,881,084)	\$ (4,861,650)	\$ (1,038,507)
Add items not includable in current expenses:				
Bond interest expense	2,214,213	2,087,750	1,954,917	1,814,644
Depreciation	4,271,287	4,446,193	5,044,916	4,783,144
Management fees	<u>600,000</u>	<u>600,000</u>	<u>650,004</u>	<u>650,004</u>
Pledge revenues	10,430,421	5,252,859	2,788,187	6,209,285
Average annual debt service on outstanding bonds	<u>\$ 3,649,840</u>	<u>\$ 3,571,674</u>	<u>\$ 3,483,152</u>	<u>\$ 3,381,864</u>
Actual debt service on outstanding bonds	<u>\$ 4,844,387</u>	<u>\$ 4,869,213</u>	<u>\$ 4,867,750</u>	<u>\$ 4,864,917</u>
Coverage by pledged revenues of average annual debt service on outstanding bonds	2.86	1.47	0.80	1.84
Coverage by pledged revenues of actual debt service on outstanding bonds	2.15	1.08	0.57	1.28

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ (479,508)	\$ 3,372,235	\$ 620,770	\$ 3,877,727	\$ 4,679,665	\$ 5,007,053
1,666,275	1,424,400	2,182,607	1,879,274	2,788,107	2,704,239
4,716,215	4,567,156	4,533,646	4,395,904	4,478,265	4,950,344
<u>698,748</u>	<u>798,804</u>	<u>898,800</u>	<u>998,004</u>	<u>1,047,900</u>	<u>1,077,900</u>
6,601,730	10,162,595	8,235,823	11,150,909	12,993,937	13,739,536
<u>\$ 3,265,465</u>	<u>\$ 3,231,758</u>	<u>\$ 3,113,717</u>	<u>\$ 3,254,134</u>	<u>\$ 4,845,390</u>	<u>\$ 4,748,064</u>
<u>\$ 4,864,644</u>	<u>\$ 4,856,275</u>	<u>\$ 3,669,950</u>	<u>\$ 5,573,038</u>	<u>\$ 5,469,828</u>	<u>\$ 6,694,588</u>
2.02	3.14	2.65	3.43	2.68	2.89
1.36	2.09	2.24	2.00	2.38	2.05

**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>	<i>Unamortized Premium</i>			
2007	\$ 21,380	\$ 21,760	\$ 2,239	\$ -	\$ 1,738	\$ 47,117	\$ 62,218	75.73%
2008	20,980	19,380	1,661	54	1,474	43,549	69,721	62.46%
2009	20,570	16,880	1,049	29	1,235	39,763	49,981	79.56%
2010	20,145	14,255	399	54	1,023	35,876	54,723	65.56%
2011	19,705	11,505	-	-	694	31,904	51,241	62.26%
2012	19,460	9,630	-	-	594	29,684	57,144	51.95%
2013 (1)	27,490	20,670	-	-	6,270	54,430	57,240	95.09%
2014	24,665	20,120	-	-	5,594	50,379	59,340	84.90%
2015 (2)	47,485	20,120	-	-	8,310	75,915	62,926	120.64%
2016	45,840	18,155	-	-	7,859	71,854	63,684	112.83%

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

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

(2) In 2015 the Authority issued the Gulf Coast Waste Disposal Authority Bayport Area System Revenue Bonds, Series 2015.



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

<u>Fiscal Year</u>	<u>Business-Type Activities</u>
2007	142
2008	155
2009	154
2010	148
2011	156
2012	154
2013	156
2014	176
2015	199
2016	203

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>
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
2015	29	119	2	150
2016	34	121	2	157

Source: Human Resources

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Function/Program</b>					
Wastewater Treatment					
Wastewater treated (MGD)*	44.610	46.646	40.020	41.350	41.900
Permitted capacity (MGD)	109.650	109.650	85.700	85.700	85.700
Solid Waste Disposal					
Nonhazardous waste					
received (cubic yards)	4,889	13,535	4,312	1,072	668
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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
45.752	47.638	43.570	46.080	44.353
86.950	91.950	91.950	91.950	88.050
1,706	2,123	1,005	1,674	2,761
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>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</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	4	5	5	5	5
Aerobic digester basins	11	11	11	12	12
Anaerobic basins	1	1	1	1	1
Belt presses	8	8	8	10	10
Clarifiers	18	17	17	17	17
Equalization basins	6	6	5	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>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
1	1	1	1	1
22	22	22	18	15
5	5	5	10	13
12	12	12	13	12
1	1	1	1	1
10	10	10	11	11
17	17	17	19	20
5	5	5	8	8
2	2	2	1	2
5	5	5	8	8
5	5	5	7	5
2	2	2	3	3
3	3	3	3	3
2	2	2	2	1
6	6	6	8	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, 2016***

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, 2016**

Personnel services *	\$ 20,038,744
Materials and supplies	8,128,170
Utilities	4,591,684
Repairs and maintenance	3,902,574
Professional services	1,333,093
Contractual services	6,008,016
General and administrative	1,786,606
Major repairs	1,740,060
Interest and amortization	2,703,674
Depreciation	9,446,566
	\$ 59,679,188

\* Number of persons employed by the Authority: 157 Full-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, 2016**

	<b>Identification or Certificate Number</b>	<b>Effective Yield</b>	<b>Maturity Date</b>	<b>Balance at End of Year (Amortized Cost)</b>
Texas CLASS	N/A	0.910%	N/A	\$ 3,150,406
Texas TERM	N/A	0.500%	N/A	46,043,342
Texpool	N/A	0.457%	N/A	246,214
Insured Deposit Portal CD pool	N/A	0.470%	N/A	2,765,422
Certificate of Deposit	05580ACF9	2.25%	07/17/20	254,197
Certificate of Deposit	14042E4Y3	2.25%	07/22/20	254,212
Certificate of Deposit	38148J3R0	2.25%	12/09/20	250,952
Certificate of Deposit	51210SKZ9	1.90%	01/22/21	249,533
Certificate of Deposit	184804AA0	1.85%	01/27/21	249,040
Certificate of Deposit	32082BEB1	1.80%	10/30/20	248,823
Certificate of Deposit	55266CQE9	1.80%	01/15/21	248,548
Certificate of Deposit	686184WJ7	1.75%	12/17/18	241,464
Certificate of Deposit	140420XA3	1.65%	10/29/18	241,141
Certificate of Deposit	40434AC72	1.61%	11/17/20	242,966
Certificate of Deposit	02006LRV7	1.60%	07/02/18	251,068
Certificate of Deposit	254672RF7	1.60%	07/02/18	251,068
Certificate of Deposit	94986TWS2	1.50%	12/31/20	244,466
Certificate of Deposit	05573J5U4	1.26%	10/26/20	243,826
Certificate of Deposit	635573AB4	1.20%	04/02/18	247,863
<b>Total temporary investments</b>				<u><u>\$55,924,551</u></u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEAR**  
*(All Bonded Debt Services) - By Years*  
**December 31, 2016**

<b>Due During the Year Ending</b>	<b>Annual Requirements for All Series</b>			
	<b>Principal Due 10/01</b>	<b>Interest Due 4/01</b>	<b>Interest Due 10/01</b>	<b>Total</b>
2017	\$ 3,730,000	\$ 1,478,494	\$ 1,478,494	\$ 6,686,988
2018	3,880,000	1,408,169	1,408,169	6,696,338
2019	4,070,000	1,315,569	1,315,569	6,701,138
2020	4,255,000	1,218,394	1,218,394	6,691,788
2021	4,455,000	1,116,769	1,116,769	6,688,538
2022	4,680,000	1,005,394	1,005,394	6,690,788
2023	4,325,000	888,394	888,394	6,101,788
2024	4,540,000	780,269	780,269	6,100,538
2025	2,430,000	666,769	666,769	3,763,538
2026	2,525,000	618,269	618,269	3,761,538
2027	2,625,000	567,744	567,744	3,760,488
2028	2,760,000	502,119	502,119	3,764,238
2029	2,890,000	433,119	433,119	3,756,238
2030	3,040,000	360,869	360,869	3,761,738
2031	3,190,000	284,869	284,869	3,759,738
2032	3,330,000	215,981	215,981	3,761,962
2033	3,470,000	143,972	143,972	3,757,944
2034	1,865,000	68,875	68,875	2,002,750
2035	1,935,000	35,072	35,072	2,005,144
	<u>\$ 63,995,000</u>	<u>\$ 13,109,110</u>	<u>\$ 13,109,110</u>	<u>\$ 90,213,220</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEAR**  
*(All Bonded Debt Services) - By Years*  
**December 31, 2016**

Due During the Year Ending	Series, 2013			Total
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	
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>\$ 39,065,000</u>	<u>\$ 6,537,738</u>	<u>\$ 6,537,738</u>	<u>\$ 52,140,476</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEAR**  
*(All Bonded Debt Services) - By Years*  
**December 31, 2016**

<b>Due During the Year Ending</b>	<b>Series, 2015</b>			
	<b>Principal Due 10/01</b>	<b>Interest Due 4/01</b>	<b>Interest Due 10/01</b>	<b>Total</b>
2017	\$ 855,000	\$ 574,850	\$ 574,850	\$ 2,004,700
2018	880,000	562,025	562,025	2,004,050
2019	915,000	544,425	544,425	2,003,850
2020	950,000	526,125	526,125	2,002,250
2021	990,000	507,125	507,125	2,004,250
2022	1,040,000	482,375	482,375	2,004,750
2023	1,090,000	456,375	456,375	2,002,750
2024	1,145,000	429,125	429,125	2,003,250
2025	1,205,000	400,500	400,500	2,006,000
2026	1,265,000	370,375	370,375	2,005,750
2027	1,325,000	338,750	338,750	2,002,500
2028	1,395,000	305,625	305,625	2,006,250
2029	1,460,000	270,750	270,750	2,001,500
2030	1,535,000	234,250	234,250	2,003,500
2031	1,610,000	195,875	195,875	2,001,750
2032	1,695,000	155,625	155,625	2,006,250
2033	1,775,000	113,250	113,250	2,001,500
2034	1,865,000	68,875	68,875	2,002,750
2035	1,935,000	35,072	35,072	2,005,144
	<u>\$ 24,930,000</u>	<u>\$ 6,571,372</u>	<u>\$ 6,571,372</u>	<u>\$ 38,072,744</u>



**GULF COAST WASTE DISPOSAL AUTHORITY**  
**TSI-6 CHANGES IN LONG-TERM BONDED DEBT**  
Year ended December 31, 2016

Revenue Bonds	Interest Rate	Bonds Outstanding 1/1/16	Bonds Sold During 2016	Bonds Refunded During 2016	Requirements Fiscal Year 2016			Total	Bonds Outstanding 12/31/16
					Principal Due 10/01	Interest Due 04/01	Interest Due 10/01		
Series 2013 Revenue and Refunding Bonds	3.0-5.0	\$ 41,835,000	\$ -	\$ -	\$ 2,770,000	\$ 959,044	\$ 959,044	\$ 4,688,088	\$ 39,065,000
Series 2015 Revenue Bonds	2.0-5.0	\$ 25,770,000	\$ -	\$ -	\$ 840,000	\$ 583,250	\$ 583,250	\$ 2,006,500	\$ 24,930,000
		<u>\$ 67,605,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,610,000</u>	<u>\$ 1,542,294</u>	<u>\$ 1,542,294</u>	<u>\$ 6,694,588</u>	<u>\$ 63,995,000</u>

**Paying Agent's Name & City**

Series 2013 and 2015 The Bank of New York Mellon Dallas, TX

Debt Service Reserve Fund cash and investments balances as of December 31, 2016 \$ 4,983,863

Average Annual Debt Service payment (Principal and Interest) for remaining term of all debt \$ 4,748,064

**GULF COAST WASTE DISPOSAL AUTHORITY**

*TSI-7 SCHEDULE OF REVENUES AND EXPENSES*

*Enterprise Funds*

*For Five Years ended December 31, 2016*

	<b>Amounts</b>				
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Operating revenues</b>					
Charges for services					
Services to industries	\$59,992,734	\$59,573,997	\$55,570,104	\$53,320,897	\$53,167,009
Services to municipalities	2,705,221	2,769,723	3,321,798	3,555,135	2,778,707
Other	986,314	582,083	448,134	364,394	689,306
<b>Total revenues</b>	<b>63,684,269</b>	<b>62,925,803</b>	<b>59,340,036</b>	<b>57,240,426</b>	<b>56,635,022</b>
<b>Expenditures</b>					
Cost of sales and services	44,339,421	45,011,260	43,927,467	44,910,104	41,711,110
Administrative	3,694,670	3,618,295	3,258,492	2,981,431	3,075,901
Depreciation	9,493,602	8,310,028	8,246,103	8,410,599	8,318,615
<b>Total expenditures</b>	<b>57,527,693</b>	<b>56,939,583</b>	<b>55,432,062</b>	<b>56,302,134</b>	<b>53,105,626</b>
<b>Operating income (loss)</b>	<b>6,156,576</b>	<b>5,986,220</b>	<b>3,907,974</b>	<b>938,292</b>	<b>3,529,396</b>
<b>Non-Operating Revenues (Expenses)</b>					
Interest income	687,156	277,784	350,384	1,080	426,822
Interest expense	(2,704,239)	(2,788,107)	(1,879,274)	(2,182,607)	(1,424,400)
Gain (loss) on disposal of capital asset	(77,768)	79,437	(51,237)	1,023	(44,752)
Operating contributions	-	-	10,954	-	-
<b>Total non-operating revenues (expenses)</b>	<b>(2,094,851)</b>	<b>(2,430,886)</b>	<b>(1,569,173)</b>	<b>(2,180,504)</b>	<b>(1,042,330)</b>
<b>Income (loss) before contributions</b>	<b>4,061,725</b>	<b>3,555,334</b>	<b>2,338,801</b>	<b>(1,242,212)</b>	<b>2,487,066</b>
Capital Contributions, net	2,870,910	8,312,075	7,064,990	4,865,128	2,909,000
Change in Net Position	<u>\$ 6,932,635</u>	<u>\$ 11,867,409</u>	<u>\$ 9,403,791</u>	<u>\$ 3,622,916</u>	<u>\$ 5,396,066</u>
<b>Total active industrial and municipal participants</b>	<u>203</u>	<u>199</u>	<u>176</u>	<u>156</u>	<u>156</u>

**Percent of Total Revenues**

<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
94.2%	94.7%	93.6%	93.2%	93.9%
4.2%	4.4%	5.6%	6.2%	4.9%
1.5%	0.9%	0.8%	0.6%	1.2%
100.0%	100.0%	100.0%	100.0%	100.0%
69.6%	71.5%	74.0%	78.5%	73.6%
5.8%	5.8%	5.5%	5.2%	5.4%
14.9%	13.2%	13.9%	14.7%	14.7%
90.3%	90.5%	93.4%	98.4%	93.8%
9.7%	9.5%	6.6%	1.6%	6.2%
1.1%	0.4%	0.6%	0.0%	0.8%
-4.2%	-4.4%	-3.2%	-3.8%	-2.5%
-0.1%	0.1%	-0.1%	0.0%	-0.1%
		0.0%		
-3.3%	-3.9%	-2.6%	-3.8%	-1.8%
6.4%	5.7%	3.9%	-2.2%	4.4%
4.5%	13.2%	11.9%	8.5%	5.1%
10.9%	18.9%	15.8%	6.3%	9.5%

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**TSI-8 BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL**  
*Year ended December 31, 2016*

<b>Complete District Mailing Address:</b>	910 Bay Area Boulevard, Houston, Texas 77058
<b>District Business Telephone Number:</b>	(281) 488-4115
<b>Submission Date of the most recent District Registration Form</b> (TWC Sections 36.054 and 49.054):	12/16
<b>Limit on Fees of Office that a Director may receive during a fiscal year:</b> (Set by Board Resolution - TWC Section 49.060)	\$7,200

<b>Board Members</b>	<b>Term of Office or Date Hired *</b>	<b>Elected/ Appointed</b>	<b>Fees of office paid 12/31/16</b>	<b>Expenses reimbursed 12/31/16</b>	<b>Title at Year End</b>
Franklin D.R. Jones, Jr.	09/01/15 - 08/31/17	Appointed (2)	\$ 7,200	\$ 12,575	Chairman
Rita Standridge	09/01/16 - 08/31/18	Appointed (3)	6,900	6,154	Vice Chair
Irvin W. Osborne-Lee, Ph.D.	09/01/16 - 08/31/17	Appointed (3)	7,200	10,706	Treasurer
Stan Cromartie	09/01/16 - 08/31/17	Appointed (1)	3,900	1,727	Secretary
J. Mark Schultz	09/01/16 - 08/31/17	Appointed (2)	2,250	1,005	Member
Nancy C. Blackwell	09/01/16 - 08/31/17	Appointed (1)	3,150	3,700	Member
Ron Crowder	09/01/15 - 08/31/17	Appointed (3)	1,650	155	Member
Lamont E. Meaux	09/01/16 - 08/31/18	Appointed (1)	2,700	1,549	Member
Chris Peden	09/01/15 - 08/31/17	Appointed (2)	5,400	5,683	Member

**Key Administrative Personnel:**

Ricky Clifton	01/15/11	N/A	\$ 341,624	\$ 56,384	General Manager
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**Consultants:**

Olson and Olson	01/01/80	N/A	\$ 95,116		General Counsel
Whitley Penn, LLP	10/01/06	N/A	64,312		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.