

Gulf Coast Waste Disposal Authority



*Comprehensive Annual Report
Year Ended December 31, 2015*

GULF COAST WASTE DISPOSAL AUTHORITY
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INTRODUCTORY SECTION



Gulf Coast Waste Disposal Authority

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April 5, 2016

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, 2015.

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

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

The Authority's financial statements have been audited by Whitley Penn, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended December 31, 2015, 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, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Authority

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

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

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

During 2015, 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 4.6% as of December 31, 2015, up 0.5% from a year ago. It also reports that there are currently 3.25 million jobs, up 6% from a year ago. The outlook for growth of the region continues to be strong with the Greater Houston Partnership estimating 21,900 new non-farm jobs for 2016.

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 \$86 million in planned additions to existing facilities. The Bayport Facility accounts for over \$46 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; \$12.4 million at the Washburn Tunnel Facility; \$4.3 million at the 40-Acre Facility; \$4.4 million at the Odessa facility; \$8.3 million at the Campbell Bayou Facility; and \$323,000 at the Central Lab Facility. Funding for these projects will be provided by the issuance of revenue bonds, the contribution of capital from the participants, or accumulated reserves.

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

Awards and Acknowledgments

The Authority's 40-Acre and Washburn Tunnel Facilities received a Gold Award and the Bayport and Odessa South Facilities received a Silver Award for their compliance achievements during the 2014 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, 2014. This was the 28th 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

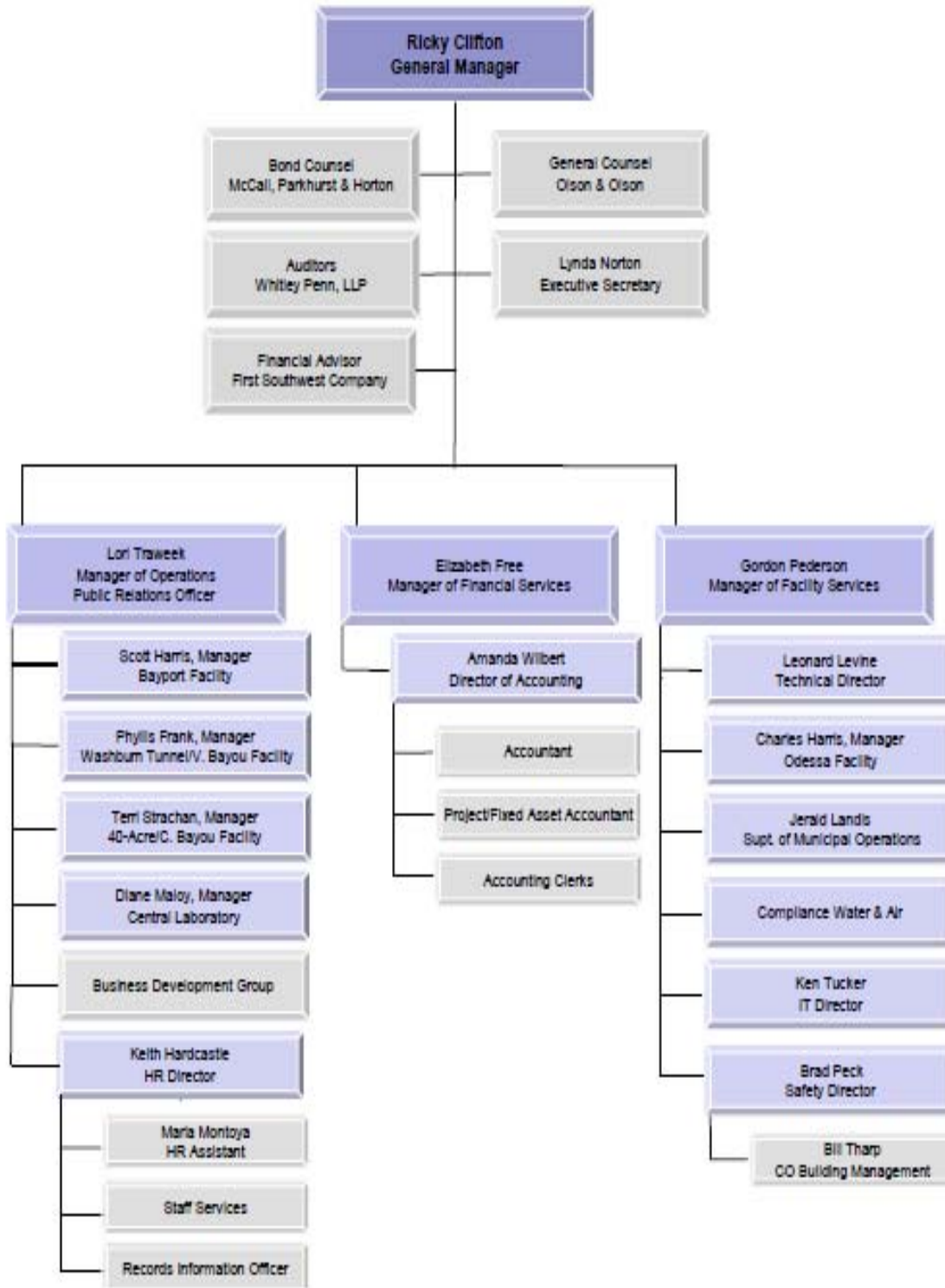
Gulf Coast Waste Disposal Authority
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

GULF COAST WASTE DISPOSAL AUTHORITY
ORGANIZATIONAL CHART



GULF COAST WASTE DISPOSAL AUTHORITY
BOARD OF DIRECTORS

Chairman

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

Appointed by County Commissioners Court

Vice Chairman

Rita Standridge
Representing Chambers County

Appointed by Consortium of Mayors

Treasurer

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

Appointed by Consortium of Mayors

Secretary

Stanley C. Cromartie
Representing Galveston County

Appointed by Governor

Directors

Gloria Milian Matt
Representing Harris County

Appointed by Governor

Ron Crowder
Representing Galveston County

Appointed by Consortium of Mayors

J. Mark Schultz
Representing Chambers County

Appointed by County Commissioners Court

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

AUDIT COMMITTEE

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

BUDGET REVIEW COMMITTEE

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

SPECIAL PROJECT COMMITTEE

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

BUSINESS DEVELOPMENT COMMITTEE

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

LEGISLATIVE COMMITTEE

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

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

GULF COAST WASTE DISPOSAL AUTHORITY
ADMINISTRATIVE STAFF AND CONSULTANTS

Senior Staff & Consultants

General Manager

Ricky Clifton

Manager of Financial Services

Elizabeth Free, MBA, CGFO, CPM

Manager of Operations

Lori Traweek

Manager of Facility Services

Gordon Pederson

Director of Accounting

Amanda Wilbert, CPA, CFE

General Counsel

Olson & Olson LLP

Houston, Texas

Bond Counsel

McCall, Parkhurst & Horton

Dallas, Texas

Financial Advisor

First Southwest Company

Houston, Texas

Auditors

Whitley Penn, LLP

Houston, Texas

General Office

Gulf Coast Waste Disposal Authority

910 Bay Area Boulevard

Houston, Texas 77058

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business type activities, each major fund and the aggregate remaining fund information of the Gulf Coast Waste Disposal Authority (the "Authority") as of and for the year ended December 31, 2015, 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, 2015, 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 5, 2016

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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have provided in our letter of transmittal, which can be found on pages i - iv of this report.

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

Financial Highlights

- Net position increased by \$12.7 million
- Program revenues increased by \$4.9 million
- Operating expenses increased by \$1.9 million

Overview of the Financial Statements

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

The statement of net position presents information on all of the Authority's assets, deferred outflows of resources and liabilities, with the difference between the three reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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

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

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

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

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

Enterprise Fund

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

Internal Service Funds

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements and can be found starting on page 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 fund type and schedules of conduit debt issued and outstanding, (3) the Statistical Section and (4) the required Texas Supplementary Information.

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

Government-wide Financial Analysis

As noted earlier, net position may serve as an indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities by \$118.2 million at the close of the 2015 fiscal year.

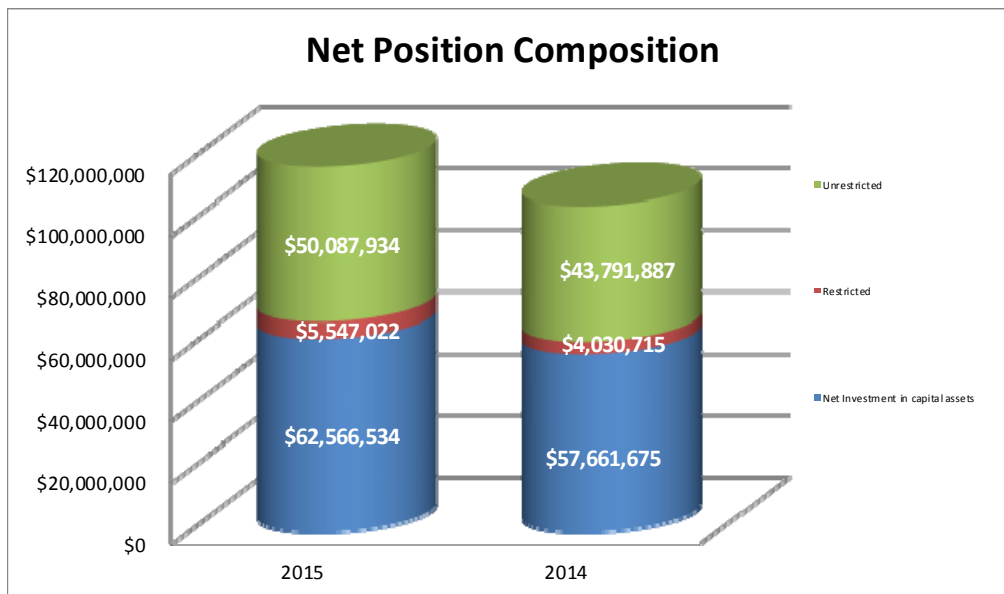
Gulf Coast Waste Disposal Authority
Net Position

December 31, 2015

With comparative totals for December 31, 2014

	2015	2014	Increase / (Decrease)	
			\$	%
Current and other assets	\$ 107,947,811	\$ 82,956,278	\$ 24,991,533	30.1%
Capital assets	105,831,803	95,830,111	10,001,692	10.4%
Total assets	<u>213,779,614</u>	<u>178,786,389</u>	<u>34,993,225</u>	<u>19.6%</u>
Total deferred outflows of resources	788,057	878,121	(90,064)	-10.3%
Long term liabilities	82,770,341	57,389,505	25,380,836	44.2%
Other liabilities	<u>13,595,840</u>	<u>16,790,728</u>	<u>(3,194,888)</u>	<u>-19.0%</u>
Total liabilities	<u>96,366,181</u>	<u>74,180,233</u>	<u>22,185,948</u>	<u>29.9%</u>
Net Position:				
Net Investment in capital assets	62,566,534	57,661,675	4,904,859	8.5%
Restricted	5,547,022	4,030,715	1,516,307	37.6%
Unrestricted	<u>50,087,934</u>	<u>43,791,887</u>	<u>6,296,047</u>	<u>14.4%</u>
Total Net Position	<u>\$ 118,201,490</u>	<u>\$ 105,484,277</u>	<u>\$ 12,717,213</u>	<u>12.1%</u>

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 \$118.2 million in net position is invested in capital assets (e.g., land, buildings, machinery, and equipment) less any remaining debt used to acquire those assets. The Authority's capital assets are used in operations to provide services to customers, participants and other governments; consequently, these assets are not available for future spending.

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

The Authority's remaining net position is classified as restricted and unrestricted. Restricted net position is subject to restrictions for debt service and a contingency reserve. At year end, unrestricted net position was \$50.1 million, representing a 14.4% increase from 2014. Unrestricted net position may be used to meet the Authority's ongoing liabilities.

Current and other assets increased 30.1% or \$25.0 million in 2015. The primary reason for the increase is due to the increase in cash and marketable securities restricted for capital projects.

The 8.5% increase in net position invested in capital assets is primarily due by additions to capital assets of \$18.7 million. This was offset by the approximately \$8.7 million recognized in 2015 for depreciation expense on capital assets previously placed in service.

The \$22.2 million (29.9%) increase in total liabilities is primarily due to the issuance of \$25.7 million in Series 2015 Bayport Area System Revenue Bonds.

Total net position increased by \$12.7 million in 2015. 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, 2015
With comparative totals for year ended December 31, 2014

	2015	2014	Increase / (Decrease)	
			\$	%
Revenues:				
Program revenues				
Charges for services	\$ 62,925,797	\$ 59,340,634	\$ 3,585,163	6.0%
Capital grants and contributions	8,406,698	7,064,990	1,341,708	19.0%
Total program revenues	71,332,495	66,405,624	4,926,871	7.4%
Unrestricted investment earnings (loss)	315,871	401,606	(85,735)	-21.3%
Total revenues	71,648,366	66,807,230	4,841,136	7.2%
Expenses:				
General services	922,949	1,158,663	(235,714)	-20.3%
Wastewater treatment	57,103,537	55,037,733	2,065,804	3.8%
Solid waste disposal	904,667	853,672	50,995	6.0%
Total expenses	58,931,153	57,050,068	1,881,085	3.3%
Change in Net Position	12,717,213	9,757,162	2,960,051	30.3%
Net Position, beginning	105,484,277	95,727,115	9,757,162	10.2%
Net Position, ending	\$ 118,201,490	\$ 105,484,277	\$ 12,717,213	12.1%

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

Capital grants and contributions increased 19.0% or \$1.3 million in 2015. Capital projects funded through charges to facility participants during 2015 were as follows:

- Blackhawk facility renovations of approximately \$722,000;
- Washburn Tunnel facility renovations of approximately \$7.5 million;
- Odessa facility equipment replacement of approximately \$41,000.

Unrestricted investment earnings decreased by \$85 thousand due to a larger portion of the investment portfolio held in lower earning investment pools.

Total expenses increased by \$1.9 million during 2015 due primarily to the following factors:

- Interest expense increased approximately \$900,000, or 48% from 2014 due to the issuance of the Bayport 2015 Revenue Bonds in the current year.;
- Operating expenses at the Washburn Tunnel facility increased \$476,000, or 4% from 2014 due to increases in chemical costs resulting from the limited availability of cheaper alternatives during the current 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, 2015, totaled \$105.8 million (net of accumulated depreciation). These investments include land, buildings, waste treatment facilities and equipment, administrative furniture and equipment and construction in progress. The total increase in the Authority's capital assets for the current fiscal year was 10.4%. Depreciation expense for the year was \$8.7 million. Construction in progress increased \$5,338,988.

Gulf Coast Waste Disposal Authority
Capital Assets (net of depreciation)
December 31, 2015
With comparative totals for December 31, 2014

	2015	2014	Increase/(Decrease)	
			\$	%
Land	\$ 5,175,541	\$ 5,175,541	\$ -	
Buildings	204,134	192,612	11,522	6.0%
Waste treatment facilities and equipment	66,427,484	61,572,279	4,855,205	7.9%
Administrative furniture and equipment	1,140,300	1,344,323	(204,023)	-15.2%
Construction in progress	32,884,344	27,545,356	5,338,988	19.4%
Total	\$ 105,831,803	\$ 95,830,111	\$ 10,001,692	10.4%

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

Major capital asset outlays during the fiscal year 2015 included the following:

<u>Capital Outlay Description</u>	<u>Capital Outlay</u>
Plant improvements at the Blackhawk Facility	
Rehabilitation of Headworks	\$ 452,838
Engineering for Third Clarifier	269,446
Plant improvements at the Bayport Facility:	
In Plant Piping Project	2,739,950
Clarifier #7	4,722,051
Plant improvements at the Washburn Tunnel Facility:	
Enterococcus Control Project	1,330,171
Entero Control Project - Construction	6,009,987
	<u>\$ 15,524,443</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 \$67.6 million in debt outstanding compared to \$48.2 million last year. During 2015, the Authority issued Bayport Area System Revenue Bonds, Series 2015 in the amount of \$25,770,000.

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

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

Economic Factors and Next Years' Rates

According to the U.S. Census Bureau, the current unemployment rate for the Houston area is 4.6%. This compares to the national rate of 5.0% and the Texas rate of 4.6%. The Greater Houston Partnership forecasts the 10-county Houston metro area will create 21,900 jobs in 2016 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 \$388,000 for the Division for fiscal year 2016.

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, 2015*

	Business Type Activities
Assets	
Cash and cash equivalents	\$ 10,360,091
Marketable securities	45,450,650
Receivables, net	10,838,804
Prepays	854,585
Restricted assets:	
Cash and cash equivalents	12,716,914
Marketable securities	27,345,751
Accrued interest	49,033
Noncurrent receivable	331,983
Capital assets not being depreciated:	
Land	5,175,541
Construction in progress	32,884,344
Capital assets net of accumulated depreciation:	
Plant and equipment	67,771,918
Total assets	213,779,614
Deferred Outflows of Resources	
Deferred loss on refunding	788,057
Liabilities	
Current liabilities:	
Accounts payable	11,269,954
Wages payable	370,023
Accrued bond interest	771,147
Unearned revenue	1,184,716
Noncurrent liabilities:	
Due within one year	5,362,312
Due in more than one year	74,743,530
Working capital deposits	2,664,499
Total liabilities	96,366,181
Net Position	
Net investment in capital assets	62,566,534
Restricted:	
Debt service	4,977,659
Contingency reserve	569,363
Unrestricted	50,087,934
Total Net Position	\$ 118,201,490

See notes to the financial statements

GULF COAST WASTE DISPOSAL AUTHORITY*Statement of Activities - Business Type Activities**Year ended December 31, 2015*

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	
General services	\$ 922,949	\$ 1,809,874	\$ -	\$ 886,925
Wastewater treatment	57,103,537	60,227,895	8,406,698	11,531,056
Solid waste disposal	904,667	888,028	-	(16,639)
	<u>\$ 58,931,153</u>	<u>\$ 62,925,797</u>	<u>\$ 8,406,698</u>	<u>12,401,342</u>
				Unrestricted investment earnings
				<u>315,871</u>
				Change in Net Position
				<u>12,717,213</u>
				Beginning Net Position
				<u>105,484,277</u>
				Ending Net Position
				<u>\$ 118,201,490</u>

See notes to the financial statements

GULF COAST WASTE DISPOSAL AUTHORITY

PROPRIETARY FUNDS

Statement of Net Position

December 31, 2015

	Enterprise Fund	Internal Service Fund
Assets		
Current Assets:		
Cash and cash equivalents	\$ 8,898,726	\$ 1,461,365
Marketable securities	39,039,510	6,411,140
Receivables, net	10,838,804	-
Current portion of interfund loan receivable	-	184,452
Prepays	501,253	353,332
Restricted assets:		
Cash and cash equivalents	12,716,914	-
Marketable securities	27,345,751	-
Accrued interest	49,033	-
Total current assets	99,389,991	8,410,289
Noncurrent Assets:		
Note receivable from others	331,983	-
Capital assets:		
Land	5,175,541	-
Construction in progress	32,826,430	57,914
Plant and equipment	238,500,735	6,138,471
Less accumulated depreciation	(171,935,972)	(4,931,316)
Total capital assets (net of accumulated depreciation)	104,566,734	1,265,069
Total noncurrent assets	104,898,717	1,265,069
Total assets	204,288,708	9,675,358
Deferred Outflows of Resources		
Deferred loss on refunding	788,057	-
Liabilities		
Current liabilities:		
Accounts payable	\$ 10,768,780	\$ 501,174
Wages payable	370,023	-
Accrued bond interest	771,147	-
Current portion of interund loan payable	-	184,452
Current portion of accrued compensated absences	-	1,301,720
Current portion of bonds payable	4,060,592	-
Unearned revenue	1,184,716	-
Total current liabilities	17,155,258	1,987,346
Noncurrent liabilities:		
Accrued compensated absences	-	1,073,819
Net OPEB obligation	-	1,815,721
Bonds payable (net of unamortized discount)	71,853,990	-
Working capital deposits	2,664,499	-
Total noncurrent liabilities	74,518,489	2,889,540
Total liabilities	91,673,747	4,876,886
Net Position		
Net investment in capital assets	61,301,465	1,265,069
Restricted:		
Debt service	4,977,659	-
Contingency reserve	569,363	-
Unrestricted	46,554,531	3,533,403
Total Net Position	113,403,018	\$ 4,798,472
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	4,798,472	
Net Position of the business-type activities	\$ 118,201,490	

See notes to the financial statements

GULF COAST WASTE DISPOSAL AUTHORITY
PROPRIETARY FUNDS
Statement of Revenue, Expenses, and Changes in Fund Net Position
Year ended December 31, 2015

	Enterprise Fund	Internal Service Fund
	<u> </u>	<u> </u>
Operating revenues		
Charges for sales and services		
Services to industries	\$ 59,573,997	\$ -
Services to municipalities	2,769,723	-
Intragovernmental	-	4,271,824
Other	582,083	795,928
Total operating revenues	<u>62,925,803</u>	<u>5,067,752</u>
Operating expenses		
Costs of sales and services	45,011,260	3,607,519
Administration	3,618,295	320,641
Depreciation	8,310,028	356,405
Total operating expenses	<u>56,939,583</u>	<u>4,284,565</u>
Operating income (loss)	<u>5,986,220</u>	<u>783,187</u>
Nonoperating revenues (expenses)		
Investment income (loss)	277,784	38,087
Interest expense	(2,788,107)	(7,870)
Gain (loss) on disposal of capital assets	(15,186)	36,400
Insurance proceeds	94,623	-
Total nonoperating expenses	<u>(2,430,886)</u>	<u>66,617</u>
Loss before contributions	3,555,334	849,804
Capital contributions	8,312,075	-
Changes in Net Position	11,867,409	849,804
Beginning Net Position	101,535,609	3,948,668
Ending Net Position	<u>\$ 113,403,018</u>	<u>\$ 4,798,472</u>
Change in Net Position of enterprise fund	\$ 11,867,409	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	849,804	
Change in nets position of business-type activities	<u>\$ 12,717,213</u>	

See notes to the financial statements

GULF COAST WASTE DISPOSAL AUTHORITY

PROPRIETARY FUNDS

Statement of Cash Flows

Year ended December 31, 2015

	Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 55,754,277	\$ 819,417
Receipts from intragovernmental users	-	4,248,335
Payments to suppliers	(23,588,567)	(4,471,853)
Payments to employees	(19,621,741)	(65,304)
Payments to intragovernmental suppliers	(2,693,677)	-
Net cash provided by operating activities	<u>9,850,292</u>	<u>530,595</u>
Cash Flows from Noncapital Financing Activities		
Interest received (paid) on intragovernmental loan	-	(7,870)
Interest received on note receivable	90,411	-
Principal received on note receivable	(37,168)	-
Net cash provided (used) by noncapital financing activities	<u>53,243</u>	<u>(7,870)</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(18,055,884)	(237,993)
Proceeds from sale of capital assets	-	36,400
Proceeds from sale of revenue bonds	25,350,168	-
Interest paid on capital related debt	(2,529,457)	-
Capital contributions received from participants	8,312,075	-
Net cash provided (used) by capital and related financing activities	<u>13,076,902</u>	<u>(201,593)</u>
Cash Flows from Investing Activities		
Purchase of investments	(13,683,987)	350,818
Interest received	187,373	38,087
Net cash used by investing activities	<u>(13,496,614)</u>	<u>388,905</u>
Net increase (decrease) in cash and cash equivalents	9,483,823	710,037
Beginning cash and cash equivalents	12,131,817	751,328
Ending cash and cash equivalents	<u>\$ 21,615,640</u>	<u>\$ 1,461,365</u>
Ending cash and cash equivalents		
Unrestricted cash and cash equivalents	\$ 8,898,726	\$ 1,461,365
Restricted cash and cash equivalents	12,716,914	-
	<u>\$ 21,615,640</u>	<u>\$ 1,461,365</u>

See notes to the financial statements

GULF COAST WASTE DISPOSAL AUTHORITY
PROPRIETARY FUNDS
Statement of Cash Flows
Year ended December 31, 2015

	Enterprise Fund	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	<u> </u>	<u> </u>
Operating income (loss)	\$ 5,986,220	\$ 783,187
Adjustment to reconcile operating income to net cash provided by operating activities		
Depreciation	8,310,028	356,405
Changes in Operating Assets and Liabilities		
(Increase) decrease in assets:		
Receivables, net	(1,072,616)	-
Prepays	(73,581)	(299,981)
Increase (decrease) in liabilities:		
Wages payable	(67,776)	(207,816)
Accounts payable	2,866,927	281,734
Net OPEB obligation	-	(382,934)
Unearned revenue	(6,534,423)	-
Working capital deposits	435,513	-
Net cash provided by operating activities	<u><u>\$ 9,850,292</u></u>	<u><u>\$ 530,595</u></u>

See notes to the financial statements

GULF COAST WASTE DISPOSAL AUTHORITY

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2015

	<u>Other Employee Benefit Trust Fund Gulf Coast Waste Disposal Authority Other Post Employment Benefit Trust</u>	<u>Agency Fund Employee Flexible Spending Agency Fund</u>
Assets		
Cash and cash equivalents	\$ -	\$ 312,203
Investments, at fair value:		
Marketable securities	4,599,219	-
Total Assets	<u>4,599,219</u>	<u>312,203</u>
Liabilities		
Due to others	-	312,203
Total Liabilities	<u>-</u>	<u>\$ 312,203</u>
Net Position		
Held in trust for other postemployment benefits	4,599,219	
Total Net Position	<u>\$ 4,599,219</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, 2015

	Other Employee Benefit Trust Fund <hr/> Gulf Coast Waste Disposal Authority Other Post Employment Benefit Trust <hr/>
Additions	
Employer contributions	\$ 475,405
Investment income:	
Net appreciation/(depreciation) in fair value of investments	(93,980)
Net investment income	(93,980)
Total additions	<hr/> 381,425 <hr/>
Change in Net Position	381,425
Beginning Net Position	4,217,794
Ending Net Position	<hr/> \$ 4,599,219 <hr/>

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 approves all specific transactions of GCIDA and has the authority to amend GCIDA's Articles of Incorporation, terminate, or dissolve the Corporation. GCIDA is reported as a blended component unit.

B. Government-wide and Fund Financial Statements

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

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

GULF COAST WASTE DISPOSAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

I. Summary of Significant Accounting Policies (continued)

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

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

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

The Authority reports the following proprietary fund types:

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

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

Fiduciary Funds

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

The Authority reports the following fiduciary 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, Odessa South Regional Facility Division, and Washburn Tunnel Facility Division. For those divisions whose services are rendered on a fee basis, unbilled receivables consist primarily of charges for services performed in the current month which are invoiced the following month. The General Services Division, Bayport Area System Facility Division, Central Laboratory Division, Municipal Operations Division and Vince Bayou Division make up this category. In the Employees' Health Care Internal Service Fund, an estimate of costs for claims incurred but not yet reported is accrued as of the date of the financial statements.

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

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary division's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services along with penalties and fees. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Equity

1. Cash, Cash Equivalents and Investments

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

The Authority reports all investments at fair-value. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as Texas CLASS, are reported using the pool's share price. The Texas CLASS Board of Trustees, which is comprised of active members of the pool and elected by the participants guided by the Advisory Board, oversees the management of Texas CLASS. The State Comptroller of Public Accounts oversees Texpool. 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.

2. Interfund Receivables/Payables

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

3. Inventories

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

4. Prepayments

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

5. Capital Assets

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

GULF COAST WASTE DISPOSAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

I. Summary of Significant Accounting Policies (continued)

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

5. Capital Assets (continued)

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.

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.

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)

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.

II. Stewardship and Accountability

A. Financial Plan

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

As of December 31, 2015, the Authority had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Weighted Average Maturity (Days)</u>
U.S. Agencies			
FNMA	\$ 7,525,914	9%	607
FHLMC	11,950,242	15%	810
FHLB	3,481,944	4%	517
FFCB	846,184	1%	580
Certificates of Deposit	15,614,264	20%	663
Municipal Securities	11,396,430	14%	1,153
State Pools			
Texpool	728,594	1%	49
Texas TERM	25,350,116	32%	46
Texas CLASS	3,129,725	4%	42
Total fair value	<u>\$ 80,023,413</u>	<u>100%</u>	517

Portfolio weighted average maturity

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, 2015, the Authority's investments were in compliance with State law and the Authority's investment policy as noted in the table on the following page.

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

Custodial credit risk - deposits. In the case of deposits, the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective market value of at least 102 percent. As of December 31, 2015, total bank balances were \$10,361,435 and had a carrying value of \$10,449,088. Of that, \$250,000 was covered by FDIC by FDIC insurance and the remaining was covered by pledged securities.

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

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	
		<u>Standard & Poor's</u>	<u>Moody's</u>
U.S. Agencies			
FNMA	\$ 1,327,554	AA+	-
FNMA	6,198,360	-	Aaa
FHLMC	11,649,681	-	Aaa
FHLMC	300,561	AA+	-
FHLB	3,481,944	-	Aaa
FFCB	846,184	-	Aaa
Municipal Securities	1,445,777	A	-
Municipal Securities	201,130	A-	-
Municipal Securities	590,264	A+	-
Municipal Securities	1,601,775	AA	-
Municipal Securities	724,108	AA-	-
Municipal Securities	2,244,342	-	A1
Municipal Securities	1,438,889	-	Aa2
Municipal Securities	1,998,496	-	Aa3
Municipal Securities	1,151,649	-	Aaa
State Pools			
Texpool	728,594	AAAm	-
Texas TERM	25,350,116	AAAm	-
Texas CLASS	3,129,725	AAAm	-
Total fair value	<u>\$ 64,409,149</u>		

Investment income for the year ended December 31, 2015 is comprised of the following:

Interest and Dividends	\$ 457,073
Realized gains (losses)	(48,812)
Unrealized gain	(92,390)
	<u>\$ 315,871</u>

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

III. Detailed Notes on All Funds (continued)

B. Receivables

Receivables at year-end consist of the following:

	Business Type Activities
Accounts receivable	\$ 7,152,354
Unbilled receivables	14,165
Accrued revenue	3,816,934
Allowance for doubtful account	(144,649)
Other receivables	-
	<u>\$ 10,838,804</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 has been 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, 2015 was \$331,983 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	\$ 184,452
	Total	<u>\$ 184,452</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, 2015, are as follows:

Restricted Assets:	
Cash and cash equivalents	\$ 12,716,914
Marketable securities	27,345,751
Accrued interest	49,033
	<u>\$ 40,111,698</u>
Restricted for:	
Debt service	\$ 4,977,659
Capital expenditures	34,564,676
Contingency reserve	569,363
	<u>\$ 40,111,698</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>\$ 4,977,659</u>
Average annual debt service	<u>\$ 4,845,390</u>

As of December 31, 2015, \$31,861,256 in remaining unspent capital project funds from the Bayport Area System Revenue Bonds 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, 2015, the increase to the reserve was \$34,744 from the participants. The restricted assets as reported on the Statement of Net Position as of December 31, 2015 was \$569,363.

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

III. Detailed Notes on All Funds (continued)

E. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclassifications/ Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 5,175,541	\$ -	\$ -	\$ 5,175,541
Construction in progress	27,545,356	17,493,796	(12,154,808)	32,884,344
Total capital assets not being depreciated	<u>32,720,897</u>	<u>17,493,796</u>	<u>(12,154,808)</u>	<u>38,059,885</u>
Capital assets being depreciated:				
Waste treatment facilities and equipment	224,896,875	13,170,407	(1,386,962)	236,680,320
Office buildings	1,124,080	-	-	1,124,080
Administrative furniture and equipment	6,803,755	180,080	(149,029)	6,834,806
Total capital assets being depreciated	<u>232,824,710</u>	<u>13,350,487</u>	<u>(1,535,991)</u>	<u>244,639,206</u>
Less accumulated depreciation for:				
Waste treatment facilities and equipment	(163,324,596)	(8,293,856)	1,365,616	(170,252,836)
Office buildings	(921,684)	(15,993)	-	(937,677)
Administrative furniture and equipment	(5,469,216)	(356,587)	149,028	(5,676,775)
Total accumulated depreciation	<u>(169,715,496)</u>	<u>(8,666,436)</u>	<u>1,514,644</u>	<u>(176,867,288)</u>
Total capital assets being depreciated, net	<u>63,109,214</u>	<u>4,684,051</u>	<u>(21,347)</u>	<u>67,771,918</u>
Capital Assets, net	<u>\$ 95,830,111</u>	<u>\$ 22,177,847</u>	<u>\$ (12,176,155)</u>	<u>\$ 105,831,803</u>

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

Business-type

General services	\$ 16,174
Wastewater treatment	8,262,704
Solid waste disposal	31,153
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>356,405</u>
Total depreciation expense	<u>\$ 8,666,436</u>

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

III. Detailed Notes on All Funds (continued)

E. Capital Assets (continued)

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Blackhawk Facility			
Plant renovations	\$ 240,195	\$ 240,195	\$ -
Rehabilitation Project B-Headworks	2,162,000	2,118,975	43,025
Engineering Service for Third Clarifier	355,589	333,382	22,207
Washburn Tunnel Facility			
Enterococcus Control Project	4,200,000	3,953,893	246,107
Entero Control Project - Soil Management	400,000	287,437	112,563
Entero Control Project - Construction	9,650,000	8,396,134	1,253,866
Campbell Bayou Facility			
Cells Expansion at Campbell Bayou	707,700	683,107	24,593
Bayport Facility			
Bio-san hydraulics	1,600,000	1,005,460	594,540
MLS Pumping and Piping Upgrade	-	-	-
In Plant Piping Project	8,600,000	3,616,192	4,983,808
Clarifier #7 Project	20,500,000	11,708,287	8,791,713
MLS Scum Control	150,000	135	149,865
Belt Press 810 and 820 Rehabilitation	700,000	455,003	244,997
Organic Capacity Evaluation and Upgrade	13,000,000	8,540	12,991,460
Biosan Pipeline Assessment and Upgrade	11,750,000	19,690	11,730,310
Data Processing Services			
Computerized Maintenance Manager System Software	260,000	57,914	202,086
Totals	\$ 74,275,484	\$ 32,884,344	\$ 41,391,140

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, 2015, 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>
2016	\$ 3,610,000	\$ 3,084,588	\$ 6,694,588
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
Total	<u>\$ 67,605,000</u>	<u>\$ 29,302,808</u>	<u>\$ 96,907,808</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, 2015, 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, 2015	\$ 4,679,665
Add-Items not includable in current expenses of the System:	
Bond interest expense	2,788,107
Depreciation	4,478,265
Management fee	1,047,900
	<u> </u>
Pledged revenues	<u>\$ 12,993,937</u>
Average annual debt service for bonds	<u>\$ 4,845,390</u>
Debt service coverage average annual debt service	2.68
Actual debt service for bonds	<u>\$ 5,469,828</u>
Debt service coverage actual debt service	2.38

"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:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due In More Than One Year
Business-type activities						
Accrued compensated absences	\$ 2,583,355	\$ 1,285,260	\$ 1,493,076	\$ 2,375,539	\$ 1,301,720	\$ 1,073,819
Net OPEB obligation	2,198,655	834,843	1,217,777	1,815,721	-	1,815,721
Bonds Payable:						
Series 2002	2,170,000	-	2,170,000	-	-	-
Series 2013	42,615,000	-	780,000	41,835,000	2,770,000	39,065,000
Series 2015	-	25,770,000	-	25,770,000	840,000	24,930,000
Plus Premium	5,593,509	3,193,771	477,698	8,309,582	450,592	7,858,990
Long term liabilities	\$ 55,160,519	\$ 31,083,874	\$ 6,138,551	\$ 80,105,842	\$ 5,362,312	\$ 74,743,530

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	\$ 290,200,000
Industrial development projects	332,200,000
Total private activity bonds	\$ 622,400,000

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, 2015 the total plan assets were \$42,720,006 . These assets were allocated as follows:

<u>Asset Category</u>	<u>Balance</u>	<u>Percent of Assets</u>
Stable Value/Money Market Funds	\$ 17,771,981	41.60%
Bond Funds	2,624,629	6.15%
Guaranteed Lifetime Income	5,444,307	12.74%
Balanced Funds	5,822,161	13.63%
U.S. Stock Funds	8,476,278	19.84%
International Stock Funds	1,794,814	4.20%
Specialty	785,836	1.84%
Total Assets	<u>\$ 42,720,006</u>	<u>100.00%</u>

The Authority's contribution for the year ended December 31, 2015 was \$1,064,673 which represents the required 10 percent of covered payroll. The employees' contribution was \$532,337 which equals 5 percent of covered payroll. There were no additional voluntary contributions. For the year ended December 31, 2015, the Authority recognized pension expense of \$943,002 and forfeitures reduced the Authority's pension expense by \$121,671. As of December 31, 2015 there were 148 active participants, 79 inactive participants were 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 40 active employees meeting these eligibility requirements who could elect to retire. During the year, 49 qualified retirees received these benefits at a total cost to the Authority of \$773,533. 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, 2015, \$475,404 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 2015. 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>2015</u>
Determination of Annual Required Contribution	
Normal Cost at year end	\$ 334,275
Amortization of UAAL	<u>512,252</u>
Annual Required Contribution (ARC)	846,527
Determination of Net OPEB Obligation	
Annual Required Contribution	846,527
Interest on prior year Net OPEB Obligation	153,906
Adjustment to ARC	<u>(165,590)</u>
Annual OPEB Cost	834,843
Contributions made	<u>(1,217,777)</u>
Estimated Increase in Net OPEB Obligation	(382,934)
Net OPEB Obligation - beginning of year	<u>2,198,655</u>
Estimated Net OPEB Obligation - end of Year	<u>\$ 1,815,721</u>

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

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

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

IV. Other Information (continued)

D. Other Post-Employment Benefits (continued)

The GCA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 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, 2013	\$ 1,299,098	\$ 1,227,004	94.45%	\$ 2,250,074
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

Actuarial Methods and Assumptions

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

Original actuarial computation parameters

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

E. Risk Management

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

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

IV. Other Information (continued)

E. Risk Management (continued)

The Authority self-insures a portion of its risks by maintaining higher than average deductibles on its insurance policies for the purposes of reducing insurance premiums. The Authority established the Casualty Insurance Risk Reserve Internal Service Fund to account for these activities and made an initial contribution of \$200,000. The fund provides the first dollar coverage of claims up to the casualty insurance policy's deductible amounts. On average, investment earnings have exceeded policy deductibles thereby increasing the reserve for losses. There were no material outstanding claims at year end. The balance in the fund at year end was \$366,780.

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 2015, 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:

Year Ended December 31,	Beginning Balance	Claims Made and Changes in IBNR	Claims Paid	Ending Balance
2013	\$ 267,158	\$ 2,596,178	\$ 2,646,335	\$ 217,001
2014	217,001	2,353,782	2,374,631	196,152
2015	196,152	3,389,696	3,303,370	282,478

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 \$7,048,000. Of this amount, \$2,607,485 and \$1,409,785 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 84.35%, and \$3,030,730 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 \$2,556,420. The total accrued closure and post-closure care costs at year end for the entire site are \$6,573,690. The remaining accrued costs to be recognized are \$474,309. 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 five years as of 2015.

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, 2015, 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.

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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, 2015

Schedule of Funding Progress

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

OTHER SUPPLEMENTARY INFORMATION

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COMBINING INFORMATION AND STATEMENTS

GULF COAST WASTE DISPOSAL AUTHORITY

ENTERPRISE FUND

December 31, 2015

General Services Division

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

Bayport Area System Facility Division

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

Blackhawk Regional Wastewater Treatment Facility Division

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

Campbell Bayou Facility Division

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

Central Laboratory Division

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

40-Acre Facility Division

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

Municipal Operations Division

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

GULF COAST WASTE DISPOSAL AUTHORITY

ENTERPRISE FUND (continued)

December 31, 2015

Odessa South Regional Facility Division

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

Vince Bayou Division

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

Washburn Tunnel Facility Division

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

Washburn Tunnel Pipeline Services Division

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

Component Unit – GCIDA

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

GULF COAST WASTE DISPOSAL AUTHORITY
Combining Information By Division - Net Position
Enterprise Fund
December 31, 2015

	General Services Division	Bayport Area System Facility Division	Blackhawk Regional Wastewater Treatment Facility Division
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,225,857	\$ 5,081,485	\$ 108,235
Marketable securities	5,377,945	22,292,926	474,839
Receivables, net	191,860	6,134,753	409,127
Prepays	9,491	324,098	30,905
Restricted assets			
Cash and cash equivalents	-	12,147,551	569,363
Marketable securities	-	24,642,331	-
Accrued interest	-	49,033	-
Total current assets	6,805,153	70,672,177	1,592,469
Noncurrent Assets:			
Note receivable from others	-	331,983	-
Capital assets			
Land	53,800	907,489	201,000
Construction in progress	-	16,813,307	2,692,552
Plant and equipment	1,820,415	119,916,260	18,019,684
Less accumulated depreciation	(1,683,136)	(83,989,886)	(13,584,241)
Total capital assets (net of accumulated depreciation)	191,079	53,647,170	7,328,995
Total noncurrent assets	191,079	53,979,153	7,328,995
Total assets	6,996,232	124,651,330	8,921,464
Deferred Outflows of Resources			
Deferred loss on refunding	-	788,057	-
Liabilities			
Current liabilities:			
Accounts payable	330,789	3,646,626	308,971
Wages payable	370,023	-	-
Accrued bond interest	-	771,147	-
Current portion of bonds payable	-	4,060,592	-
Unearned revenue	64,662	-	6,336
Total current liabilities	765,474	8,478,365	315,307
Noncurrent liabilities:			
Bonds payable (net of unamortized discount and deferred amount on refunding)	-	71,853,990	-
Working capital deposits	-	-	727,332
Total noncurrent liabilities	-	71,853,990	727,332
Total liabilities	765,474	80,332,355	1,042,639
Net Position			
Net investment in capital assets	191,079	10,381,901	7,328,995
Restricted for:			
Debt service	-	4,977,659	-
Contingency reserve	-	-	569,363
Unrestricted	6,039,679	29,747,472	(19,533)
Total Net Position	\$ 6,230,758	\$ 45,107,032	\$ 7,878,825

Campbell Bayou Facility Division				
Industrial Solid Waste Facility	Closure/Post Closure	Central Laboratory Division	40-Acre Facility Division	Municipal Operations Division
\$ 16,587	\$ 27,556	\$ 1,280,104	\$ 66,448	\$ 89,420
72,768	120,892	5,615,932	291,511	392,295
-	-	29,729	-	21,451
4,389	2,533	8,820	20,282	41
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>93,744</u>	<u>150,981</u>	<u>6,934,585</u>	<u>378,241</u>	<u>503,207</u>
-	-	-	-	-
671,966	-	-	1,427,965	-
683,107	-	-	-	-
5,598,591	-	7,028,634	35,556,877	-
(5,441,109)	-	(4,206,046)	(19,290,008)	-
<u>1,512,555</u>	<u>-</u>	<u>2,822,588</u>	<u>17,694,834</u>	<u>-</u>
<u>1,512,555</u>	<u>-</u>	<u>2,822,588</u>	<u>17,694,834</u>	<u>-</u>
<u>1,606,299</u>	<u>150,981</u>	<u>9,757,173</u>	<u>18,073,075</u>	<u>503,207</u>
-	-	-	-	-
50,164	18,128	82,102	698,136	2,132
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>50,164</u>	<u>18,128</u>	<u>82,102</u>	<u>698,136</u>	<u>2,132</u>
-	-	-	-	-
251,018	-	-	-	-
<u>251,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>301,182</u>	<u>18,128</u>	<u>82,102</u>	<u>698,136</u>	<u>2,132</u>
1,512,555	-	2,822,588	17,694,834	-
-	-	-	-	-
-	-	-	-	-
(207,438)	132,853	6,852,483	(319,895)	501,075
<u>\$ 1,305,117</u>	<u>\$ 132,853</u>	<u>\$ 9,675,071</u>	<u>\$ 17,374,939</u>	<u>\$ 501,075</u>

GULF COAST WASTE DISPOSAL AUTHORITY
Combining Information By Division - Net Position
Enterprise Fund
December 31, 2015

	Odessa South Regional Facility Division	Vince Bayou Division	Washburn Tunnel Facility Division
Assets			
Current Assets:			
Cash and cash equivalents	\$ 240,642	\$ 530,519	\$ 93,553
Marketable securities	1,055,716	2,327,436	410,427
Receivables, net	1,740,401	290,151	2,021,332
Prepays	16,489	2,323	81,882
Restricted assets			
Cash and cash equivalents	-	-	-
Marketable securities	-	-	2,703,420
Accrued interest	-	-	-
Total current assets	3,053,248	3,150,429	5,310,614
Noncurrent Assets:			
Note receivable from others	-	-	-
Capital assets:			
Land	76,161	100,611	1,736,549
Construction in progress	-	-	12,637,464
Plant and equipment	15,234,119	2,001,023	33,300,784
Less accumulated depreciation	(13,227,145)	(1,186,156)	(29,304,513)
Total capital assets (net of accumulated depreciation)	2,083,135	915,478	18,370,284
Total noncurrent assets	2,083,135	915,478	18,370,284
Total assets	5,136,383	4,065,907	23,680,898
Deferred Outflows of Resources			
Deferred loss on refunding	-	-	-
Liabilities			
Current liabilities:			
Accounts payable	1,742,630	60,979	3,828,123
Wages payable	-	-	-
Accrued bond interest	-	-	-
Current portion of revenue bonds payable	-	-	-
Unearned revenue	11,637	-	1,102,081
Total current liabilities	1,754,267	60,979	4,930,204
Noncurrent liabilities:			
Revenue bonds payable (net of unamortized discount and deferred amount on refunding)	-	-	-
Working capital deposits	1,665,514	-	20,635
Total noncurrent liabilities	1,665,514	-	20,635
Total liabilities	3,419,781	60,979	4,950,839
Net Position			
Net investment in capital assets	2,083,135	915,478	18,370,284
Restricted for:			
Debt service	-	-	-
Contingency reserve	-	-	-
Unrestricted	(366,533)	3,089,450	359,775
Total Net Position	\$ 1,716,602	\$ 4,004,928	\$ 18,730,059

Washburn Tunnel Pipeline Services Division	Component Unit GCIDA Division	Eliminations	Total
\$ (127)	\$ 138,447	\$ -	\$ 8,898,726
(555)	607,378	-	39,039,510
-	-	-	10,838,804
-	-	-	501,253
-	-	-	12,716,914
-	-	-	27,345,751
-	-	-	49,033
<u>(682)</u>	<u>745,825</u>	<u>-</u>	<u>99,389,991</u>
-	-	-	331,983
-	-	-	5,175,541
-	-	-	32,826,430
24,348	-	-	238,500,735
<u>(23,732)</u>	<u>-</u>	<u>-</u>	<u>(171,935,972)</u>
<u>616</u>	<u>-</u>	<u>-</u>	<u>104,566,734</u>
<u>616</u>	<u>-</u>	<u>-</u>	<u>104,898,717</u>
<u>(66)</u>	<u>745,825</u>	<u>-</u>	<u>204,288,708</u>
-	-	-	788,057
-	-	-	10,768,780
-	-	-	370,023
-	-	-	771,147
-	-	-	4,060,592
-	-	-	1,184,716
<u>-</u>	<u>-</u>	<u>-</u>	<u>17,155,258</u>
-	-	-	71,853,990
-	-	-	2,664,499
<u>-</u>	<u>-</u>	<u>-</u>	<u>74,518,489</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>91,673,747</u>
616	-	-	61,301,465
-	-	-	4,977,659
-	-	-	569,363
<u>(682)</u>	<u>745,825</u>	<u>-</u>	<u>46,554,531</u>
<u>\$ (66)</u>	<u>\$ 745,825</u>	<u>\$ -</u>	<u>\$ 113,403,018</u>

GULF COAST WASTE DISPOSAL AUTHORITY
Combining Information by Division - Changes in Net Position
Enterprise Fund
Year ended December 31,2015

	General Services Division	Bayport Area System Facility Division	Blackhawk Regional Wastewater Treatment Facility Division
Operating revenues			
Charges for sales and services			
Services to industries	\$ 1,627,168	\$ 34,280,564	\$ -
Services to municipalities	-	46,379	2,577,624
Intragovernmental	5,130,469	-	-
Other	182,706	93,080	49,460
Total operating revenues	6,940,343	34,420,023	2,627,084
Operating expenses			
Costs of sales and services	5,540,997	21,814,613	2,480,190
Administration	604,753	847,107	100,287
Depreciation	16,174	4,478,265	441,711
Total operating expenses	6,161,924	27,139,985	3,022,188
Operating income (loss)	778,419	7,280,038	(395,104)
Nonoperating revenues (expenses)			
Investment income (loss)	23,386	203,903	2,696
Interest expense	-	(2,788,107)	-
Gain (loss) on disposal of capital assets	-	(16,169)	-
Insurance Proceeds	-	-	-
Total nonoperating revenues (expenses)	23,386	(2,600,373)	2,696
Income (loss) before contributions	801,805	4,679,665	(392,408)
Capital Contributions	-	-	722,284
Changes in Net Position	801,805	4,679,665	329,876
Beginning Net Position	5,428,953	40,427,367	7,548,949
Ending Net Position	\$ 6,230,758	\$ 45,107,032	\$ 7,878,825

Campbell Bayou Facility Division				
Industrial Solid Waste Facility	Closure/Post Closure	Central Laboratory Division	40-Acre Facility Division	Municipal Operations Division
\$ 370,892	\$ 517,136	\$ 73,541	\$ 4,840,305	\$ -
-	-	5,754	-	139,966
-	-	5,671,441	49,085	-
-	-	585	-	-
<u>370,892</u>	<u>517,136</u>	<u>5,751,321</u>	<u>4,889,390</u>	<u>139,966</u>
301,107	413,856	4,579,994	4,407,969	118,202
71,058	103,280	94,399	481,755	13,853
31,153	-	417,076	1,613,537	-
<u>403,318</u>	<u>517,136</u>	<u>5,091,469</u>	<u>6,503,261</u>	<u>132,055</u>
(32,426)	-	659,852	(1,613,871)	7,911
1,129	(238)	23,597	683	1,726
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,129</u>	<u>(238)</u>	<u>23,597</u>	<u>683</u>	<u>1,726</u>
<u>(31,297)</u>	<u>(238)</u>	<u>683,449</u>	<u>(1,613,188)</u>	<u>9,637</u>
-	-	-	-	-
(31,297)	(238)	683,449	(1,613,188)	9,637
1,336,414	133,091	8,991,622	18,988,127	491,438
<u>\$ 1,305,117</u>	<u>\$ 132,853</u>	<u>\$ 9,675,071</u>	<u>\$ 17,374,939</u>	<u>\$ 501,075</u>

GULF COAST WASTE DISPOSAL AUTHORITY
Combining Information by Division - Changes in Net Position
Enterprise Fund
Year ended December 31,2015

	Odessa South Regional Facility Division	Vince Bayou Division	Washburn Tunnel Facility Division
Operating revenues			
Charges for sales and services			
Services to industries	\$ 3,926,407	\$ 1,354,916	\$ 12,583,068
Services to municipalities	-	-	-
Intragovernmental	-	-	111,327
Other	251,252	1,770	3,230
Total operating revenues	<u>4,177,659</u>	<u>1,356,686</u>	<u>12,697,625</u>
Operating expenses			
Costs of sales and services	3,832,705	684,498	11,799,451
Administration	464,419	70,970	766,414
Depreciation	520,219	75,218	716,600
Total operating expenses	<u>4,817,343</u>	<u>830,686</u>	<u>13,282,465</u>
Operating income (loss)	<u>(639,684)</u>	<u>526,000</u>	<u>(584,840)</u>
Nonoperating revenues (expenses)			
Investment income (loss)	6,482	10,164	1,547
Interest expense	-	-	-
Gain (loss) on disposal of capital assets	-	-	983
Insurance Proceeds	94,623	-	-
Total nonoperating revenues (expenses)	<u>101,105</u>	<u>10,164</u>	<u>2,530</u>
Income (loss) before contributions	<u>(538,579)</u>	<u>536,164</u>	<u>(582,310)</u>
Capital Contributions	41,419	-	7,548,372
Changes in Net Position	(497,160)	536,164	6,966,062
Beginning Net Position	<u>2,213,762</u>	<u>3,468,764</u>	<u>11,763,997</u>
Ending Net Position	<u>\$ 1,716,602</u>	<u>\$ 4,004,928</u>	<u>\$ 18,730,059</u>

Washburn Tunnel Pipeline Facility Division	Component Unit GCIDA Division	Eliminations	Total
\$ -	\$ -	\$ -	\$ 59,573,997
-	-	-	2,769,723
-	-	(10,962,322)	-
-	-	-	582,083
<u>-</u>	<u>-</u>	<u>(10,962,322)</u>	<u>62,925,803</u>
-	-	(10,962,322)	45,011,260
-	-	-	3,618,295
<u>75</u>	<u>-</u>	<u>-</u>	<u>8,310,028</u>
<u>75</u>	<u>-</u>	<u>(10,962,322)</u>	<u>56,939,583</u>
<u>(75)</u>	<u>-</u>	<u>-</u>	<u>5,986,220</u>
(4)	2,713	-	277,784
-	-	-	(2,788,107)
-	-	-	(15,186)
-	-	-	94,623
<u>(4)</u>	<u>2,713</u>	<u>-</u>	<u>(2,430,886)</u>
<u>(79)</u>	<u>2,713</u>	<u>-</u>	<u>3,555,334</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>8,312,075</u>
(79)	2,713	-	11,867,409
13	743,112	-	101,535,609
<u>\$ (66)</u>	<u>\$ 745,825</u>	<u>\$ -</u>	<u>\$ 113,403,018</u>

GULF COAST WASTE DISPOSAL AUTHORITY

Combining Information by Division - Cash Flows

Enterprise Fund

Year ended December 31, 2015

	General Services Division	Bayport Area System Facility Division	Blackhawk Regional Wastewater Treatment Facility Division
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 1,804,199	\$ 33,556,111	\$ 3,616,805
Receipts from intragovernmental users	5,130,469	-	-
Payments to suppliers	(1,181,135)	(11,024,889)	(1,394,952)
Payments to employees	(4,308,432)	(4,621,288)	(815,956)
Payments to intergovernmental suppliers	(686,440)	(6,262,786)	(451,987)
Net cash provided (used) by operating activities	<u>758,661</u>	<u>11,647,148</u>	<u>953,910</u>
Cash Flows from Noncapital Financing Activities			
Interest received on note receivable	-	90,411	-
Principal received on note receivable	-	(37,168)	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>53,243</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	-	(8,766,353)	(739,591)
Proceeds from sale of revenue bonds	-	25,350,168	-
Interest paid on capital related debt	-	(2,529,457)	-
Capital contributions received from participants	-	-	722,284
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>14,054,358</u>	<u>(17,307)</u>
Cash Flows from Investing Activities			
Maturity (purchase) of investments	(138,366)	(18,413,756)	(755,345)
Interest received (paid)	23,386	113,492	2,696
Net cash provided by investing activities	<u>(114,980)</u>	<u>(18,300,264)</u>	<u>(752,649)</u>
Net increase (decrease) in cash and cash equivalents	643,681	7,454,485	183,954
Beginning cash and cash equivalents	582,176	9,774,551	493,644
Ending cash and cash equivalents	<u>\$ 1,225,857</u>	<u>\$ 17,229,036</u>	<u>\$ 677,598</u>
Ending cash and cash equivalents			
Unrestricted cash and cash equivalents	\$ 1,225,857	\$ 5,081,485	\$ 108,235
Restricted cash and cash equivalents	-	12,147,551	569,363
	<u>\$ 1,225,857</u>	<u>\$ 17,229,036</u>	<u>\$ 677,598</u>

Campbell Bayou Facility Division				
Industrial Solid Waste Facility	Closure/Post Closure	Central Laboratory Division	40-Acre Facility Division	Municipal Operations Division
\$ 357,277	\$ 589,496	\$ 64,770	\$ 4,840,303	\$ 145,374
-	-	5,671,441	49,085	-
(143,208)	(233,564)	(817,421)	(1,778,895)	(46,687)
(110,698)	(151,709)	(2,721,640)	(1,588,625)	(57,539)
(120,703)	(141,803)	(1,153,366)	(1,424,286)	(28,110)
<u>(17,332)</u>	<u>62,420</u>	<u>1,043,784</u>	<u>97,582</u>	<u>13,038</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(610,816)	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(610,816)	-	-
22,234	(43,253)	179,592	(57,786)	27,961
1,129	(238)	23,597	683	1,726
<u>23,363</u>	<u>(43,491)</u>	<u>203,189</u>	<u>(57,103)</u>	<u>29,687</u>
6,031	18,929	636,157	40,479	42,725
10,556	8,627	643,947	25,969	46,695
<u>\$ 16,587</u>	<u>\$ 27,556</u>	<u>\$ 1,280,104</u>	<u>\$ 66,448</u>	<u>\$ 89,420</u>
\$ 16,587	\$ 27,556	\$ 1,280,104	\$ 66,448	\$ 89,420
-	-	-	-	-
<u>\$ 16,587</u>	<u>\$ 27,556</u>	<u>\$ 1,280,104</u>	<u>\$ 66,448</u>	<u>\$ 89,420</u>

GULF COAST WASTE DISPOSAL AUTHORITY*Combining Information by Division - Cash Flows**Enterprise Fund**Year ended December 31, 2015*

	General Services Division	Bayport Area System Facility Division	Blackhawk Regional Wastewater Treatment Facility Division
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 778,419	\$ 7,280,038	\$ (395,104)
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	16,174	4,478,265	441,711
Changes in Operating Assets and Liabilities:			
(Increase) decrease in assets			
Accounts receivable	(70,337)	(863,912)	911,000
Prepays	2,497	(64,743)	(3,124)
Increase (decrease) in liabilities:			
Wages payable	(67,776)	-	-
Accounts payable	35,022	817,500	(79,294)
Deferred revenue	64,662	-	(73,286)
Working capital deposits	-	-	152,007
Net cash provided (used) by operating activities	\$ 758,661	\$ 11,647,148	\$ 953,910

Campbell Bayou Facility Division					
Industrial Solid Waste Facility	Closure/Post Closure	Central Laboratory Division	40-Acre Facility Division	Municipal Operations Division	
\$ (32,426)	\$ -	\$ 659,852	\$ (1,613,871)	\$ 7,911	
31,153	-	417,076	1,613,537	-	
(13,615)	72,360	(15,110)	-	5,408	
(1,058)	30	702	(379)	27	
-	-	-	-	-	
(1,386)	(9,970)	(18,736)	98,297	(308)	
-	-	-	(2)	-	
-	-	-	-	-	
<u>\$ (17,332)</u>	<u>\$ 62,420</u>	<u>\$ 1,043,784</u>	<u>\$ 97,582</u>	<u>\$ 13,038</u>	

GULF COAST WASTE DISPOSAL AUTHORITY

Combining Information by Division - Cash Flows

Enterprise Fund

Year ended December 31, 2015

	Odessa South Regional Facility Division	Vince Bayou Division	Washburn Tunnel Facility Division
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 2,759,669	\$ 1,323,387	\$ 6,696,886
Receipts from intragovernmental users	-	-	111,327
Payments to suppliers	(1,853,004)	(92,703)	(5,022,109)
Payments to employees	(1,227,667)	(307,516)	(3,710,671)
Payments to intergovernmental suppliers	(621,564)	(315,795)	(2,449,159)
Net cash provided (used) by operating activities	<u>(942,566)</u>	<u>607,373</u>	<u>(4,373,726)</u>
Cash Flows from Noncapital Financing Activities			
Interest received on note receivable	-	-	-
Principal received on note receivable	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	24,189	(284,744)	(7,678,569)
Proceeds from sale of revenue bonds	-	-	-
Interest paid on capital related debt	-	-	-
Capital contributions received from (returned to) participants	41,419	-	7,548,372
Net cash provided (used) by capital and related financing activities	<u>65,608</u>	<u>(284,744)</u>	<u>(130,197)</u>
Cash Flows from Investing Activities			
Maturity (purchase) of investments	894,435	(54,790)	4,593,719
Interest received (paid)	6,482	10,164	1,547
Net cash provided by investing activities	<u>900,917</u>	<u>(44,626)</u>	<u>4,595,266</u>
Net increase (decrease) in cash and cash equivalents	23,959	278,003	91,343
Beginning cash and cash equivalents	216,683	252,516	2,210
Ending cash and cash equivalents	<u>\$ 240,642</u>	<u>\$ 530,519</u>	<u>\$ 93,553</u>
Ending cash and cash equivalents			
Unrestricted cash and cash equivalents	\$ 240,642	\$ 530,519	\$ 93,553
Restricted cash and cash equivalents	-	-	-
	<u>\$ 240,642</u>	<u>\$ 530,519</u>	<u>\$ 93,553</u>

Washburn Tunnel Pipeline Facility Division	Component Unit GCIDA Division	Eliminations	Total
\$ -	\$ -	\$ -	\$ 55,754,277
-	-	(10,962,322)	-
-	-	-	(23,588,567)
-	-	-	(19,621,741)
-	-	10,962,322	(2,693,677)
-	-	-	9,850,292
-	-	-	90,411
-	-	-	(37,168)
-	-	-	53,243
-	-	-	(18,055,884)
-	-	-	25,350,168
-	-	-	(2,529,457)
-	-	-	8,312,075
-	-	-	13,076,902
(55)	61,423	-	(13,683,987)
(4)	2,713	-	187,373
(59)	64,136	-	(13,496,614)
(59)	64,136	-	9,483,823
(68)	74,311	-	12,131,817
\$ (127)	\$ 138,447	\$ -	\$ 21,615,640
\$ (127)	\$ 138,447	\$ -	\$ 8,898,726
-	-	-	12,716,914
\$ (127)	\$ 138,447	\$ -	\$ 21,615,640

GULF COAST WASTE DISPOSAL AUTHORITY*Combining Information by Division - Cash Flows**Enterprise Fund**Year ended December 31, 2015*

	Odessa South Regional Facility Division	Vince Bayou Facility Division	Washburn Tunnel Facility Division
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (639,684)	\$ 526,000	\$ (584,840)
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	520,219	75,218	716,600
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Assets			
Accounts Receivable	(1,267,398)	(33,299)	202,287
Prepays	(538)	(214)	(6,781)
Increase (Decrease) in Liabilities:			
Wages Payable	-	-	-
Accounts payable	595,427	39,668	1,390,707
Deferred revenue	(452,063)	-	(6,073,734)
Working capital deposits	301,471	-	(17,965)
Net cash provided by operating activities	<u>\$ (942,566)</u>	<u>\$ 607,373</u>	<u>\$ (4,373,726)</u>

Washburn Tunnel Pipeline Facility Division	Component Unit GCIDA Division	Eliminations	Total
\$ (75)	\$ -	\$ -	\$ 5,986,220
75	-	-	8,310,028
-	-	-	(1,072,616)
-	-	-	(73,581)
-	-	-	(67,776)
-	-	-	2,866,927
-	-	-	(6,534,423)
-	-	-	435,513
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,850,292</u>

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Casualty Insurance Risk Reserve Fund

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

Compensated Absences Fund

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

Data Processing Fund

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

Employees' Health Care Fund

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

Equipment Services Fund

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

Pretreatment Legislation Fund

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

GULF COAST WASTE DISPOSAL AUTHORITY

Combining Statement of Net Position

Internal Service Funds

December 31, 2015

	Casualty Insurance Risk Reserve	Compensated Absences	Data Processing
Assets			
Current Assets:			
Cash and cash equivalents	\$ 68,085	\$ 461,126	\$ 98,756
Marketable securities	298,695	2,023,003	433,252
Other assets	-	-	-
Prepays	-	-	120
Total current assets	366,780	2,484,129	532,128
Noncurrent Assets:			
Capital assets:			
Construction in progress	-	-	57,914
Plant and equipment	-	-	959,236
Less accumulated depreciation	-	-	(639,707)
Total capital assets (net of accumulated depreciation)	-	-	377,443
Total noncurrent assets	-	-	377,443
Total assets	366,780	2,484,129	909,571
Liabilities			
Current liabilities:			
Accounts payable	-	-	91,414
Due to other funds/divisions	-	-	184,452
Current portion of accrued compensated absences	-	1,301,720	-
Total current liabilities	-	1,301,720	275,866
Noncurrent liabilities:			
Accrued compensated absences	-	1,073,819	-
Net OPEB obligation	-	-	-
Total noncurrent liabilities	-	1,073,819	-
Total liabilities	-	2,375,539	275,866
Net Position			
Net investment in capital assets	-	-	377,443
Unrestricted	366,780	108,590	256,262
Total Net Position	\$ 366,780	\$ 108,590	\$ 633,705

<u>Employees' Health Care</u>	<u>Equipment Service</u>	<u>Pretreatment Legislation</u>	<u>Total</u>
\$ 405,155	\$ 335,704	\$ 92,539	\$ 1,461,365
1,777,452	1,472,761	405,977	6,411,140
-	184,452	-	184,452
353,000	212	-	353,332
<u>2,535,607</u>	<u>1,993,129</u>	<u>498,516</u>	<u>8,410,289</u>
-	-	-	57,914
-	5,179,235	-	6,138,471
-	(4,291,609)	-	(4,931,316)
-	887,626	-	1,265,069
-	887,626	-	1,265,069
<u>2,535,607</u>	<u>2,880,755</u>	<u>498,516</u>	<u>9,675,358</u>
409,767	(7)	-	501,174
-	-	-	184,452
-	-	-	1,301,720
<u>409,767</u>	<u>(7)</u>	<u>-</u>	<u>1,987,346</u>
-	-	-	1,073,819
1,815,721	-	-	1,815,721
<u>1,815,721</u>	<u>-</u>	<u>-</u>	<u>2,889,540</u>
<u>2,225,488</u>	<u>(7)</u>	<u>-</u>	<u>4,876,886</u>
-	887,626	-	1,265,069
310,119	1,993,136	498,516	3,533,403
<u>\$ 310,119</u>	<u>\$ 2,880,762</u>	<u>\$ 498,516</u>	<u>\$ 4,798,472</u>

GULF COAST WASTE DISPOSAL AUTHORITY

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

Internal Service Funds

Year ended December 31, 2015

	Casualty Insurance Risk Reserve	Compensated Absences	Data Processing
Operating revenues			
Charges for sales and services:			
Intragovernmental	\$ -	\$ -	\$ 889,936
Other	-	-	-
Total operating revenues	-	-	889,936
Operating expenses			
Costs of sales and services	-	(142,512)	320,168
Administration	-	-	257
Depreciation	-	-	105,778
Total operating expenses	-	(142,512)	426,203
Operating income (loss)	-	142,512	463,733
Nonoperating revenues (expenses)			
Investment income (loss)	1,341	9,532	868
Interest expense	-	-	(7,870)
Gain (loss) on disposal of capital assets	-	-	-
Total nonoperating revenues (expenses)	1,341	9,532	(7,002)
Changes in Net Position	1,341	152,044	456,731
Beginning Net Position	365,439	(43,454)	176,974
Ending Net Position	\$ 366,780	\$ 108,590	\$ 633,705

Employees' Health Care	Equipment Service	Pretreatment Legislation	Total
\$ 3,057,553	\$ 324,335	\$ -	\$ 4,271,824
630,178	-	165,750	795,928
<u>3,687,731</u>	<u>324,335</u>	<u>165,750</u>	<u>5,067,752</u>
3,304,310	36,813	88,740	3,607,519
323,124	(2,740)	-	320,641
-	250,627	-	356,405
<u>3,627,434</u>	<u>284,700</u>	<u>88,740</u>	<u>4,284,565</u>
<u>60,297</u>	<u>39,635</u>	<u>77,010</u>	<u>783,187</u>
10,983	13,746	1,617	38,087
-	-	-	(7,870)
-	36,400	-	36,400
<u>10,983</u>	<u>50,146</u>	<u>1,617</u>	<u>66,617</u>
71,280	89,781	78,627	849,804
238,839	2,790,981	419,889	3,948,668
<u>\$ 310,119</u>	<u>\$ 2,880,762</u>	<u>\$ 498,516</u>	<u>\$ 4,798,472</u>

GULF COAST WASTE DISPOSAL AUTHORITY
Combining Statement of Cash Flows
Internal Service Funds
Year ended December 31, 2015

	Casualty Insurance Risk Reserve	Compensated Absences
	<u> </u>	<u> </u>
Cash Flows from Operating Activities		
Receipts from customers and users	\$ -	\$ -
Receipts from intragovernmental users	-	-
Payments to suppliers	-	-
Payments to employees	-	(65,304)
Net cash provided (used) by operating activities	<u>-</u>	<u>(65,304)</u>
 Cash Flows from Noncapital Financing Activities		
Loan from equipment service	-	-
Interest paid on interfund loan	-	-
 Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>
 Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	-	-
Proceeds from sale of capital assets	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>
 Cash Flows from Investing Activities		
Maturity (purchase) of investments	30,200	262,908
Interest received	1,341	9,532
Net cash provided by (used for) investing activities	<u>31,541</u>	<u>272,440</u>
 Net increase (decrease) in cash and cash equivalents	31,541	207,136
 Beginning cash and cash equivalents	<u>36,544</u>	<u>253,990</u>
 Ending cash and cash equivalents	<u>\$ 68,085</u>	<u>\$ 461,126</u>

<u>Data Processing</u>	<u>Employees' Health Care</u>	<u>Equipment Service</u>	<u>Pretreatment Legislation</u>	<u>Total</u>
\$ -	\$ 653,667	\$ -	\$ 165,750	\$ 819,417
889,936	3,034,064	324,335	-	4,248,335
(229,011)	(4,120,041)	(34,061)	(88,740)	(4,471,853)
-	-	-	-	(65,304)
<u>660,925</u>	<u>(432,310)</u>	<u>290,274</u>	<u>77,010</u>	<u>530,595</u>
(105,976)		105,976	-	-
<u>(7,870)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,870)</u>
(113,846)	-	105,976	-	(7,870)
<u>(113,846)</u>	<u>-</u>	<u>105,976</u>	<u>-</u>	<u>(7,870)</u>
(110,973)	-	(127,020)	-	(237,993)
<u>-</u>	<u>-</u>	<u>36,400</u>	<u>-</u>	<u>36,400</u>
(110,973)	-	(90,620)	-	(201,593)
<u>(110,973)</u>	<u>-</u>	<u>(90,620)</u>	<u>-</u>	<u>(201,593)</u>
(347,721)	566,089	(132,581)	(28,077)	350,818
868	10,983	13,746	1,617	38,087
<u>(346,853)</u>	<u>577,072</u>	<u>(118,835)</u>	<u>(26,460)</u>	<u>388,905</u>
89,253	144,762	186,795	50,550	710,037
<u>9,503</u>	<u>260,393</u>	<u>148,909</u>	<u>41,989</u>	<u>751,328</u>
<u>\$ 98,756</u>	<u>\$ 405,155</u>	<u>\$ 335,704</u>	<u>\$ 92,539</u>	<u>\$ 1,461,365</u>

GULF COAST WASTE DISPOSAL AUTHORITY
Combining Statement of Cash Flows
Internal Service Funds
Year ended December 31, 2015

	Casualty Insurance Risk Reserve	Compensated Absences
	<u> </u>	<u> </u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$	\$ 142,512
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	-	(207,816)
Accounts payable	-	
Net OPEB obligation	-	-
Net cash provided by operating activities	<u>\$</u>	<u>\$ (65,304)</u>

<u>Data Processing</u>	<u>Employees' Health Care</u>	<u>Equipment Service</u>	<u>Pretreatment Legislation</u>	<u>Total</u>
\$ 463,733	\$ 60,297	\$ 39,635	\$ 77,010	\$ 783,187
105,778	-	250,627	-	356,405
-	(300,000)	19	-	(299,981)
-	-	-	-	(207,816)
91,414	190,327	(7)	-	281,734
-	(382,934)	-	-	(382,934)
<u>\$ 660,925</u>	<u>\$ (432,310)</u>	<u>\$ 290,274</u>	<u>\$ 77,010</u>	<u>\$ 530,595</u>

GULF COAST WASTE DISPOSAL AUTHORITY

Industrial Projects - Private Activity Revenue

Bonds Issued and Outstanding

December 31, 2015

	<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	**
Air Products Project Solid Waste Disposal Revenue Bonds	1999	06/01/99	2034	**
Air Products Project Solid Waste Disposal Revenue Bonds	2000	03/01/00	2035	**
ExxonMobil Project Environmental Facilities Revenue Bonds	2000	05/31/00	2020	**
ExxonMobil Environmental Fac Rev Bonds Series 2001A	2001A	04/23/01	2030	**
ExxonMobil Environmental Fac Rev Bonds Series 2001B	2001B	04/23/01	2025	**
ExxonMobil Project Environmental Facilities Revenue Bonds Series 2002	2002	02/01/02	2025	**
Exxon Mobil Environmental Facilities Revenue Bonds	2003	04/01/03	2025	**
Waste Management of Texas, Inc. Solid Waste Disposal Revenue Bonds	2003A	04/01/03	2028	5.200%*
Waste Management of Texas, Inc. Solid Waste Disposal Revenue Bonds	2003B	04/01/03	2028	0.850%
Waste Management of Texas, Inc. Solid Waste Disposal Revenue Bonds	2003C	04/01/03	2028	5.200%*
American Acryl L.P. Environmental Facilities Revenue Bonds	2003	05/01/03	2038	**
Waste Management of Texas, Inc. and Western Waste Industries Project	2004A	03/01/04	2019	3.530%*
Air Products Environmental Facilities Revenue Bonds	2004	12/01/04	2039	**

Totals

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

** Variable rate

<u>Purpose</u>	<u>Total</u>	<u>Amount Retired</u>	<u>Amount Outstanding</u>
Air Pollution Control, Water Pollution Facilities	\$ 24,700,000	\$ -	\$ 24,700,000
Air Pollution Control, Water Pollution Facilities	52,500,000	-	52,500,000
Solid Waste Disposal	25,000,000	25,000,000	-
Solid Waste Disposal	25,000,000	25,000,000	-
Environmental Improvement	25,000,000	-	25,000,000
Environmental Improvement	25,000,000	-	25,000,000
Environmental Improvement	25,000,000	-	25,000,000
Environmental Improvement	25,000,000	-	25,000,000
Environmental Improvement	25,000,000	-	25,000,000
Solid Waste Disposal	12,000,000	-	12,000,000
Solid Waste Disposal	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
Solid Waste Disposal	25,000,000	25,000,000	-
	<u>\$ 365,200,000</u>	<u>\$ 75,000,000</u>	<u>\$ 290,200,000</u>

GULF COAST WASTE DISPOSAL AUTHORITY
*Gulf Coast Industrial Development Authority - Industrial
 Development Revenue Bonds Issued and Outstanding
 December 31, 2015*

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

** Variable rate bond

<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Amount Outstanding</u>
\$ 12,400,000	\$ 5,200,000	\$ 7,200,000
100,000,000	75,000,000	25,000,000
25,000,000	-	25,000,000
5,280,000	5,280,000	-
275,000,000	-	275,000,000
<u>\$ 417,680,000</u>	<u>\$ 85,480,000</u>	<u>\$ 332,200,000</u>

GULF COAST WASTE DISPOSAL AUTHORITY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Agency Funds
Year ended December 31, 2015

	<u>December 31,</u> <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31,</u> <u>2015</u>
Assets				
Cash and cash equivalents	\$ -	\$ 312,203		\$ 312,203
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,203</u>
Liabilities				
Due to others	\$ -	\$ 312,203	\$ -	\$ 312,203
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,203</u>

STATISTICAL SECTION

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GULF COAST WASTE DISPOSAL AUTHORITY

STATISTICAL SECTION

December 31, 2015

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.

	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	86
Revenue Capacity	
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
Debt Capacity	
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
Demographic and Economic Information	
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
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.	98

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

GULF COAST WASTE DISPOSAL AUTHORITY

Net Position By Component

Last Ten Years (1)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</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	35,893,851	44,258,262	33,047,532	22,615,118
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>

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 61,948,931	\$ 59,278,920	\$ 51,956,683	\$ 52,785,531	\$ 57,661,675	\$ 62,566,534
5,560,832	5,673,882	5,731,659	3,983,207	4,030,715	5,547,022
22,443,235	23,073,089	34,552,737	38,958,377	43,791,887	50,087,934
<u>\$ 89,952,998</u>	<u>\$ 88,025,891</u>	<u>\$ 92,241,079</u>	<u>\$ 95,727,115</u>	<u>\$ 105,484,277</u>	<u>\$ 118,201,490</u>

GULF COAST WASTE DISPOSAL AUTHORITY

CHANGE IN NET POSITION

Last Ten Years (1)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses				
Business-type activities:				
General services	\$ 5,061,636	\$ 2,478,603	\$ 6,743,499	\$ 2,100,743
Wastewater treatment	50,184,882	49,536,590	56,606,205	57,574,147
Solid waste disposal	1,368,584	1,288,065	1,608,135	1,505,345
Total primary government expenses	<u>56,615,102</u>	<u>53,303,258</u>	<u>64,957,839</u>	<u>61,180,235</u>
Program Revenues				
Business-type activities:				
Charges for services:				
General services	4,998,422	2,062,936	1,486,789	1,436,674
Wastewater treatment	48,077,853	48,971,742	53,825,381	47,651,573
Solid waste disposal	1,010,813	959,903	1,841,318	905,857
Operating grants and contributions	3,000,000	-	440,948	2,152,547
Capital grants and contributions	1,789,677	10,224,129	14,037,369	560,468
Total primary government revenues	<u>58,876,765</u>	<u>62,218,710</u>	<u>71,631,805</u>	<u>52,707,119</u>
Total primary government net (expense) revenues	<u>2,261,663</u>	<u>8,915,452</u>	<u>6,673,966</u>	<u>(8,473,116)</u>
General Revenues and Other Changes in Net Position				
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)	-
Total primary government	<u>2,053,925</u>	<u>3,548,475</u>	<u>1,048,174</u>	<u>792,800</u>
Total primary government Changes in Net Position	<u>\$ 4,315,588</u>	<u>\$ 12,463,927</u>	<u>\$ 7,722,140</u>	<u>\$ (7,680,316)</u>

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 3,273,402	\$ 2,834,832	\$ 2,200,954	\$ 1,867,558	\$ 1,158,663	\$ 922,949
55,229,866	51,085,936	52,545,181	55,913,550	55,037,733	57,103,537
1,301,995	927,107	1,101,793	826,055	853,672	904,667
<u>59,805,263</u>	<u>54,847,875</u>	<u>55,847,928</u>	<u>58,607,163</u>	<u>57,050,068</u>	<u>58,931,153</u>
2,093,096	1,897,049	2,964,156	1,499,139	1,555,047	1,809,874
51,439,683	49,041,872	52,713,336	54,957,532	56,958,781	60,227,895
1,074,327	890,613	957,530	783,755	826,806	888,028
385,507	-	-	-	-	-
663,106	912,927	2,909,000	4,865,128	7,064,990	8,406,698
<u>55,655,719</u>	<u>52,742,461</u>	<u>59,544,022</u>	<u>62,105,554</u>	<u>66,405,624</u>	<u>71,332,495</u>
<u>(4,149,544)</u>	<u>(2,105,414)</u>	<u>3,696,094</u>	<u>3,498,391</u>	<u>9,355,556</u>	<u>12,401,342</u>
702,231	712,353	519,094	(12,355)	401,606	315,871
-	-	-	-	-	-
-	-	-	-	-	-
<u>702,231</u>	<u>712,353</u>	<u>519,094</u>	<u>(12,355)</u>	<u>401,606</u>	<u>315,871</u>
<u>\$ (3,447,313)</u>	<u>\$ (1,393,061)</u>	<u>\$ 4,215,188</u>	<u>\$ 3,486,036</u>	<u>\$ 9,757,162</u>	<u>\$ 12,717,213</u>

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

Customer	2015			2006		
	Total Sales	Rank	% of Total Sales	Total Sales	Rank	% of Total Sales
Lyondell Chemical Company	\$ 4,940,945	1	14.37%	\$ 3,028,717	2	13.12%
Celanese LTD	4,729,846	2	13.76%	3,863,295	1	16.74%
Kaneka Texas Corporation	4,232,231	3	12.31%	1,057,854	5	4.58%
Albermarle Corporation	3,995,194	4	11.62%	2,375,124	3	10.29%
Kuraray America	1,665,306	5	4.84%	-	n/a	
Dixie Chemical Company, Inc.	1,436,430	6	4.18%	1,350,568	4	5.85%
Carpenter Company	1,359,964	7	3.96%	-	n/a	
Intergulf Corp	968,444	8	2.82%	-	n/a	
American Acryl, LP	795,171	9	2.31%	-	n/a	
Goodyear Tire & Rubber Company	772,239	10	2.25%	-	n/a	
Lubrizol Corporation	-	n/a		1,049,290	6	4.55%
Huish Detergentc, Inc.	-	n/a		872,359	7	3.78%
Baker Petrolite	-	n/a		753,439	8	3.26%
Equistar Bayport Chemicals LP	-	n/a		713,623	9	3.09%
PPB Industries	-	n/a		707,098	10	3.06%
Subtotal	24,895,770		72.42%	15,771,367		68.34%
Other customers	9,481,242		27.58%	7,305,688		31.66%
Total	\$ 34,377,012		100.00%	\$ 23,077,055		100.00%

Source: GCWDA 2006 CAFR and
2015 General Ledger

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net Income (loss)	\$ 1,061,033	\$ 3,344,921	\$ (1,881,084)	\$ (4,861,650)
Add items not includable in current expenses:				
Bond interest expense	2,339,387	2,214,213	2,087,750	1,954,917
Depreciation	3,915,355	4,271,287	4,446,193	5,044,916
Management fees	<u>489,996</u>	<u>600,000</u>	<u>600,000</u>	<u>650,004</u>
Pledge revenues	7,805,771	10,430,421	5,252,859	2,788,187
Average annual debt service on outstanding bonds	<u>\$ 3,719,318</u>	<u>\$ 3,649,840</u>	<u>\$ 3,571,674</u>	<u>\$ 3,483,152</u>
Actual debt service on outstanding bonds	<u>\$ 4,853,000</u>	<u>\$ 4,844,387</u>	<u>\$ 4,869,213</u>	<u>\$ 4,867,750</u>
Coverage by pledged revenues of average annual debt service on outstanding bonds	2.10	2.86	1.47	0.80
Coverage by pledged revenues of actual debt service on outstanding bonds	1.61	2.15	1.08	0.57

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ (1,038,507)	\$ (479,508)	\$ 3,372,235	\$ 620,770	\$ 3,877,727	\$ 4,679,665
1,814,644	1,666,275	1,424,400	2,182,607	1,879,274	2,788,107
4,783,144	4,716,215	4,567,156	4,533,646	4,395,904	4,478,265
<u>650,004</u>	<u>698,748</u>	<u>798,804</u>	<u>898,800</u>	<u>998,004</u>	<u>1,047,900</u>
6,209,285	6,601,730	10,162,595	8,235,823	11,150,909	12,993,937
<u>\$ 3,381,864</u>	<u>\$ 3,265,465</u>	<u>\$ 3,231,758</u>	<u>\$ 3,113,717</u>	<u>\$ 3,254,134</u>	<u>\$ 4,845,390</u>
<u>\$ 4,864,917</u>	<u>\$ 4,864,644</u>	<u>\$ 4,856,275</u>	<u>\$ 3,669,950</u>	<u>\$ 5,573,038</u>	<u>\$ 5,469,828</u>
1.84	2.02	3.14	2.65	3.43	2.68
1.28	1.36	2.09	2.24	2.00	2.38

GULF COAST WASTE DISPOSAL AUTHORITY
RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Years

(dollars in thousands)

<i>Fiscal Year</i>	Business-Type Activities					Total Primary Government	Total Operating Revenue	Percent of Total Revenue
	<i>Revenue Bonds</i>	<i>Refunding Bonds</i>	<i>Promissory Note</i>	<i>Capital Lease</i>	<i>Unamortized Premium</i>			
2006	\$ 21,770	\$ 24,025	\$ 2,783	\$ -	\$ 2,025	\$ 50,603	\$ 55,877	90.56%
2007 (1)	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 (2)	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 (3)	47,485	20,120	-	-	8,310	75,915	62,926	120.64%

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

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

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

(3) 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>
2006	143
2007	142
2008	155
2009	154
2010	148
2011	156
2012	154
2013	156
2014	176
2015	199

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>
2006	29	120	-	149
2007	29	118	3	150
2008	30	118	3	151
2009	31	118	3	152
2010	31	118	3	152
2011	27	119	2	148
2012	25	115	2	142
2013	26	115	2	143
2014	29	119	2	150
2015	29	119	2	150

Source: Human Resources

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function/Program					
Wastewater Treatment					
Wastewater treated (MGD)*	47.827	44.610	46.646	40.020	41.350
Permitted capacity (MGD)	109.650	109.650	109.650	85.700	85.700
Solid Waste Disposal					
Nonhazardous waste received (cubic yards)	10,848	4,889	13,535	4,312	1,072
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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
41.900	45.752	47.638	43.570	46.080
85.700	86.950	91.950	91.950	91.950
668	1,706	2,123	1,005	1,005
95,000	95,000	95,000	95,000	95,000

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

	2006	2007	2008	2009	2010
Function/Program					
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

2011	2012	2013	2014	2015
1	1	1	1	1
22	22	22	18	18
5	5	5	10	10
12	12	12	13	13
1	1	1		
10	10	10	11	11
17	17	17	19	19
5	5	5	8	8
2	2	2	1	1
5	5	5	8	8
5	5	5	7	7
2	2	2	3	3
3	3	3	3	3
2	2	2	2	2
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, 2015

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, 2015

Personnel services *	\$ 19,627,570
Materials and supplies	8,205,726
Utilities	5,240,451
Repairs and maintenance	3,732,442
Professional services	1,407,257
Contractual services	6,522,390
General and administrative	1,368,598
Major repairs	1,800,060
Interest and amortization	2,786,606
Depreciation	8,242,054
	\$ 58,933,154

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

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

GULF COAST WASTE DISPOSAL AUTHORITY
TSI-3 SCHEDULE OF TEMPORARY INVESTMENTS
December 31, 2015

	Identification or Certificate Number	Effective Yield	Maturity Date	Balance at End of Year (Amortized Cost)
Texas CLASS	N/A	0.350%	N/A	\$ 3,129,724
Texas TERM	N/A	0.230%	N/A	30,303,117
Texpool	N/A	0.186%	N/A	728,594
Insured Deposit Portal CD pool	N/A	0.240%	N/A	4,968,973
Certificate of Deposit	40434AWY1	2.60%	07/29/20	240,537
Certificate of Deposit	40434AC72	2.33%	11/17/20	243,745
Certificate of Deposit	05580ACF9	2.25%	07/17/20	256,531
Certificate of Deposit	14042E4Y3	2.25%	07/22/20	256,549
Certificate of Deposit	38148J3R0	2.25%	12/09/20	253,260
Certificate of Deposit	17284C6V1	2.15%	12/14/19	230,069
Certificate of Deposit	618312DK5	1.90%	03/26/20	251,986
Certificate of Deposit	32082BEB1	1.80%	10/30/20	250,217
Certificate of Deposit	686184WJ7	1.75%	12/17/18	242,555
Certificate of Deposit	140420XA3	1.65%	10/29/18	242,037
Certificate of Deposit	31938QF90	1.65%	03/21/19	249,676
Certificate of Deposit	02006LRV7	1.60%	07/02/18	251,948
Certificate of Deposit	254672RF7	1.60%	07/02/18	251,948
Certificate of Deposit	94986TWS2	1.50%	12/31/20	245,216
Certificate of Deposit	05573J5U4	1.25%	10/26/20	243,797
Certificate of Deposit	05580ACV4	1.20%	09/18/17	250,131
Certificate of Deposit	635573AB4	1.20%	04/02/18	247,853
Certificate of Deposit	05573J5A8	1.10%	10/10/17	239,708
Certificate of Deposit	27002YCH7	1.05%	08/07/17	244,527
Certificate of Deposit	6006203843	0.38%	03/14/16	1,000,000
Total temporary investments				\$ 44,822,699

GULF COAST WASTE DISPOSAL AUTHORITY
TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEAR
(All Bonded Debt Services) - By Years
December 31, 2015

Due During the Year Ending	Annual Requirements for All Series			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
2016	\$ 3,610,000	\$ 1,542,294	\$ 1,542,294	\$ 6,694,588
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>\$ 67,605,000</u>	<u>\$ 14,651,404</u>	<u>\$ 14,651,404</u>	<u>\$ 96,907,808</u>

GULF COAST WASTE DISPOSAL AUTHORITY
TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEAR
(All Bonded Debt Services) - By Years
December 31, 2015

Due During the Year Ending	Series, 2013			Total
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	
2016	\$ 2,770,000	\$ 959,044	\$ 959,044	\$ 4,688,088
2017	2,875,000	903,644	903,644	4,682,288
2018	3,000,000	846,144	846,144	4,692,288
2019	3,155,000	771,144	771,144	4,697,288
2020	3,305,000	692,269	692,269	4,689,538
2021	3,465,000	609,644	609,644	4,684,288
2022	3,640,000	523,019	523,019	4,686,038
2023	3,235,000	432,019	432,019	4,099,038
2024	3,395,000	351,144	351,144	4,097,288
2025	1,225,000	266,269	266,269	1,757,538
2026	1,260,000	247,894	247,894	1,755,788
2027	1,300,000	228,994	228,994	1,757,988
2028	1,365,000	196,494	196,494	1,757,988
2029	1,430,000	162,369	162,369	1,754,738
2030	1,505,000	126,619	126,619	1,758,238
2031	1,580,000	88,994	88,994	1,757,988
2032	1,635,000	60,356	60,356	1,755,712
2033	1,695,000	30,722	30,722	1,756,444
	<u>\$ 41,835,000</u>	<u>\$ 7,496,782</u>	<u>\$ 7,496,782</u>	<u>\$ 56,828,564</u>

GULF COAST WASTE DISPOSAL AUTHORITY
TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEAR
(All Bonded Debt Services) - By Years
December 31, 2015

Due During the Year Ending	Series, 2015			Total
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	
2016	\$ 840,000	\$ 583,250	\$ 583,250	\$ 2,006,500
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>\$ 25,770,000</u>	<u>\$ 7,154,622</u>	<u>\$ 7,154,622</u>	<u>\$ 40,079,244</u>

GULF COAST WASTE DISPOSAL AUTHORITY
TSI-6 CHANGES IN LONG-TERM BONDED DEBT
Year ended December 31, 2015

Revenue Bonds	Interest Rate	Bonds Outstanding 1/1/15	Bonds Sold During 2015	Bonds Refunded During 2015	Requirements Fiscal Year 2015			Total	Bonds Outstanding 12/31/15
					Principal Due 10/01	Interest Due 04/01	Interest Due 10/01		
Series 2002 Revenue Bonds	5.0	\$ 2,170,000	\$ -	\$ -	\$ 2,170,000	\$ 54,250	\$ 54,250	\$ 2,278,500	\$ -
Series 2013 Revenue and Refunding Bonds	3.0-5.0	\$ 42,615,000	\$ -	\$ -	\$ 780,000	\$ 970,744	\$ 970,744	\$ 2,721,488	\$ 41,835,000
Series 2015 Revenue Bonds	2.0-5.0	\$ -	\$ 25,770,000	\$ -	\$ -	\$ -	\$ 469,840	\$ 469,840	\$ 25,770,000
		<u>\$ 44,785,000</u>	<u>\$ 25,770,000</u>	<u>\$ -</u>	<u>\$ 2,950,000</u>	<u>\$ 1,024,994</u>	<u>\$ 1,494,834</u>	<u>\$ 5,469,828</u>	<u>\$ 67,605,000</u>

Paying Agent's Name & City

Series 2002, 2013 and 2015 The Bank of New York Mellon Dallas, TX

Debt Service Reserve Fund cash and investments balances as of December 31, 2015 \$ 4,977,659

Average Annual Debt Service payment (Principal and Interest) for remaining term of all debt \$ 4,845,390

GULF COAST WASTE DISPOSAL AUTHORITY**TSI-7 SCHEDULE OF REVENUES AND EXPENSES****Enterprise Funds**

For Five Years ended December 31, 2015

	Amounts				
	2015	2014	2013	2012	2011
Operating revenues					
Charges for services					
Services to industries	\$59,573,997	\$55,570,104	\$53,320,897	\$53,167,009	\$50,549,132
Services to municipalities	2,769,723	3,321,798	3,555,135	2,778,707	2,549,424
Other	582,083	448,134	364,394	689,306	1,624,874
Total revenues	62,925,803	59,340,036	57,240,426	56,635,022	54,723,430
Expenditures					
Cost of sales and services	45,011,260	43,927,467	44,910,104	41,711,110	45,294,258
Administrative	3,618,295	3,258,492	2,981,431	3,075,901	2,875,283
Depreciation	8,310,028	8,246,103	8,410,599	8,318,615	8,840,373
Total expenditures	56,939,583	55,432,062	56,302,134	53,105,626	57,009,914
Operating income (loss)	5,986,220	3,907,974	938,292	3,529,396	(2,286,484)
Non-Operating Revenues (Expenses)					
Interest income	277,784	350,384	1,080	426,822	623,919
Interest expense	(2,788,107)	(1,879,274)	(2,182,607)	(1,424,400)	(1,827,957)
Gain (loss) on disposal of capital asset	(15,186)	(51,237)	1,023	(44,752)	(15,470)
Operating contributions	-	10,954	-	-	385,507
Insurance proceeds	94,623	-	-	-	-
Total non-operating revenues (expenses)	(2,430,886)	(1,569,173)	(2,180,504)	(1,042,330)	(834,001)
Income (loss) before contributions	3,555,334	2,338,801	(1,242,212)	2,487,066	(3,120,485)
Capital Contributions, net	-	7,064,990	4,865,128	2,909,000	-
Change in Net Position	\$ 3,555,334	\$ 9,403,791	\$ 3,622,916	\$ 5,396,066	\$ (3,120,485)
Total active industrial and municipal participants	199	176	156	156	148

Percent of Total Revenues

2015	2014	2013	2012	2011
94.7%	93.6%	93.2%	93.9%	92.4%
4.4%	5.6%	6.2%	4.9%	4.7%
0.9%	0.8%	0.6%	1.2%	3.0%
100.0%	100.0%	100.0%	100.0%	100.0%
71.5%	74.0%	78.5%	73.6%	82.8%
5.8%	5.5%	5.2%	5.4%	5.3%
13.2%	13.9%	14.7%	14.7%	16.2%
90.5%	93.4%	98.4%	93.8%	104.2%
9.5%	6.6%	1.6%	6.2%	-4.2%
0.4%	0.6%	0.0%	0.8%	1.1%
-4.4%	-3.2%	-3.8%	-2.5%	-3.3%
0.0%	-0.1%	0.0%	-0.1%	0.0%
	0.0%			0.7%
0.2%				
-3.9%	-2.6%	-3.8%	-1.8%	-1.5%
5.7%	3.9%	-2.2%	4.4%	-5.7%
	11.9%	8.5%	5.1%	
5.7%	15.8%	6.3%	9.5%	-5.7%

GULF COAST WASTE DISPOSAL AUTHORITY
TSI-8 BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL
Year ended December 31, 2015

Complete District Mailing Address:	<u>910 Bay Area Boulevard, Houston, Texas 77058</u>
District Business Telephone Number:	<u>(281) 488-4115</u>
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	<u>12/15</u>
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution - TWC Section 49.060)	<u>\$7,200</u>

Board Members	Term of Office or Date Hired *	Elected/ Appointed	Fees of office paid 12/31/15	Expenses reimbursed 12/31/15	Title at Year End
Franklin D.R. Jones, Jr.	09/01/13 - 08/31/16	Appointed (2)	\$ 7,200	\$ 25,603	Chairman
Rita Standridge	09/01/14 - 08/31/16	Appointed (3)	7,050	12,161	Vice Chair
Irvin W. Osborne-Lee, Ph.D.	09/01/14 - 08/31/16	Appointed (3)	5,700	7,581	Treasurer
Stan Cromartie	09/01/14 - 08/31/16	Appointed (1)	4,350	6,830	Secretary
J. Mark Schultz	09/01/14 - 08/31/16	Appointed (2)	7,200	15,601	Member
Gloria Milian Matt	09/01/14 - 08/31/16	Appointed (1)	2,100	1,013	Member
Ron Crowder	09/01/13 - 08/31/16	Appointed (3)	3,150	1,129	Member
Lamont E. Meaux	09/01/14 - 08/31/16	Appointed (1)	4,350	9,462	Member
Chris Peden	05/09/13 - 08/31/16	Appointed (2)	7,200	13,382	Member

Key Administrative Personnel:

Ricky Clifton	01/15/11	N/A	\$ 318,631	General Manager
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Consultants:

Olson and Olson	01/01/80	N/A	\$ 93,205	General Counsel
Whitley Penn, LLP	10/01/06	N/A	64,101	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.