

GULF COAST WASTE DISPOSAL AUTHORITY HOUSTON, TEXAS



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

YEAR ENDED DECEMBER 31, 2009



**Gulf Coast Waste Disposal Authority  
Houston, Texas**

**Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2009**

**Prepared by the Finance Department**

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**Gulf Coast Waste Disposal Authority**  
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**December 31, 2009**

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# **Gulf Coast Waste Disposal Authority**

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## INTRODUCTORY SECTION

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**Gulf Coast Waste Disposal Authority**

910 Bay Area Blvd Houston, Texas 77058

Phone: (281) 488-4115 • Fax: (281) 488-3331

April 10, 2010

**To the Board of Directors, participants, customers, and citizens of the  
Gulf Coast Waste Disposal Authority**

The Texas Water Code, Section 49.191, requires an annual audit of the Gulf Coast Waste Disposal Authority's (the "Authority" or "GCWDA") books of accounts, financial records and transactions by independent certified public accountants selected by the Board of Directors. This report is published to fulfill that requirement for the fiscal year ended December 31, 2009.

The Texas Water Code, Section 49.194 requires that the Authority submit a copy of the Comprehensive Annual Financial Report (CAFR) to the Texas Commission on Environmental Quality (TCEQ) within 135 days of year end, along with annual filing affidavits stating that copies of the report 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 report must also be filed with the Governor of the State of Texas, the State Auditor, and the Pension Review Board. These filing requirements are being met.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that has been established for this purpose. Because the cost of internal controls should not exceed the anticipated benefit, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Null-Lairson, PC, Certified Public Accountants, has issued an unqualified ("clean") opinion on the Authority's financial statements for the year ended December 31, 2009. The independent auditors' report is located at the front of the financial section of this report.

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

*Profile of the Government*

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 enable governments and industries to better manage their pollution control needs. These services include the operation of waste treatment facilities, technical assistance and information



programs, involvement in community environmental projects, pollution control, and private activity bond financing of projects for other entities.

Each year the Authority's Board of Directors adopts an annual budget for the General Services Division. Consistent with Section 49.057 of the Texas Water Code, annual budgets are not legal spending limits, but rather management devices for evaluation of program efficiency and effective use of resources. Accordingly, this financial plan is defined as a *non-appropriated* budget.

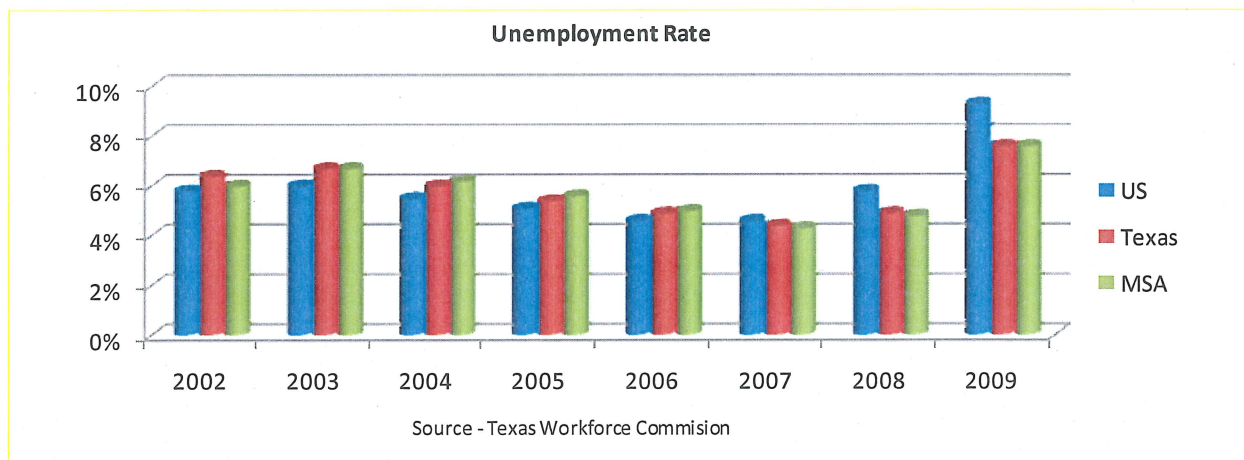
During 2009, the Authority operated four industrial wastewater treatment plants, two municipal sewage treatment plants, an industrial solid waste landfill, a pipeline, a receiving station for the collection of trucked in wastewater and a service that provides billing and collection for a utility district. In addition, the Authority operated a central laboratory that has consolidated most of GCWDA's testing procedures.

### *Local economy*

Harris, Galveston, and Chambers Counties form the primary jurisdictional area for the Authority. Situated near major petroleum and natural-gas fields, this area is the center of the national petroleum industry. The region also has a diverse industrial base in manufacturing, aeronautics and technology. Houston, located in Harris County, is the world's primary producer of oil-field equipment. The Houston area is also home to the Port of Houston.

The Authority's main jurisdictional area is within the Houston-Sugarland-Baytown Metropolitan Statistical Area (MSA). According to the December 2009, issue of Houston – The Economy at a Glance, a publication of the Greater Houston Partnership, this 10-county Houston metropolitan area is predicted to see job gains between December 2009 and December 2010 of 1,900. This is a positive trend on the heels of last year's loss of 93,000 jobs. It is predicted that Houston will fair better than other cities during the current recession and Houston is well positioned to grow once the economic recovery begins.

The following chart shows the Region's unemployment rate over the past eight years in comparison to the United States and the State of Texas.



### *Long-term financial planning*

During 2009, the Authority continued managing risk with comprehensive general liability, errors and omissions, automobile, workers' compensation and property insurance by participation in the TWCA Risk Management Fund self-insurance pool. The pool is available to members of the Texas Water Conservation Association. The Authority maintains a Casualty Insurance Risk Reserve Internal Service Fund to pay for losses within the Risk Management pool's insurance deductible limits. Coverage is provided for all other insurable losses through private insurance companies.

### *Awards*

#### **Sewage Treatment Awards**

The Authority's 40-Acre, Odessa South, Blackhawk and Bayport Facilities received recognition for their compliance achievements during the 2008 operational year by the National Association of Clean Water Agencies. The Blackhawk Facility and the 40-Acre Facility received the Platinum award. The Platinum award is given to a facility that has had perfect operating permit compliance for five consecutive years. The Blackhawk Facility has gone thirteen years without a single permit violation; therefore, it was awarded the Platinum 13. The Bayport Facility received the Gold Award which is given to acknowledge 100 percent compliance with the Facility's discharge permit for 12 months. The Odessa South Facility received the Silver Award.

#### **Excellence in Financial Reporting**

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, 2008. This was the 22nd 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.

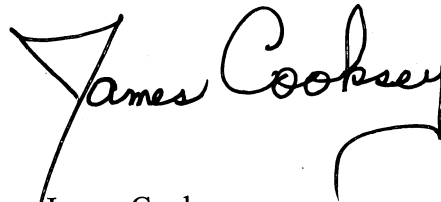
### *Acknowledgements*

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

Respectfully submitted,

A handwritten signature in cursive script, reading "Charles Ganze".

Charles Ganze  
General Manager

A handwritten signature in cursive script, reading "James Cooksey".

James Cooksey  
Manager, Financial Services

# 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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

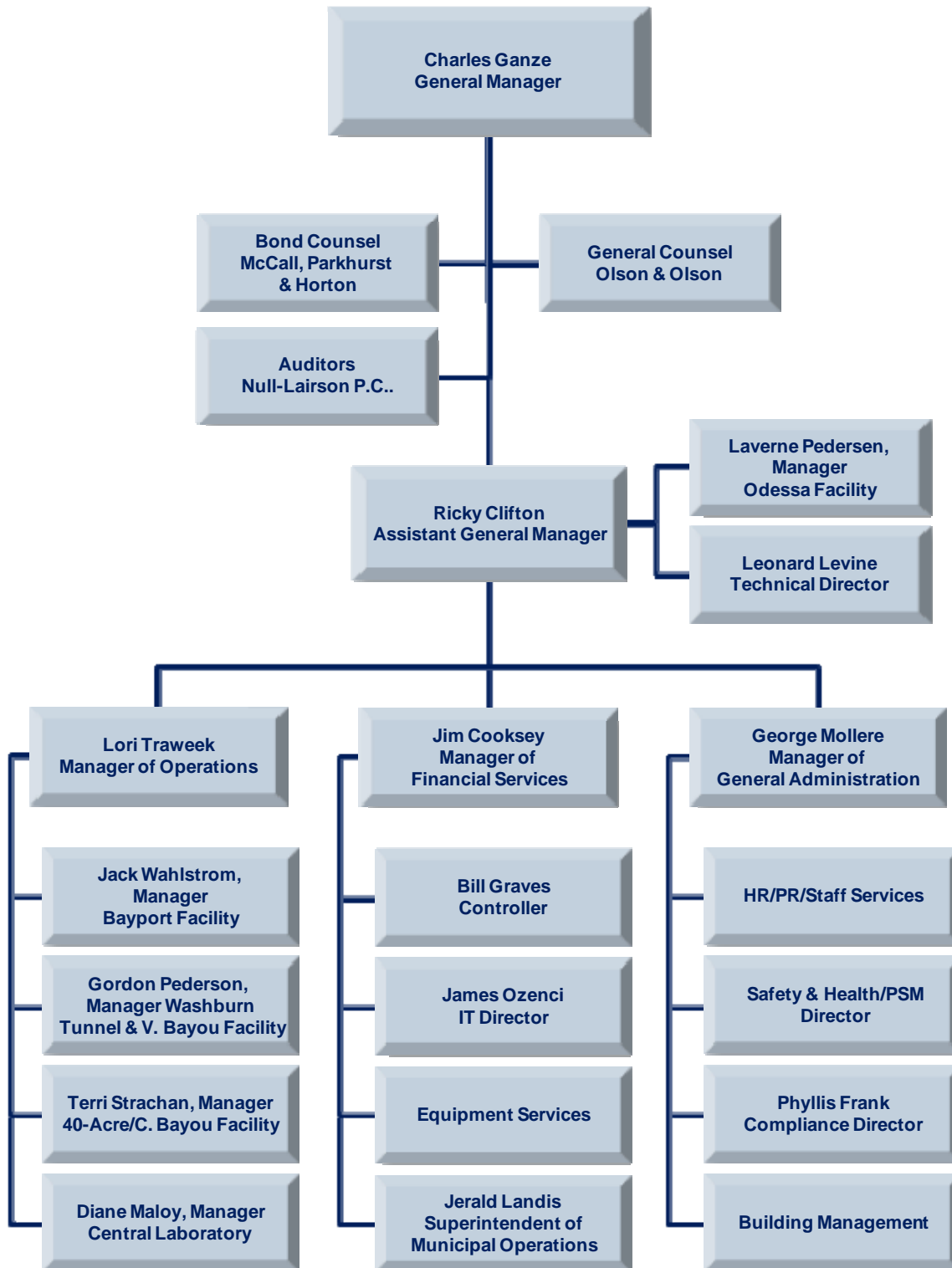
President

A stylized, handwritten signature in black ink.

Executive Director

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**Gulf Coast Waste Disposal Authority**  
**Organizational Chart**  
**December 31, 2009**



**Gulf Coast Waste Disposal Authority**  
**Board of Directors**  
**December 31, 2009**

Chairman

J. Mark Schultz Representing Chambers County	Appointed by County Commissioners Court
---	---

Vice Chairman

Rita Standridge Representing Chambers County	Appointed by Consortium of Mayors
---	-----------------------------------

Treasurer

Dr. Irvin W. Osborne-Lee Representing Harris County	Appointed by Consortium of Mayors
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Secretary

James A. Matthews, Jr. Representing Galveston County	Appointed by County Commissioners Court
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Directors

Zoe Milian Barinaga Representing Harris County	Appointed by Governor
---	-----------------------

Ron Crowder Representing Galveston County	Appointed by Consortium of Mayors
--	-----------------------------------

Lamont Meaux Representing Chambers County	Appointed by Governor
--	-----------------------

Franklin D. R. Jones, Jr. Representing Harris County	Appointed by County Commissioners Court
---	---

Randy Jarrell Representing Galveston County	Appointed by Governor
--	-----------------------



**Gulf Coast Waste Disposal Authority**  
**Committee/Board Assignments**  
**December 31, 2009**

Industrial Development Board

Ron Crowder – President  
Charles Ganze – Vice President  
James Cooksey – Secretary

Public Policy Committee

James Matthews – Chairman  
Zoe Barinaga  
Frank Jones  
Dr. Irvin Osborne-Lee

Audit Committee

Dr. Irvin Osborne-Lee – Chairman  
Randy Jarrell  
James Matthews  
Lamont Meaux

Budget Review Committee

Lamont Meaux – Chairman  
Zoe Barinaga  
Ron Crowder  
Randy Jarrell

Special Project Committee

Rita Standridge – Chairman  
Zoe Barinaga  
James Matthews  
Lamont Meaux

Project Review Committee

Frank Jones – Chairman  
Ron Crowder  
Dr. Irvin Osborne-Lee  
Rita Standridge

Legislative Committee

Mark Schultz – Chairman  
Randy Jarrell  
Frank Jones  
Rita Standridge

**Gulf Coast Waste Disposal Authority**  
**Administrative and Consultants**  
**December 31, 2009**

General Manager  
Charles Ganze

Assistant General Manager  
Ricky Clifton

Manager of Financial Services  
James Cooksey

Manager of Operations  
Lori Traweck

Manager of General Administration  
George Mollere

Controller  
Bill Graves

General Counsel  
Olson & Olson  
Houston, Texas

Bond Counsel  
McCall, Parkhurst & Horton  
Dallas, Texas

Auditors  
Null-Lairson, PC  
Certified Public Accountants  
Houston, Texas

General Office  
Gulf Coast Waste Disposal Authority  
910 Bay Area Boulevard  
Houston, Texas 77058

## **FINANCIAL SECTION**

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## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the business type activities, each major fund and the aggregate remaining fund information of Gulf Coast Waste Disposal Authority (the "Authority") as of and for the year ended December 31, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Authority as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2010 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gulf Coast Waste Disposal Authority's basic financial statements. The management's discussion and analysis and schedule of funding progress on pages 4 through 10 and 47, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The combining information and statements, other supplementary information and supplementary information as well as the introductory section, statistical section and Texas supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining information and statements and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, statistical section and Texas supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Null Laison, P.C." in a cursive, flowing script.

Houston, Texas  
April 8, 2010

# **Gulf Coast Waste Disposal Authority**

## **Managements' Discussion and Analysis**

### **December 31, 2009**

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, 2009. 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. The amounts in the text of the MD&A are rounded to the nearest dollar unless otherwise indicated.

#### **FINANCIAL HIGHLIGHTS**

- Capital Assets decreased by \$6.4 million
- Net assets decreased by \$7.7 million
- Program Revenues decreased by \$18.9 million
- Operating expenses decreased by \$3.8 million

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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.

**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 assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 13.

**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.

**Proprietary funds.** The Authority maintains two different types of proprietary funds: an enterprise fund and internal service funds. An enterprise fund is used to report the functions that are business-type activities. The Authority has one enterprise fund that is divided into eleven divisions. These divisions are the General Services Division, Bayport Area System Division, Blackhawk Regional Facility Division, Campbell Bayou Facility Division, Central Laboratory Division, 40-Acre Facility Division, Municipal Operations Division, Odessa South Regional Facility Division, Vince Bayou Facility Division, Washburn



**Gulf Coast Waste Disposal Authority**  
**Managements' Discussion and Analysis**  
**December 31, 2009**

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

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. 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. The basic financial statements can be found in the basic financial statements under proprietary funds 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. The basic fiduciary fund financial statements can be found in the basic financial statements under fiduciary funds of this report.

**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. The Notes to the Financial Statements can be found at the end of the basic financial statements report.

**Other information.** This report also provides *other supplementary information* concerning conduit debt issued and outstanding which can be found after the combining information and statements of this report.

The combining information by division and the combining statements referred to earlier in connection with the internal service funds are presented immediately preceding the other supplementary information on conduit debt. These combining information and statements can be found after the required supplementary information.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve as an indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$93,400,311 at the close of the 2009 fiscal year.

A large portion of the Authority's net assets (70.1%) reflect investment 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.

**Gulf Coast Waste Disposal Authority**  
**Managements' Discussion and Analysis**  
**December 31, 2009**

**Gulf Coast Waste Disposal Authority**

*Net Assets*

*December 31, 2009*

*With comparative totals for December 31, 2008*

	<b>2009</b>	<b>2008</b>
Current and other assets	\$ 47,306,995	\$ 53,507,067
Capital assets	98,003,724	104,357,976
Total assets	<u>145,310,719</u>	<u>157,865,043</u>
Long term liabilities	37,876,877	40,858,583
Other liabilities	14,033,531	15,925,833
Total liabilities	<u>51,910,408</u>	<u>56,784,416</u>
Net assets:		
Invested in capital assets, net of related debt	65,499,281	62,886,387
Restricted	5,285,912	5,146,708
Unrestricted	22,615,118	33,047,532
Total net assets	<u>\$ 93,400,311</u>	<u>\$ 101,080,627</u>

An additional portion of the Authority's net assets (5.7%) represent resources that are subject to restrictions for debt service and a contingency reserve. The remaining balance of *unrestricted net assets* (\$22,615,118) may be used to meet the Authority's ongoing liabilities.

Current and other assets decreased 11.6% in 2009. Specifically, there was a \$5.2 million decrease in the investment balance as securities matured and the proceeds were used for repayment on the Bayport long term debt requirements. Additionally, the accounts receivable included over one million dollars in an allowance against a single entity who filed for Chapter 11 bankruptcy during 2009. Additional information on the customer receivable can be found in Note B of the Detailed Notes on All Funds section in the Notes to the Financial Statements of this report. Accounts receivable also decreased by \$514,000 as amounts were collected from the Federal Emergency Management Administration (FEMA) for damage related to Hurricane Ike. At December 31, 2009, the remaining receivable related to Ike damage was \$448,000.

The 6.1% decrease in capital assets is attributed to the approximately \$9.5 million recognized in 2009 for depreciation expense on capital assets previously placed in service. The capital assets also included an increase during the year of over \$2.5 million. The 8.6% decrease in total liabilities resulted from the \$3.5 million in total principal payments made and amortization of bond issuance costs related to the outstanding debt. The payments were \$2,910,000 on the Bayport Bonds Series 2002 and 2004 and \$612,000 on the bank loan within the General Services Division. The decrease in liabilities also resulted from the prior year balance including a \$1.3 million payable to one vendor for construction work. The vendor was paid during 2009.

As of December 31, 2009, the Authority reported a net asset balance of \$22,615,118 in unrestricted net assets and a total net asset balance of \$93,400,311. Total net assets decreased \$7,680,316 over 2009. The components of the changes in the net assets are found in the following table:

**Gulf Coast Waste Disposal Authority**  
**Managements' Discussion and Analysis**  
**December 31, 2009**

**Gulf Coast Waste Disposal Authority**

*Changes in Net Assets*

*Year Ended December 31, 2009*

*With comparative totals for Year Ended December 31, 2008*

	<u>2009</u>	<u>2008</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 50,554,572	\$ 70,669,815
Operating Grants and Contributions	2,152,547	440,948
Capital Grants and Contributions	-	521,042
Total program revenues	<u>52,707,119</u>	<u>71,631,805</u>
Extraordinary item - Hurricane Ike repairs	(14,540)	(1,126,200)
Extraordinary item - Loss on asset impairment	-	(334,339)
Unrestricted investment earnings	807,340	2,508,713
Total revenues	<u>53,499,919</u>	<u>72,679,979</u>
Expenses:		
General services	2,100,743	6,743,499
Wastewater treatment	57,574,147	56,606,205
Solid waste disposal	1,505,345	1,608,135
Total expenses	<u>61,180,235</u>	<u>64,957,839</u>
Change in net assets	(7,680,316)	7,722,140
Net assets, Beginning	101,080,627	93,358,487
Net assets, Ending	<u>\$ 93,400,311</u>	<u>\$ 101,080,627</u>

Charges for services decreased \$20,115,243 in 2009. During the prior year, the Authority received over \$11 million from Union Carbide Corporation to pay for the construction of the Oxygen Activated System at the 40-Acre Facility. No amounts were received in 2009 as the construction project was completed in 2008. Additionally, revenues decreased in 2009 as over \$1.3 million was received in 2008 from various participants to finance a special water treatment study for \$382,000, a study of the expansion of the solid waste facility of \$500,000, major repairs to the clarifiers of \$400,000 and over \$380,000 for work related to permit renewals. Additionally, the Bio-San TOC revenue at the Bayport Facility decreased \$1.3 million in 2009 as a result of the reduction in operations of several customers. Total expenses decreased by \$3.8 million during 2009. Chemical costs at the Bayport and Washburn Tunnel Facility decreased by \$5.4 million during the year. Additionally, during 2009, the Authority spent over \$536,000 on repairs to the Biosan Pipeline at the Bayport Facility and over \$1.5 million on repairs related to Hurricane Ike.

During 2008, the Authority established the Gulf Coast Waste Disposal Authority Other Post Employment Benefit Trust. At December 31, 2009 and 2008, \$713,598 and \$422,091, respectively was transferred to the trust to partially fund the computed net other post employment benefit obligations. These obligations include health care and life insurance for qualified retired employees. The remaining increase in payroll costs was due to annual merit and cost of living adjustments.

During 2009, the Authority spent over \$1.5 million in additional Ike related repairs. Insurance proceeds and FEMA reimbursements received during 2009 from Ike related damage was \$2,152,500.

# Gulf Coast Waste Disposal Authority

## Managements' Discussion and Analysis

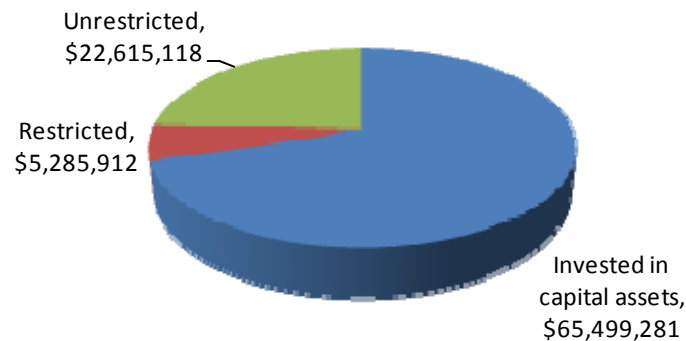
### December 31, 2009

Investment earnings decreased by \$1,712,000. Consistent with GASB Statement 31, the Authority records investments inclusive of holding gains and losses even though it has the ability and intent to hold to maturity. As a consequence, investment earnings have been subject to significant fluctuations from year to year. The Federal Reserve rate changes in 2009 have impacted the fixed income security market values. Inclusive of mark to market adjustments at year end, investment earnings averaged 2.32% for the year ended December 31, 2009 as compared to 4.07% for the previous year.

**Financial Analysis of the Authority's Funds.** As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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#### Ending Net Assets




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At the end of the year, the Authority had \$65,499,281 in net assets restricted for investment in capital assets net of related debt, \$5,285,912 in net assets restricted for debt service and contingency reserve and unrestricted net assets at the end of the year of \$22,615,118. Factors concerning the finances of proprietary funds have previously been addressed.

#### Capital Asset and Debt Administration

**Capital Assets.** The Authority's investment in capital assets as of December 31, 2009 was \$98,003,724 (net of accumulated depreciation). This investment in capital assets includes land, roads, buildings, machinery and equipment. The total decrease in the Authority's investment in capital assets for the current fiscal year was 6.1%.

#### Gulf Coast Waste Disposal Authority

##### *Capital Assets (net of depreciation)*

*December 31, 2009*

*With comparative totals for December 31, 2008*

	2009	2008
Land	\$ 5,175,541	\$ 5,175,541
Buildings	262,160	335,796
Waste treatment facilities and equipment	89,444,794	94,791,814
Administrative furniture and equipment	2,094,080	1,473,356
Construction in progress	1,027,149	2,581,469
Total	<u>\$ 98,003,724</u>	<u>\$ 104,357,976</u>

Major capital asset outlays during the fiscal year 2009 included the following:

**Gulf Coast Waste Disposal Authority**  
**Managements' Discussion and Analysis**  
**December 31, 2009**

- Plant improvements at the Bayport Facility:
 

Completion of the Trailer Staging Area	\$ 405,044
Completion of the Belt Press Expansion	2,213,600
  
- Plant improvements at the Washburn Tunnel Facility:
 

Emission Control Project	\$ 620,700
--------------------------	------------

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

**Debt**

At the end of the current fiscal year, the Authority had \$37.5 million in bonds outstanding compared to \$40.4 million bonds last year – a decrease of 7.2% as shown below. Also at December 31, 2009 the Authority had \$1.0 million outstanding on a promissory note as shown below:

	December 31,	
	2009	2008
Bayport Area System Revenue Bonds	\$ 37,450,000	\$ 40,360,000
Promissory Note	1,048,692	1,662,110
Capital lease	28,575	53,773
	<u>\$ 38,527,267</u>	<u>\$ 42,075,883</u>

Additional information on the Authority's long-term debt and capital leases can be found in Notes F and G of the Detailed Notes on All Funds section in the Notes to the Financial Statements of this report.

**Economic Factors**

The Authority's entire statutory district lies within the greater Houston Metro area. Houston continues to be one of the least affected markets in the nation. In its March 2010 issue, Forbes ranked Houston fourth in a list of 40 U.S. metros where the recession is easing, largely based on its diverse economic base of growth industries. In the same month, Site Selection Magazine ranked Houston fifth for corporate activity involving new and expanded corporate facilities. In terms of population growth, in March 2010, the U.S. Census Bureau announced Houston ranked second among the nation's top 25 cities in annual growth. With an estimated 5.8 million, the Houston metro area is expected to increase 6.8 percent over the next five years.

Houston is internationally recognized as the global energy capital, with virtually every segment of the energy industry represented by over 5,000 firms in the region. In the past ten years, the number of Houston-based energy trading companies has tripled, with petrochemical capacity in the area nearly four times larger than the nearest competing U.S. site. Houston is a global leader in manufacturing petrochemicals, with the Houston Ship Channel recognized as the largest petrochemical complex in the U.S., accounting for approximately 41 percent of the U.S. production base. This industry segment provides the base revenue of the Authority. Although we have seen reductions in the past year, we feel confident that our customers and participants will experience increase production in the months ahead. The long-term outlook is strong for Houston's energy, petrochemical and plastics industries to maintain a key role in the global economy.

**Gulf Coast Waste Disposal Authority**  
**Managements' Discussion and Analysis**  
**December 31, 2009**

**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**

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**Gulf Coast Waste Disposal Authority**  
**Statement of Net Assets**  
**December 31, 2009**

	<b><u>Business Type Activities</u></b>
<b><u>Assets</u></b>	
Equity in pooled cash and investments	\$ 26,286,192
Marketable securities	-
Receivables	13,488,162
Prepays	203,526
Deferred charges	623,908
Restricted assets	
Cash and cash equivalents	527,488
Marketable securities	4,694,642
Accrued interest	61,379
Noncurrent receivable	
Receivable within one year	667,431
Receivable in more than one year	754,267
Capital assets not being depreciated	
Land	5,175,541
Construction in progress	1,027,149
Capital assets net of accumulated depreciation	
Plant and equipment	91,801,034
<b>Total assets</b>	<b>\$ 145,310,719</b>
<b><u>Liabilities</u></b>	
Accounts payable	\$ 6,348,776
Wages payable	437,947
Retainage payable	12,550
Accrued bond interest	462,794
Unearned revenue	63,664
Working capital deposits	1,809,412
Noncurrent liabilities:	
Due within one year	4,898,388
Due in more than one year	37,876,877
<b>Total liabilities</b>	<b>51,910,408</b>
<b><u>Net Assets</u></b>	
Invested in capital assets, net of related debt	65,499,281
Restricted	
Debt service	4,905,775
Contingency reserve	380,137
Unrestricted	22,615,118
<b>Total net assets</b>	<b>\$ 93,400,311</b>

# Gulf Coast Waste Disposal Authority

## Statement of Activities

Year ended December 31, 2009

Functions/Programs	Expenses	Program Revenues		Business Type Activities
		Charges for Services	Operating Grants and Contributions	Net Revenue (Expenses) and Changes in Net Assets
General services	\$ 2,100,743	\$ 1,436,674	\$ -	\$ (664,069)
Wastewater treatment	57,574,147	48,212,041	2,062,547	(7,299,559)
Solid waste disposal	1,505,345	905,857	90,000	(509,488)
<b>Total primary government</b>	<b>\$ 61,180,235</b>	<b>\$ 50,554,572</b>	<b>\$ 2,152,547</b>	<b>\$ (8,473,116)</b>
Extraordinary item - Hurricane Ike repairs				(14,540)
Extraordinary item - Capital Asset Impairment				-
Unrestricted investment earnings				807,340
<b>Total revenues</b>				<b>792,800</b>
<b>Change in net assets</b>				<b>(7,680,316)</b>
<b>Beginning Net Assets</b>				<b>101,080,627</b>
<b>Ending Net assets</b>				<b>\$ 93,400,311</b>

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**Gulf Coast Waste Disposal Authority****Proprietary Funds***Statement of Net Assets (Page 1 of 2)**December 31, 2009*

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b><u>Assets</u></b>		
Current Assets		
Equity in pooled cash and investments	\$ 19,067,409	\$ 7,218,783
Marketable securities	-	-
Receivables	13,488,162	-
Due from other funds	126,930	-
Current portion of interfund loan receivable	-	-
Current portion of note receivable	667,431	-
Prepays	203,193	333
Total current assets	<u>33,553,125</u>	<u>7,219,116</u>
Noncurrent Assets		
Restricted assets		
Cash and cash equivalents	527,488	-
Marketable securities	4,694,642	-
Accrued interest	61,379	-
Deferred charges	623,908	-
Interfund loan receivable	-	-
Notes receivable	754,267	-
Capital assets		
Land	5,175,541	-
Construction in progress	852,473	174,677
Plant and equipment	217,695,988	4,359,036
Less accumulated depreciation	<u>(127,781,629)</u>	<u>(2,472,362)</u>
Total capital assets (net of accumulated depreciation)	<u>95,942,373</u>	<u>2,061,351</u>
Total noncurrent assets	<u>102,604,057</u>	<u>2,061,351</u>
<b>Total assets</b>	<u><u>\$ 136,157,182</u></u>	<u><u>\$ 9,280,467</u></u>

**Gulf Coast Waste Disposal Authority**  
**Proprietary Funds**

*Statement of Net Assets (Page 2 of 2)*

*December 31, 2009*

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b><u>Liabilities</u></b>		
Current liabilities		
Accounts payable	\$ 5,884,047	\$ 464,729
Wages payable	437,947	-
Retainage payable	12,550	-
Due to other funds	-	126,930
Accrued bond interest	462,794	-
Current portion of accrued compensated absences	-	1,053,269
Current portion of interfund loan payable	-	-
Current portion of loan payable	649,939	-
Current portion of capital lease payable	-	24,090
Current portion of revenue bonds payable	3,171,090	-
Total current liabilities	<u>10,618,367</u>	<u>1,669,018</u>
Noncurrent liabilities		
Accrued compensated absences	-	1,497,262
Net OPEB obligation	-	774,013
Interfund loan payable	-	-
Loan payable	398,753	-
Capital lease payable	-	4,485
Deferred revenue	63,664	-
Revenue bonds payable (net of unamortized discount and deferred amount on refunding)	35,202,364	-
Working capital deposits	1,809,412	-
Total noncurrent liabilities	<u>37,474,193</u>	<u>2,275,760</u>
<b>Total liabilities</b>	<u>48,092,560</u>	<u>3,944,778</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	63,437,930	2,061,351
Restricted		
Debt service	4,905,775	-
Contingency reserve	380,137	-
Unrestricted	19,340,780	3,274,338
<b>Total net assets</b>	<u>88,064,622</u>	<u>\$ 5,335,689</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	<u>5,335,689</u>	
<b>Net assets of business-type activities</b>	<u>\$ 93,400,311</u>	

See Notes to Financial Statements



# Gulf Coast Waste Disposal Authority

## Proprietary Funds

### Statement of Revenue, Expenses, and Changes in Fund Net Assets

Year ended December 31, 2009

	Enterprise Fund	Internal Service Funds
<b><u>Operating revenues</u></b>		
Charges for sales and services		
Services to industries	\$ 46,810,158	\$ -
Services to municipalities	2,373,728	-
Intergovernmental	-	2,865,441
Other	796,711	573,976
<b>Total operating revenues</b>	<b>49,980,597</b>	<b>3,439,417</b>
<b><u>Operating expenses</u></b>		
Costs of sales and services	45,933,577	2,494,097
Administration	3,793,417	264,310
Depreciation	9,138,420	360,313
<b>Total operating expenses</b>	<b>58,865,414</b>	<b>3,118,720</b>
<b>Operating income (loss)</b>	<b>(8,884,817)</b>	<b>320,697</b>
<b><u>Nonoperating revenues (expenses)</u></b>		
Investment income	663,836	146,667
Interest expense	(2,036,666)	(5,026)
Bond issuance costs	33,332	-
Loss on disposal of capital assets	(69,030)	12,684
Operating Contributions	2,152,547	-
<b>Total nonoperating revenues</b>	<b>744,019</b>	<b>154,325</b>
<b>Income (loss) before contributions</b>	<b>(8,140,798)</b>	<b>475,022</b>
Capital Contributions	-	-
<b>Income (loss) before extraordinary items</b>	<b>(8,140,798)</b>	<b>475,022</b>
Extraordinary item - Hurricane Ike repairs	(14,540)	-
Extraordinary items - Insurance proceeds from Hurricane Ike repairs	-	-
Extraordinary item - Capital Asset Impairment	-	-
<b>Changes in net assets</b>	<b>(8,155,338)</b>	<b>475,022</b>
<b>Beginning net assets</b>	<b>96,219,960</b>	<b>4,860,667</b>
<b>Ending net assets</b>	<b>\$ 88,064,622</b>	<b>\$ 5,335,689</b>
Change in net assets of proprietary fund	\$ (8,155,338)	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	475,022	
<b>Change in nets assets of business-type activities</b>	<b>\$ (7,680,316)</b>	

See Notes to Financial Statements

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**Gulf Coast Waste Disposal Authority**  
**Proprietary Funds**

*Statement of Cash Flows (page 1 of 2)*

*Year ended December 31, 2009*

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 49,258,270	\$ 3,453,051
Payments to suppliers	(34,358,590)	(2,025,420)
Payments to employees	(17,242,739)	-
<b>Net cash provided by operating activities</b>	<u>(2,343,059)</u>	<u>1,427,631</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Principal paid on loan payable	(612,729)	-
Interest paid on loan payable	(81,746)	-
Interest received on note receivable	141,224	-
Principal received on note receivable	633,088	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>79,837</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(1,997,709)	(1,223,022)
Proceeds from sale of capital assets	3,000	16,900
Principal paid on capital debt	(2,910,000)	-
Interest paid on capital debt	(1,989,498)	-
Principal payments on lease obligations	-	(25,197)
Interest payments on lease obligations	-	(1,863)
Ike related repairs and replacements	(14,540)	-
Proceeds from FEMA for Ike reimbursement	2,152,547	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(4,756,200)</u>	<u>(1,233,182)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(2,250,036)	-
Proceeds from maturity of investments	2,024,983	-
Interest received	442,484	143,504
<b>Net cash provided by investing activities</b>	<u>217,431</u>	<u>143,504</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(6,801,991)</u>	<u>337,953</u>

See Notes to Financial Statements

# Gulf Coast Waste Disposal Authority

## Proprietary Funds

### Statement of Cash Flows (page 2 of 2)

Year ended December 31, 2009

	Enterprise Fund	Internal Service Funds
<b>Beginning cash and cash equivalents</b>		
Unrestricted cash and cash equivalents	\$ 25,687,504	\$ 6,880,830
Restricted cash and cash equivalents	709,384	-
Beginning cash and cash equivalents	26,396,888	6,880,830
<b>Ending cash and cash equivalents</b>	<u>\$ 19,594,897</u>	<u>\$ 7,218,783</u>
<b>Ending cash and cash equivalents</b>		
Unrestricted cash and cash equivalents	\$ 19,067,409	\$ 7,218,783
Restricted cash and cash equivalents	527,488	-
	<u>\$ 19,594,897</u>	<u>\$ 7,218,783</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating income (loss)	\$ (8,884,817)	\$ 320,697
<b>Adjustment to reconcile operating income to net cash provided (used) by operating activities</b>		
Depreciation	9,138,420	360,313
<b>Changes in Operating Assets and Liabilities (Increase) Decrease in Assets</b>		
Accounts Receivable	(685,808)	13,636
Due from other funds	1,968,494	-
Prepays	(20,674)	(60)
<b>Increase (Decrease) Liabilities</b>		
Wages Payable	140,345	319,295
Accounts payable	(1,710,136)	151,266
Retainage payable	(394,112)	-
Due to other funds	(1,991,144)	22,650
Net OPEB obligation	-	239,834
Deferred revenue	(36,522)	-
Working capital deposits	132,895	-
<b>Net cash provided by operating activities</b>	<u>\$ (2,343,059)</u>	<u>\$ 1,427,631</u>
<b>Noncash Investing, Capital, and Financing Activities</b>		
Loss on disposition of capital assets	\$ 56,752	\$ 4,216

See Notes to Financial Statements

# **Gulf Coast Waste Disposal Authority**

## *Statement of Fiduciary Net Assets*

### *Fiduciary Funds*

*December 31, 2009*

	<b>Private-purpose Trust Fund</b>	<b>Agency Fund</b>	<b>Other Employee Benefit Trust Fund</b>
	<b>Campbell Landfill Closure/ Post-Closure</b>	<b>Texas Conservation Fund</b>	<b>Gulf Coast Waste Disposal Authority Other Post Employment Benefit Trust</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 315,416	29,741	\$ -
Accrued receivables	19,737		-
Investments, at fair value			
Marketable securities	1,844,798	-	-
Balance/Asset Allocation Funds	-		1,014,957
<b>Total assets</b>	<b>2,179,951</b>	<b>29,741</b>	<b>1,014,957</b>
<b><u>Net Assets</u></b>			
Held in trust for closure/post-closure costs	2,179,951	-	-
Held in trust for other postemployment benefits	-		1,014,957
<b>Total net assets</b>	<b>\$ 2,179,951</b>	<b>\$ -</b>	<b>\$ 1,014,957</b>

See Notes to Financial Statements

**Gulf Coast Waste Disposal Authority**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
*December 31, 2009*

	<b>Private-purpose Trust Fund Campbell Landfill Closure/ Post-Closure</b>	<b>Agency Fund Texas Conservation Fund</b>	<b>Other Employee Benefit Trust Fund Gulf Coast Waste Disposal Authority Other Post Employment Benefit Trust</b>
<b><u>Additions</u></b>			
Contributions			
Employer	\$ -	\$ -	\$ 592,866
Total contributions	-	-	592,866
Investment earnings			
Interest	67,955	-	-
Net increase in fair value of investments	(123,006)	-	-
Net investment earnings	(55,051)	-	-
<b>Total additions</b>	<b>(55,051)</b>	<b>-</b>	<b>592,866</b>
<b><u>Deductions</u></b>			
Banking fees	23,164	-	-
<b>Total deductions</b>	<b>23,164</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>(78,215)</b>	<b>-</b>	<b>592,866</b>
Beginning net assets	2,258,166	-	422,091
<b>Ending net assets</b>	<b>\$ 2,179,951</b>	<b>\$ -</b>	<b>\$ 1,014,957</b>

See Notes to Financial Statements

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**Gulf Coast Waste Disposal Authority**  
**Index to Notes to Financial Statements**  
**December 31, 2009**

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**Gulf Coast Waste Disposal Authority**  
**Notes to Financial Statements**  
**December 31, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial 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.

For financial reporting purposes, the Authority includes all funds and corporations 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, the Gulf Coast Industrial Development Authority ("GCIDA" or the "Corporation").

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 board and may, for cause or at will, remove the Corporation's three-member governing board. The Board of Directors appointed by the Authority has always been comprised entirely of the Authority's board members and management of the Authority. 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 statement of net assets and the statement of activities display information about the Authority as a whole. These statements include all funds of the reporting entity except the fiduciary funds. The statements present business-type activities. Internal service fund activity is eliminated to avoid duplicating revenues and expenses. Business-type activities are financed by fees charged to external parties for goods or services and reimbursement from participants.

**Gulf Coast Waste Disposal Authority**  
**Notes to Financial Statements**  
**December 31, 2009**

In the government-wide statement of net assets, 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.

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, are clearly identifiable to a particular function. Functional revenues include charges paid by the recipients for goods or 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.

***Proprietary Funds***

The Authority reports the following proprietary funds:

**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 Division, Blackhawk 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 Treatment Facility Division, Washburn Tunnel Pipeline Facility Division and The Component Unit – GCIDA Division. These divisions account for all of the business-type activities of the Authority

**Internal Services 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***

The Authority reports the following Fiduciary Funds which include a private purpose trust fund and an other employment benefits trust fund:

**Campbell Bayou Landfill and Land Treatment Unit Closure/Post-Closure Fund.** This is a private-purpose trust fund to account for the accumulation of amounts of money estimated to be the cost of closure and post-closure care of the Campbell Bayou Industrial Solid Waste Facility. In compliance with the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, the funds necessary to cover the closure and post-closure costs will be available as portions of the facility are closed from the funds accumulated in this fund and by direct payments from the participants. Direct payments are guaranteed through a letter of credit. Payments from the fund will be made by

**Gulf Coast Waste Disposal Authority**  
**Notes to Financial Statements**  
**December 31, 2009**

the Executive Director of the Texas Commission on Environmental Quality (the "Commission") to reimburse the Authority for expenses incurred in performing closure and post-closure activities.

**Agency Fund.** This fund accounts for the contributions and disbursements of the Texas Conservation Association for the annual "Trash Bash" event.

**Gulf Coast Waste Disposal Authority Other Post Employment Benefit Trust Fund.** This is an integral part trust established to accumulate money needed to pay post employment benefits to the Authority's eligible retirees.

**C. Measurement Focus and Basis of Accounting**

***Measurement focus***

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

- a) The enterprise fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- b) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

***Basis of Accounting***

All proprietary funds and fiduciary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred. 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 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, estimated losses from claims are recognized as expenses and liabilities and are recognized when it is probable that the liabilities have been incurred

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but not reported as of the date of the financial statements and the amount of the losses can reasonably be estimated.

Deferred 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 deferred revenue is removed from the balance sheet 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.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, all proprietary funds will continue to follow FASB standards issued on or before November 30, 1989. However, from that date forward, enterprise funds have the option of either choosing not to apply future FASB standards (including amendments of earlier pronouncements), or continuing to follow new FASB pronouncements (unless they conflict with GASB guidance). The Authority has chosen not to apply FASB standards issued after November 30, 1989.

**D. Assets, Liabilities, and Net Assets 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.

During 1999 the Authority implemented GASB Statement No. 31, which establishes accounting and reporting standards for all of the Authority's investments. The Authority reports all investments at fair-value in accordance with Statement No. 31. 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 TexPool, are reported using the pool's share price. TexPool was created by the State of Texas and the Comptroller of Public Accounts of the State of Texas oversees the operation of the pool.

The Authority follows the practice of pooling cash and investments of all funds except for imprest funds, trustee funds, and some reserve funds restricted by bond indentures. An additional exception to pooled cash is the amount maintained in a separate bank account for the

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payment of claims for employees' health care. Each division's "Equity in pooled cash and investments" is included on the combined balance sheet.

**2. Short-Term 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 "due from other funds" and "due to other funds" on the balance sheet and statement of net assets.

**3. Inventories**

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

**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 divisional financial statements. Capital assets of fiduciary funds are reported only in the statement of fiduciary net assets.

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

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

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Capital assets are defined as items of property that:

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

**6. Other Assets**

In proprietary funds, bond discount and issuance costs are deferred and amortized over the term of the bonds using the bonds outstanding method which approximates the interest method. In the Bayport Area System Division, unamortized bond discounts are presented as a reduction of the face amount of bonds payable, whereas unamortized issuance costs are recorded as deferred charges.

**7. Capital Leases**

Assets acquired through capital leases are recorded in the appropriate divisions and depreciated according to the Authority's policy.

**8. Long-Term Debt**

All long-term debt is shown in the long-term liabilities section of the respective statement of net assets.

**9. Compensated Absences (Vacation and Leave)**

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 1987, 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 GCWDA 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.

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**10. Interfund Transactions**

Interfund transactions are treated as follows:

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.

**11. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 GCWDA's Board of Directors for adoption. In the case of the Bayport Area Division, the Board establishes rates for the treatment of waste received from the Bayport customers. Although the Bayport Area 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 planning 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.



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**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of December 31, 2009, the Authority had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Agencies	\$ 22,113,264	2.23
State Pool (TexPool)	3,953,577	-
Total fair value	<u>\$ 26,066,841</u>	
Portfolio weighted average maturity		1.90

*Interest rate risk.* In accordance with its investment policy, the Authority manages its 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, 2009, the Authority's investment in TexPool was rated AAAm by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuer U.S. agency. One hundred percent of the total dollar value of the Authority's U.S. Agencies are rated AAA.

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

*Custodial credit risk - deposits.* In the case of deposits, this is 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, 2009, the entire balance of bank deposits were covered by pledged securities and FDIC insurance.

*Custodial credit risk - investments.* For an investment, this is 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 are in the possession of an outside party. The Authority's investment policy requires that it will seek to safekeep 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.

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**B. Receivables**

Receivables at year end consist of the following:

	<b>Accounts Receivable</b>	<b>Unbilled Receivable</b>	<b>Accrued Interest</b>	<b>Accrued Revenue</b>	<b>Total</b>
Enterprise Fund	\$ 10,432,953	\$ 416,959	\$ -	\$ 2,638,250	\$ 13,488,162
Internal Service Funds	-	-	-	-	-
<b>Total receivables shown on statement of net assets</b>	<u>10,432,953</u>	<u>416,959</u>	<u>-</u>	<u>2,638,250</u>	<u>13,488,162</u>
Enterprise Fund restricted assets	-	-	61,379	-	61,379
<b>Total receivables</b>	<u>\$ 10,432,953</u>	<u>\$ 416,959</u>	<u>\$ 61,379</u>	<u>\$ 2,638,250</u>	<u>\$ 13,549,541</u>

On January 6, 2009, Lyondell Chemical Company and certain of its subsidiaries and affiliates filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court. As of December 31, 2009, Lyondell owed the Authority approximately \$4,784,460 for services related to 2008 and this amount is reflected in the Accounts Receivable. Of this amount, \$3,561,499 was due to the Washburn Tunnel. It is the opinion of management that this amount will be fully collected. The remaining balance of \$1,222,961 is due to the Bayport Facility. Management estimates that 16.8% of this amount will be collected. Consequently, in 2009 the Authority wrote down 83.2% or \$1,017,504 to bad debt expense, increasing the allowance for doubtful accounts correspondingly.

During 2007, the Bayport Facility entered into a promissory note with one of its customers for its overdue balance. The note bears interest at 7.25% per annum on the outstanding balance. The note is repayable in installments equal to all revenues that the Bayport customer receives from one of its internal customers and an additional 50% of the revenues the Bayport customer receives over \$5,500 per month. Any unpaid principal balance as of April 30, 2017 will accrue interest as a rate of 10% per annum on all unpaid amounts. The remaining balance on the note as of December 31, 2009 was \$339,328 and is not expected to be collected in one year.

In June 2006, the Washburn Tunnel Facility entered into a \$3 million note agreement with the Industrial Advisory Council (IAC), participants of the Facility, to design and construct air pollution control improvements. The note bears interest at 8% per annum and is receivable in monthly installments. IAC's repayment schedule is as follows:

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	667,431	62,469	729,900
2011	414,939	10,740	425,679
<b>Total</b>	<u>\$ 1,082,370</u>	<u>\$ 73,209</u>	<u>\$ 1,155,579</u>

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**C. Due To/From Other Funds**

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>
Enterprise Fund	Internal Service Funds	\$ 126,930
	<b>Total</b>	<b>\$ 126,930</b>

**D. Restricted Assets**

*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, which was \$3,483,152 at year end. 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 of \$4,905,775 were invested in a money market fund, a U.S. government securities mutual fund, U.S. government securities, and accrued interest.

Restricted assets as reported on the Statement of Net Assets as of December 31, 2009 are as follows:

**Restricted Assets:**

Cash and cash equivalents	\$ 149,754
Marketable securities	4,694,642
Accrued interest	61,379
	<u>\$ 4,905,775</u>

**Restricted for:**

Debt Service	\$ 4,905,775
	<u>\$ 4,905,775</u>

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*Blackhawk Regional Wastewater Treatment*

The Regional Waste Disposals 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 added to 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, 2009, the increase to the reserve was \$18,835 from the participants and \$1,182 in interest. The restricted assets as reported on the Statement of Net Assets as of December 31, 2009 were:

**Restricted Assets:**

Cash and cash equivalents	\$	377,734
Accounts receivable		2,403
	\$	<u>380,137</u>

**Restricted for:**

Contingency reserve	\$	380,137
	\$	<u>380,137</u>

**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	2,581,469	1,893,786	(3,448,106)	1,027,149
Total capital assets not being depreciated	<u>7,757,010</u>	<u>1,893,786</u>	<u>(3,448,106)</u>	<u>6,202,690</u>
Capital assets being depreciated:				
Waste treatment facilities and equipment	214,168,645	3,726,706	(1,949,336)	215,946,015
Office buildings	984,941	-	-	984,941
Administrative furniture and equipment	4,358,013	1,048,345	(282,290)	5,124,068
Total capital assets being depreciated	<u>219,511,599</u>	<u>4,775,051</u>	<u>(2,231,626)</u>	<u>222,055,024</u>
Less accumulated depreciation for:				
Waste treatment facilities and equipment	(119,376,831)	(9,001,692)	1,877,302	(126,501,221)
Office buildings	(649,145)	(73,636)	-	(722,781)
Administrative furniture and equipment	(2,884,657)	(423,405)	278,074	(3,029,988)
Total accumulated depreciation	<u>(122,910,633)</u>	<u>(9,498,733)</u>	<u>2,155,376</u>	<u>(130,253,990)</u>
Total capital assets being depreciated, net	<u>96,600,966</u>	<u>(4,723,682)</u>	<u>(76,250)</u>	<u>91,801,034</u>
<b>Capital Assets, net</b>	<u>\$104,357,976</u>	<u>\$ (2,829,896)</u>	<u>\$ (3,524,356)</u>	<u>\$ 98,003,724</u>

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

**Business-type**

General services	\$ 136,728
Wastewater treatment	8,647,339
Solid waste disposal	354,353
In addition, depreciation on capital assets held by the Authority's internal service funds is charged to the various functions based on their usage of assets	360,313
Total depreciation expense	<u>\$ 9,498,733</u>

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

<b>Project Description</b>	<b>Authorized Contract</b>	<b>Contract Expenditures</b>	<b>Remaining Commitment</b>
1st Step Alarm at Bayport	\$ 30,300	\$ 19,563	\$ 10,737
1st Step Painting of Tanks at Bayport	643,347	16,628	626,719
RTO Burner & Refractory Repairs at Bayport	149,000	133,175	15,825
Controls Upgrade at Blakhawk	280,000	174,677	105,323
Expand of Cells at 40-Acre	707,700	683,107	24,594
<b>Totals</b>	<u>\$ 1,810,347</u>	<u>\$ 1,027,150</u>	<u>\$ 783,198</u>

**F. Capital Leases**

The Authority has entered into a lease agreement as lessee for financing the acquisition of network computer equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Network computer equipment	\$ 75,917
Less accumulated depreciation	30,367
Total	<u>\$ 45,550</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009 were as follows:

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<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Due</u>
2010	\$ 24,090	715	24,805
2011	4,485	25	4,510
Total minimum lease payments	28,575	740	29,315
Present value of minimum lease payments	<u>\$ 28,575</u>		

**G. Changes in Long-Term Debt**

*Promissory Note*

In July, 2006, the Authority entered into a promissory note agreement in the amount of \$3,000,000 for the construction of air pollution control improvements at the Washburn Tunnel Facility. The note is payable in monthly installments of \$57,873 at a fixed interest rate of 5.91 percent. The note matures in July, 2011. The outstanding note balance as of December 31, 2009 is \$1,048,692 and the annual principal and interest payments are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	649,939	44,536	694,475
2011	398,753	6,358	405,111
<b>Total</b>	<u>\$ 1,048,692</u>	<u>\$ 50,894</u>	<u>\$ 1,099,586</u>

*Bayport Area System Revenue Bonds*

In 2002, certain outstanding bonds were defeased by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. At year end, \$12,140,000 of 1996 Series Bonds outstanding is considered defeased relating to the 2002 refunding.

The bonds outstanding at December 31, 2009, consist of Revenue Bonds, Series 2004, maturing on October 1, 2024, with interest rates of two percent to five percent, originally issued at \$26,845,000 and Refunding Bonds, Series 2002, maturing October 1, 2022, with an interest rate of five percent, originally issued at \$24,025,000. The total bonds outstanding at December 31, 2009, are \$37,450,000 with unamortized bond issue costs of \$623,908. The annual requirements to amortize all outstanding Bayport Area System Revenue Bonds as of year end, including interest payments, are as follows:

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<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	3,050,000	1,851,176	4,901,176
2011	3,190,000	1,705,050	4,895,050
2012	2,120,000	1,549,950	3,669,950
2013	2,230,000	1,446,400	3,676,400
2014	2,335,000	1,337,500	3,672,500
2015-2019	11,555,000	4,983,950	16,538,950
2020-2024	12,970,000	1,923,250	14,893,250
<b>Total</b>	<b>\$ 37,450,000</b>	<b>\$ 14,797,276</b>	<b>\$ 52,247,276</b>

The bonds outstanding are special obligations of the Authority which are secured by a first lien on the "Pledged Revenues of the System," 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. 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, 2009, for the Series 2002 and 2004 Bonds is computed in the following schedule:

Net income for the year ended December 31, 2009	\$ (4,861,650)
Add-Items not includable in current expenses of the System:	
Bond interest expense	1,954,917
Depreciation	5,044,916
Management fee	650,004
Pledged revenues	<u>\$ 2,788,187</u>
Average annual debt service for bonds	<u>\$ 3,483,152</u>
Debt service coverage	0.80

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"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.

Long-term liability activity for the year ended is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
Accrued compensated absences	\$ 2,231,236	\$ 1,392,534	\$ 1,073,239	\$ 2,550,531	1,053,269
Net OPEB obligaton	534,179	239,834	-	774,013	-
Promissory note	1,661,421	-	612,729	1,048,692	649,939
Capital lease	53,773		25,198	28,575	24,090
Bonds Payable:					
Revenue bonds	20,980,000	-	410,000	20,570,000	425,000
Refunding bonds	19,380,000	-	2,500,000	16,880,000	2,625,000
Premium	1,473,663	-	238,747	1,234,916	211,656
Less deferred loss and discounts	(415,848)	-	104,386	(311,462)	(90,566)
Long term liabilities	<u>\$ 45,898,424</u>	<u>\$ 1,632,368</u>	<u>\$ 4,964,299</u>	<u>\$ 42,775,265</u>	<u>\$ 4,898,388</u>
Due in more than one year				<u>\$ 37,876,877</u>	

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.

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

To accomplish its purposes, GCWDA 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



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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 GCWDA private activity bonds, fall into the category of "conduit" debt obligations.

Although conduit debt obligations bear the name of GCWDA 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, GCWDA 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	\$ 1,295,880,000
Industrial development projects	340,433,710
<b>Total private activity bonds</b>	<b><u>\$ 1,636,313,710</u></b>

**I. 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.

**IV. OTHER INFORMATION**

**A. Defined Contribution Pension Plan**

GCWDA's Board of Directors adopted a resolution establishing a defined contribution money purchase plan and trust agreement (the "Plan") effective January 1, 1990. In a defined contribution pension plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. The Plan is a qualified pension plan under Section 401 (a) of the Internal

# **Gulf Coast Waste Disposal Authority**

## **Notes to Financial Statements**

**December 31, 2009**

Revenue Code with International City Management Association Retirement Corporation (ICMA RC) serving as the Plan administrator.

At December 31, 2009 the total plan assets were \$32,278,569. These assets were allocated as follows:

<b>Asset Category</b>	<b>Balance</b>	<b>Percent of Assets</b>
Stable Value/Money Market Funds	\$ 17,178,290	53.2%
Bond Funds	995,080	3.1%
Balanced Funds	4,835,529	15.0%
U.S. Stock Funds	7,297,335	22.6%
International Stock Funds	1,259,097	3.9%
Participant Loans	713,238	2.2%
Total Assets	<u>\$ 32,278,569</u>	<u>100.00%</u>

The Authority's contribution for the year end was \$995,364 which represents the required 10 percent of covered payroll. The employees' contribution was \$497,682 which equals the five percent of covered payroll. There were no additional voluntary contributions. As of December 31, 2009 there were 158 active participants, 26 retired participants and 24 terminated participants with balances in the plan.

### ***Plan Provisions***

All employees whose customary employment is for at least twenty 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 GCWDA's Board of Directors in amendments to the Plan.

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

The Authority has no responsibility or authorization to direct the investment of the Plan assets. Accordingly, the financial statements of the GCWDA Employees' Defined Contribution Pension Plan are not presented in this report.

**Gulf Coast Waste Disposal Authority**  
**Notes to Financial Statements**  
**December 31, 2009**

**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 defined contribution benefit plan and the cost for each employee is paid on a pay-as-you-go basis. Employees age 55 or older who are fully vested in the Authority's Employees' Defined Contribution Pension Plan and elect to retire and begin receipt of monthly pension payments are provided post employment benefits. At year end, there were 39 active employees meeting these eligibility requirements who could elect to retire. During the year, 34 qualified retirees received these benefits at a total cost to the Authority of \$113,023. Financial statements of the plan as required supplementary information can be found within this financial report. The Plan's provisions and funding requirements are established and can be amended by the Management of the Authority.

*Funding policy*

Beginning in 2008, the Authority implemented GASBS 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*, prospectively meaning there was a zero net OPEB obligation at transition. It is the Authority's current administrative policy to pay all but \$76.25 (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 the cost of supplemental health insurance for each retiree eligible for Medicare net of \$63.75. The Authority continues to provide dental coverage to the retiree after they have reached age 65. The retiree pays \$12.50 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

**Gulf Coast Waste Disposal Authority**  
**Notes to Financial Statements**  
**December 31, 2009**

minimum coverage of \$20,000 and a maximum of \$50,000. For the year ended December 31, 2009, \$713,598 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. Administrative costs of the Trust are financed from investment earnings.

***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 thirty 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 GCAOPEB:

	Fiscal Year Ended December 31	
	2008	2009
Determination of Annual Required Contribution		
Normal Cost at year end	293,485	293,485
Amortization of UAAL	662,785	662,785
Annual Required Contribution (ARC)	956,270	956,270
Determination of Net OPEB Obligation		
Annual Required Contribution	956,270	956,270
Interest on prior year Net OPEB Obligation	0	37,393
Adjustment to ARC	0	(40,231)
Annual OPEB Cost	956,270	953,432
Contributions made	(422,091)	(713,598)
Estimated Increase in Net OPEB Obligation	534,179	239,834
Net OPEB Obligation - beginning of year	0	534,179
Estimated Net OPEB Obligation - end of Year	534,179	774,013

The Authority's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, the net OPEB obligation for 2009 and 2008 were as follows:

Plan Year Ended	Annual OPEB Cost	Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008	\$ 956,270	422,091	44.14%	\$ 534,179
December 31, 2009	\$ 953,432	713,598	74.85%	\$ 774,013

# Gulf Coast Waste Disposal Authority

## Notes to Financial Statements

December 31, 2009

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, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of GCA contributions presents trend information about the amounts contributed to the plan by GCA in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

### *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:

Valuation date	January 1, 2008
Actuarial cost method	projected unit credit
Amortization method	level dollar
Remaining amortization period	30 years
Asset valuation	market value
Actuarial assumptions	
Investment rate of return	7.0%
Mortality rate	RP-2000 Mortality Table
Salary scale	5.0%
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**  
**December 31, 2009**

The Authority self-insures a portion of its risk 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 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 74 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 Joseph Ivy Specialty Services, Inc. (J.I. Specialty Services). The Risk Pool is the fiduciary agent of the Plan and J.I. Specialty Services is the third party administrator in connection with the investigation, processing, payment, and resolution of claims. J.I. Specialty Services 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 \$65,000. The aggregate stop loss insurance provides payment of all medical claims when the total of such claims exceeds \$2,279,785. There is no stop loss insurance coverage for dental or vision claims.

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. The present GCWDA personnel policy is for the employee to pay \$32.81 per pay period for medical coverage and the Authority to pay the remainder of the premium for

# Gulf Coast Waste Disposal Authority

## Notes to Financial Statements

December 31, 2009

employees, at least 50 percent of the cost of the dependent premium (the Authority currently pays approximately 94 percent) and 100 percent for an eligible retiree net of \$76.25 which is paid by the retiree monthly.

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

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

<b>Year Ended December 31,</b>	<b>Beginning Balance</b>	<b>Claims Made and Changes in IBNR</b>	<b>Claims Paid</b>	<b>Ending Balance</b>
2008	\$ 328,897	2,094,809	2,144,577	\$ 279,129
2009	\$ 279,129	1,527,674	1,488,237	\$ 318,566

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. Assurant Employee Benefits provides this coverage. Employees also have the option of purchasing dependent life insurance of \$10,000 for a spouse and \$2,000 for each child through Assurant Employee Benefits.

## **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.

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

# **Gulf Coast Waste Disposal Authority**

## **Notes to Financial Statements**

***December 31, 2009***

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 \$11,246,891. Of this amount, \$6,491,325 and \$1,855,892 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 66.1%, and \$2,899,674 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 \$1,916,685. The total accrued closure and post-closure care costs at year end for the entire site are \$10,263,902. The remaining accrued costs to be recognized are \$982,989. The Y-Cell has a projected life of 12 years, of which four are remaining.

The Authority is responsible for the operations of the landfill and the site. The Authority has contracts with corporate participants for the construction and operation of the facility and for its operation. In addition, the participants have acknowledged financial responsibility for the cost of closure and post-closure activities. Three of the participants have elected to demonstrate financial assurance through an irrevocable letter of credit. The other participant has funded its obligation by payment to the State-regulated Closure and Post-Closure Trust Fund. The account has a balance of \$2,179,951 at year end, which is reported in the Authority's private-purpose trust fund.

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.

### **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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## **Combining Information and Statement**

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# **Gulf Coast Waste Disposal Authority**

## **Divisions**

***December 31, 2009***

### **General Services Division**

This division provides various support activities to the facilities, including management, engineering, accounting, computer systems support, secretarial support staff, human resources and municipal management services. 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 wastewater treatment to industrial companies in the Bayport Industrial Complex. Revenues to operate this facility are provided by the industries and municipalities in the area following 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 in Southeast Houston. 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. Part of the monthly invoices to the participants is for the contribution 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 and disposal of hazardous and nonhazardous solid wastes. The division also accounts for closing 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 industrial wastes, as defined.

### **Central Laboratory Division**

This division accounts for the activities 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.

### **Cedar Bayou Municipal Operations Division**

This division accounts for the operations of the municipal wastewater treatment facility and some related billing services for the Cedar Bayou Park Utility District. Written agreements with this district provide for negotiated charges for these operations.

# **Gulf Coast Waste Disposal Authority**

## **Divisions**

***December 31, 2009***

### **Odessa South 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 municipalities 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.

### **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."

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**Gulf Coast Waste Disposal Authority**  
**Combining Information By Division - Net Assets (page 1 of 2)**  
**Enterprise Fund**  
**December 31, 2009**

	<b>General Services Division</b>	<b>Bayport Area System Division</b>	<b>Blackhawk Regional Facility Division</b>
<b><u>Assets</u></b>			
Current Assets			
Equity in pooled cash and investments	\$ 2,223,269	\$ 12,498,895	\$ 40,742
Receivables	293,568	4,103,299	697,138
Due from other funds/divisions	4,024,923	-	-
Current portion of interdivision loan receivable	667,431	-	-
Current portion of note receivable	-	-	-
Prepays	10,173	67,024	17,262
Total current assets	<u>7,219,364</u>	<u>16,669,218</u>	<u>755,142</u>
Noncurrent Assets			
Restricted assets			
Cash and cash equivalents	-	149,754	377,734
Marketable securities	-	4,694,642	-
Accrued interest	-	61,379	-
Deferred charges	-	623,908	-
Interdivision loan receivable	689,939	-	-
Note receivable	-	339,328	-
Capital assets			
Land	53,800	907,489	201,000
Construction in progress	-	169,366	-
Plant and equipment	1,749,973	108,865,956	15,383,626
Less accumulated depreciation	<u>(1,280,407)</u>	<u>(57,803,392)</u>	<u>(11,989,575)</u>
Total capital assets (net of accumulated depreciation)	<u>523,366</u>	<u>52,139,419</u>	<u>3,595,051</u>
Total noncurrent assets	<u>1,213,305</u>	<u>58,008,430</u>	<u>3,972,785</u>
<b>Total assets</b>	<u><b>\$ 8,432,669</b></u>	<u><b>\$ 74,677,648</b></u>	<u><b>\$ 4,727,927</b></u>
<b><u>Liabilities</u></b>			
Current liabilities			
Accounts payable	257,304	1,298,622	177,577
Wages payable	437,947	-	-
Retainage payable	-	12,550	-
Due to other funds/divisions	-	-	-
Accrued bond interest	-	462,794	-
Current portion of interdivision loan payable	-	-	-
Current portion of loan payable	649,939	-	-
Current portion of revenue bonds payable	-	3,171,090	-
Total current liabilities	<u>1,345,190</u>	<u>4,945,056</u>	<u>177,577</u>
Noncurrent liabilities			
Interdivision loan payable	-	-	-
Loan payable	398,753	-	-
Deferred revenue	1,938	-	-
Revenue bonds payable (net of unamortized discount and deferred amount on refunding)	-	35,202,364	-
Working capital deposits	-	-	565,450
Total noncurrent liabilities	<u>400,691</u>	<u>35,202,364</u>	<u>565,450</u>
<b>Total liabilities</b>	<u><b>1,745,881</b></u>	<u><b>40,147,420</b></u>	<u><b>743,027</b></u>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	523,366	19,634,976	3,595,051
Restricted for			
Debt service	-	4,905,775	-
Contingency reserve	-	-	380,137
Unrestricted	<u>6,163,422</u>	<u>9,989,477</u>	<u>9,712</u>
<b>Total net assets</b>	<u><b>\$ 6,686,788</b></u>	<u><b>\$ 34,530,228</b></u>	<u><b>\$ 3,984,900</b></u>

<u>Campbell Bayou Facility Division</u>					
<u>Industrial Solid Waste Facility</u>	<u>Closure/Post Closure</u>	<u>Central Laboratory Division</u>	<u>40-Acre Facility Division</u>	<u>Municipal Operations Division</u>	
\$ 166,877	\$ -	\$ 1,487,843	\$ 648,424	\$ 481,248	
29,270	71,562	11,814	1,262,495	25,196	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
4,476	2,226	8,877	25,638	57	
200,623	73,788	1,508,534	1,936,557	506,501	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
671,966	-	-	1,427,965	-	
683,107	-	-	-	-	
5,637,177	-	5,243,247	35,230,256	-	
(4,991,621)	-	(2,662,587)	(12,484,700)	-	
2,000,629	-	2,580,660	24,173,521	-	
2,000,629	-	2,580,660	24,173,521	-	
\$ 2,201,252	\$ 73,788	\$ 4,089,194	\$ 26,110,078	\$ 506,501	
82,166	38,900	65,110	1,441,668	2,885	
-	-	-	-	-	
-	-	-	-	-	
-	32,109	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
82,166	71,009	65,110	1,441,668	2,885	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
251,018	-	-	-	-	
251,018	-	-	-	-	
333,184	71,009	65,110	1,441,668	2,885	
2,000,629	-	2,580,660	24,173,521	-	
-	-	-	-	-	
-	-	-	-	-	
(132,561)	2,779	1,443,424	494,889	503,616	
\$ 1,868,068	\$ 2,779	\$ 4,024,084	\$ 24,668,410	\$ 503,616	



**Gulf Coast Waste Disposal Authority**  
**Combining Information By Division - Net Assets (page 2 of 2)**  
**Enterprise Fund**  
**December 31, 2009**

	<b>Odessa South Regional Facility Division</b>	<b>Vince Bayou Facility Division</b>
<b><u>Assets</u></b>		
Current Assets		
Equity in pooled cash and investments	\$ 703,372	\$ 803,172
Receivables	694,061	142,064
Due from other funds/divisions	-	-
Current portion of interdivision loan receivable	-	-
Current portion of note receivable	-	-
Prepays	16,693	1,919
Total current assets	<u>1,414,126</u>	<u>947,155</u>
Noncurrent Assets		
Restricted assets		
Cash and cash equivalents	-	-
Marketable securities	-	-
Accrued interest	-	-
Deferred charges	-	-
Interdivision loan receivable	-	-
Note receivable	-	-
Capital assets		
Land	76,161	100,611
Construction in progress	-	-
Plant and equipment	14,117,274	1,691,053
Less accumulated depreciation	<u>(10,192,678)</u>	<u>(886,573)</u>
Total capital assets (net of accumulated depreciation)	<u>4,000,757</u>	<u>905,091</u>
Total noncurrent assets	<u>4,000,757</u>	<u>905,091</u>
<b>Total assets</b>	<b><u>\$ 5,414,883</u></b>	<b><u>\$ 1,852,246</u></b>
<b><u>Liabilities</u></b>		
Current liabilities		
Accounts payable	483,043	9,510
Wages payable	-	-
Retainage payable	-	-
Due to other funds/divisions	-	-
Accrued bond interest	-	-
Current portion of interdivision loan payable	-	-
Current portion of loan payable	-	-
Current portion of revenue bonds payable	-	-
Total current liabilities	<u>483,043</u>	<u>9,510</u>
Noncurrent liabilities		
Interdivision loan payable	-	-
Loan payable	-	-
Deferred revenue	1	-
Revenue bonds payable (net of unamortized discount and deferred amount on refunding)	-	-
Working capital deposits	<u>954,344</u>	<u>-</u>
Total noncurrent liabilities	<u>954,345</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>1,437,388</u></b>	<b><u>9,510</u></b>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	4,000,757	905,091
Restricted for		
Debt service	-	-
Contingency reserve	-	-
Unrestricted	<u>(23,262)</u>	<u>937,645</u>
<b>Total net assets</b>	<b><u>\$ 3,977,495</u></b>	<b><u>\$ 1,842,736</u></b>

Washburn Tunnel Facility Division	Washburn Tunnel Pipeline Facility Division	Component Unit GCIDA Division	Eliminations	Total
\$ 500	\$ -	\$ 13,067	\$ -	\$ 19,067,409
6,157,695	-	-	-	13,488,162
-	-	-	(3,897,993)	126,930
-	-	-	(667,431)	-
667,431	-	-	-	667,431
48,803	45	-	-	203,193
6,874,429	45	13,067	(4,565,424)	33,553,125
-	-	-	-	527,488
-	-	-	-	4,694,642
-	-	-	-	61,379
-	-	-	-	623,908
-	-	-	(689,939)	-
414,939	-	-	-	754,267
1,736,549	-	-	-	5,175,541
-	-	-	-	852,473
29,748,072	29,354	-	-	217,695,988
(25,471,940)	(18,156)	-	-	(127,781,629)
6,012,681	11,198	-	-	95,942,373
6,427,620	11,198	-	(689,939)	102,604,057
\$ 13,302,049	\$ 11,243	\$ 13,067	(5,255,363)	\$ 136,157,182
2,027,262	-	-	-	5,884,047
-	-	-	-	437,947
-	-	-	-	12,550
3,865,690	194	-	(3,897,993)	-
-	-	-	-	462,794
667,431	-	-	(667,431)	-
-	-	-	-	649,939
-	-	-	-	3,171,090
6,560,383	194	-	(4,565,424)	10,618,367
689,939	-	-	(689,939)	-
-	-	-	-	398,753
61,725	-	-	-	63,664
-	-	-	-	35,202,364
38,600	-	-	-	1,809,412
790,264	-	-	(689,939)	37,474,193
7,350,647	194	-	(5,255,363)	48,092,560
6,012,681	11,198	-	-	63,437,930
-	-	-	-	4,905,775
-	-	-	-	380,137
(61,279)	(149)	13,067	-	19,340,780
\$ 5,951,402	\$ 11,049	\$ 13,067	\$ -	\$ 88,064,622

# **Gulf Coast Waste Disposal Authority**

*Combining Information by Division - Change in Net Assets (page 1 of 2)*

*Enterprise Fund*

*Year ended December 31, 2009*

	<b>General Services Division</b>	<b>Bayport Area System Division</b>	<b>Blackhawk Regional Facility Division</b>
<b><u>Operating revenues</u></b>			
Charges for sales and services			
Services to industries	\$ 1,347,178	\$ 23,686,184	\$ -
Services to municipalities	-	22,650	2,249,496
Intergovernmental	3,657,974	-	-
Other	10,363	260,495	22,023
<b>Total operating revenues</b>	<b>5,015,515</b>	<b>23,969,329</b>	<b>2,271,519</b>
<b><u>Operating expenses</u></b>			
Costs of sales and services	4,990,933	21,984,413	2,229,794
Administration	519,474	1,710,528	71,864
Depreciation	136,728	5,044,916	462,064
<b>Total operating expenses</b>	<b>5,647,135</b>	<b>28,739,857</b>	<b>2,763,722</b>
<b>Operating income (loss)</b>	<b>(631,620)</b>	<b>(4,770,528)</b>	<b>(492,203)</b>
<b><u>Nonoperating revenues (expenses)</u></b>			
Investment income	243,546	386,428	12,705
Interest expense	(81,746)	(1,954,917)	-
Bond issuance costs	-	33,332	-
Loss on disposal of capital assets	-	(15,867)	-
Operating contributions	-	1,459,902	(3,323)
<b>Total nonoperating revenues (expenses)</b>	<b>161,800</b>	<b>(91,122)</b>	<b>9,382</b>
<b>Income (loss) before extraordinary items</b>	<b>(469,820)</b>	<b>(4,861,650)</b>	<b>(482,821)</b>
Extraordinary items - Hurricane Ike repairs	-	-	-
<b>Changes in net assets</b>	<b>(469,820)</b>	<b>(4,861,650)</b>	<b>(482,821)</b>
Beginning net assets	7,156,608	39,391,878	4,467,721
<b>Ending net assets</b>	<b>\$ 6,686,788</b>	<b>\$ 34,530,228</b>	<b>\$ 3,984,900</b>

<b>Campbell Bayou Facility Division</b>				
<b>Industrial Solid Waste Facility</b>	<b>Closure/Post Closure</b>	<b>Central Laboratory Division</b>	<b>40-Acre Facility Division</b>	<b>Municipal Operations Division</b>
\$ 469,548	\$ 419,680	\$ 53,793	\$ 4,741,132	\$ -
-	-	7,140	-	94,442
-	-	5,050,497	45,000	-
-	-	133	406,704	-
<u>469,548</u>	<u>419,680</u>	<u>5,111,563</u>	<u>5,192,836</u>	<u>94,442</u>
631,842	385,643	3,906,649	5,156,036	86,876
47,956	82,110	59,019	400,727	1,429
354,353	-	312,157	1,415,735	-
<u>1,034,151</u>	<u>467,753</u>	<u>4,277,825</u>	<u>6,972,498</u>	<u>88,305</u>
<u>(564,603)</u>	<u>(48,073)</u>	<u>833,738</u>	<u>(1,779,662)</u>	<u>6,137</u>
5,980	128	27,484	23,062	9,820
-	-	-	-	-
-	-	-	-	-
-	-	(8,648)	(1,015)	-
<u>90,000</u>	<u>-</u>	<u>-</u>	<u>443,871</u>	<u>7,719</u>
<u>95,980</u>	<u>128</u>	<u>18,836</u>	<u>465,918</u>	<u>17,539</u>
<u>(468,623)</u>	<u>(47,945)</u>	<u>852,574</u>	<u>(1,313,744)</u>	<u>23,676</u>
-	-	-	-	-
(468,623)	(47,945)	852,574	(1,313,744)	23,676
2,336,691	50,724	3,171,510	25,982,154	479,940
<u>\$ 1,868,068</u>	<u>\$ 2,779</u>	<u>\$ 4,024,084</u>	<u>\$ 24,668,410</u>	<u>\$ 503,616</u>

# **Gulf Coast Waste Disposal Authority**

*Combining Information by Division - Change in Net Assets (page 2 of 2)*

*Enterprise Fund*

*Year ended December 31, 2009*

	<b>Odessa South Regional Facility Division</b>	<b>Vince Bayou Facility Division</b>
<b><u>Operating revenues</u></b>		
Charges for sales and services		
Services to industries	\$ 2,606,040	\$ 729,503
Services to municipalities	-	-
Intergovernmental	-	-
Other	91,253	5,740
<b>Total operating revenues</b>	<b>2,697,293</b>	<b>735,243</b>
<b><u>Operating expenses</u></b>		
Costs of sales and services	2,387,241	526,980
Administration	346,404	45,138
Depreciation	623,789	58,589
<b>Total operating expenses</b>	<b>3,357,434</b>	<b>630,707</b>
<b>Operating income (loss)</b>	<b>(660,141)</b>	<b>104,536</b>
<b><u>Nonoperating revenues (expenses)</u></b>		
Investment income	21,996	15,669
Interest expense	-	-
Bond issuance costs	-	-
Loss on disposal of capital assets	(15,278)	-
Operating contributions	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>6,718</b>	<b>15,669</b>
<b>Income (loss) before extraordinary items</b>	<b>(653,423)</b>	<b>120,205</b>
Extraordinary items - Hurricane Ike repairs	-	(14,540)
<b>Changes in net assets</b>	<b>(653,423)</b>	<b>105,665</b>
Beginning net assets	4,630,918	1,737,071
<b>Ending net assets</b>	<b>\$ 3,977,495</b>	<b>\$ 1,842,736</b>

Washburn Tunnel Facility Division	Washburn Tunnel Pipeline Facility Division	Component Unit GCIDA Division	Eliminations	Total
\$ 12,757,100	\$ -	\$ -	\$ -	\$ 46,810,158
-	-	-	-	2,373,728
70,041	-	-	(8,823,512)	-
-	-	-	-	796,711
12,827,141	-	-	(8,823,512)	49,980,597
12,470,682	-	-	(8,823,512)	45,933,577
508,599	94	75	-	3,793,417
727,375	2,714	-	-	9,138,420
13,706,656	2,808	75	(8,823,512)	58,865,414
(879,515)	(2,808)	(75)	-	(8,884,817)
41,382	-	256	(124,620)	663,836
(124,620)	(3)	-	124,620	(2,036,666)
-	-	-	-	33,332
(28,222)	-	-	-	(69,030)
154,378	-	-	-	2,152,547
42,918	(3)	256	-	744,019
(836,597)	(2,811)	181	-	(8,140,798)
-	-	-	-	(14,540)
(836,597)	(2,811)	181	-	(8,155,338)
6,787,999	13,860	12,886	-	96,219,960
\$ 5,951,402	\$ 11,049	\$ 13,067	\$ -	\$ 88,064,622

**Gulf Coast Waste Disposal Authority**  
*Combining Information by Division - Cash Flows (page 1 of 4)*  
**Enterprise Fund**  
*Year ended December 31, 2009*

	<b>General Services Division</b>	<b>Bayport Area System Division</b>	<b>Blackhawk Regional Facility Division</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 4,793,015	\$ 24,315,301	\$ 1,989,223
Payments to suppliers	(2,668,491)	(20,973,829)	(1,719,338)
Payments to employees	(3,826,882)	(3,944,426)	(516,464)
<b>Net cash provided (used) by operating activities</b>	<b>(1,702,358)</b>	<b>(602,954)</b>	<b>(246,579)</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfer from other division	-	-	-
Transfer to other division	-	-	-
Principal paid on loan payable	(612,729)	-	-
Interest paid on loan payable	(81,746)	-	-
Principal paid on interdivision loan	-	-	-
Interest paid on interdivision loan	-	-	-
Principal received on interdivision loan	616,280	-	-
Interest received on interdivision loan	124,620	-	-
Interest received on note receivable	-	27,604	-
Principal received on note receivable	-	16,808	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>46,425</b>	<b>44,412</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	-	(1,469,419)	-
Proceeds from sale of capital assets	-	-	-
Principal paid on capital debt	-	(2,910,000)	-
Interest paid on capital debt	-	(1,989,498)	-
Ike related repairs and replacements	-	-	-
Proceeds from FEMA for Ike reimbursement	-	1,459,902	(3,323)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>-</b>	<b>(4,909,015)</b>	<b>(3,323)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of investments	-	(2,250,036)	-
Proceeds from maturity of investments	14,983	2,010,000	-
Interest received	118,926	278,699	12,705
<b>Net cash provided (used) by investing activities</b>	<b>133,909</b>	<b>38,663</b>	<b>12,705</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,522,024)</b>	<b>(5,428,894)</b>	<b>(237,197)</b>
<b>Beginning cash and cash equivalents</b>			
Unrestricted cash and cash equivalents	3,745,293	17,720,594	303,238
Restricted cash and cash equivalents	-	356,949	352,435
<b>Beginning cash and cash equivalents</b>	<b>3,745,293</b>	<b>18,077,543</b>	<b>655,673</b>
<b>Ending cash and cash equivalents</b>	<b>\$ 2,223,269</b>	<b>\$ 12,648,649</b>	<b>\$ 418,476</b>

<b>Campbell Bayou Facility Division</b>				
<b>Industrial Solid Waste Facility</b>	<b>Closure/Post Closure</b>	<b>Central Laboratory Division</b>	<b>40-Acre Facility Division</b>	<b>Municipal Operations Division</b>
\$ 529,433	\$ 450,723	\$ 5,112,008	\$ 6,166,552	\$ 97,751
(435,106)	(290,228)	(1,565,243)	(5,649,206)	(57,269)
(239,961)	(160,623)	(2,408,196)	(1,409,868)	(32,741)
<u>(145,634)</u>	<u>(128)</u>	<u>1,138,569</u>	<u>(892,522)</u>	<u>7,741</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(31,901)	-	(120,473)	(68,406)	-
-	-	-	3,000	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
90,000	-	-	443,871	7,719
<u>58,099</u>	<u>-</u>	<u>(120,473)</u>	<u>378,465</u>	<u>7,719</u>
-	-	-	-	-
-	-	-	-	-
5,980	128	27,484	23,062	9,820
<u>5,980</u>	<u>128</u>	<u>27,484</u>	<u>23,062</u>	<u>9,820</u>
(81,555)	-	1,045,580	(490,995)	25,280
248,432	-	442,263	1,139,419	455,968
-	-	-	-	-
<u>248,432</u>	<u>-</u>	<u>442,263</u>	<u>1,139,419</u>	<u>455,968</u>
<u>\$ 166,877</u>	<u>\$ -</u>	<u>\$ 1,487,843</u>	<u>\$ 648,424</u>	<u>\$ 481,248</u>



**Gulf Coast Waste Disposal Authority**

*Combining Information by Division - Cash Flows (page 2 of 4)*

**Enterprise Fund**

**Year ended December 31, 2009**

	<b>General Services Division</b>	<b>Bayport Area System Division</b>	<b>Blackhawk Regional Facility Division</b>
<b>Ending cash and cash equivalents</b>			
Unrestricted cash and cash equivalents	\$ 2,223,269	\$ 12,498,895	\$ 40,742
Restricted cash and cash equivalents	-	149,754	377,734
	<u>\$ 2,223,269</u>	<u>\$ 12,648,649</u>	<u>\$ 418,476</u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ (631,620)	\$ (4,770,528)	\$ (492,203)
<b>Adjustment to reconcile operating income to net cash provided (used) by operating activities</b>			
Depreciation	136,728	5,044,916	462,064
<b>Changes in Operating Assets and Liabilities</b>			
<b>(Increase) Decrease in Assets</b>			
Accounts Receivable	(185,079)	345,971	(282,296)
Due from other funds/divisions	(940,758)	-	-
Prepays	1,788	(7,301)	(1,619)
<b>Increase (Decrease) Liabilities</b>			
Wages Payable	140,345	-	-
Accounts payable	(186,340)	(821,900)	63,050
Retainage payable	-	(394,112)	-
Due to other funds/divisions	-	-	-
Deferred revenue	(37,422)	-	-
Working capital deposits	-	-	4,425
<b>Net cash provided by operating activities</b>	<u>\$ (1,702,358)</u>	<u>\$ (602,954)</u>	<u>\$ (246,579)</u>
 <b>Noncash Investing, Capital, and Financing Activities</b>			
Loss on disposition of capital assets	\$ -	\$ 15,867	\$ -

<b>Campbell Bayou Industrial Solid Waste Facility Division</b>	<b>Campbell Bayou Closure/Post Closure Division</b>	<b>Central Laboratory Division</b>	<b>40-Acre Facility Division</b>	<b>Municipal Operations Division</b>
\$ 166,877	\$ -	\$ 1,487,843	\$ 648,424	\$ 481,248
-	-	-	-	-
<u>\$ 166,877</u>	<u>\$ -</u>	<u>\$ 1,487,843</u>	<u>\$ 648,424</u>	<u>\$ 481,248</u>
\$ (564,603)	\$ (48,073)	\$ 833,738	\$ (1,779,662)	\$ 6,137
354,353	-	312,157	1,415,735	-
59,884	31,043	445	973,717	3,309
-	-	-	-	-
(2,569)	76	(30)	(5,820)	(14)
-	-	-	-	-
7,301	20,685	(7,741)	(1,496,492)	(1,691)
-	-	-	-	-
-	(3,859)	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ (145,634)</u>	<u>\$ (128)</u>	<u>\$ 1,138,569</u>	<u>\$ (892,522)</u>	<u>\$ 7,741</u>
\$ -	\$ -	\$ 8,648	\$ 4,015	\$ -

**Gulf Coast Waste Disposal Authority**

*Combining Information by Division - Cash Flows (page 3 of 4)*

*Enterprise Fund*

*Year ended December 31, 2009*

	<b>Odessa South Regional Facility Division</b>	<b>Vince Bayou Facility Division</b>	<b>Washburn Tunnel Facility Division</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 2,015,932	\$ 744,315	\$ 11,867,529
Payments to suppliers	(1,218,191)	(343,983)	(8,261,146)
Payments to employees	(1,079,127)	(248,729)	(3,375,722)
<b>Net cash provided (used) by operating activities</b>	<b>(281,386)</b>	<b>151,603</b>	<b>230,661</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfer from other division	-	-	-
Transfer to other division	-	-	-
Principal paid on loan payable	-	-	-
Interest paid on loan payable	-	-	-
Principal paid on interdivision loan	-	-	(616,280)
Interest paid on interdivision loan	-	-	(124,620)
Principal received on interdivision loan	-	-	-
Interest received on interdivision loan	-	-	-
Interest received on note receivable	-	-	113,620
Principal received on note receivable	-	-	616,280
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>(11,000)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(5,709)	-	(301,801)
Proceeds from sale of capital assets	-	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Ike related repairs and replacements	-	(14,540)	-
Proceeds from FEMA for Ike reimbursement	-	-	154,378
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(5,709)</b>	<b>(14,540)</b>	<b>(147,423)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of investments	-	-	-
Proceeds from maturity of investments	-	-	-
Interest received	21,996	15,669	(72,238)
<b>Net cash provided (used) by investing activities</b>	<b>21,996</b>	<b>15,669</b>	<b>(72,238)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(265,099)</b>	<b>152,732</b>	<b>-</b>
<b>Beginning cash and cash equivalents</b>			
Unrestricted cash and cash equivalents	968,471	650,440	500
Restricted cash and cash equivalents	-	-	-
<b>Beginning cash and cash equivalents</b>	<b>968,471</b>	<b>650,440</b>	<b>500</b>
<b>Ending cash and cash equivalents</b>	<b>\$ 703,372</b>	<b>\$ 803,172</b>	<b>\$ 500</b>

Washburn Tunnel Pipeline Facility Division	Component Unit GCIDA Division	Eliminations	Total
\$ -	\$ -	\$ (8,823,512)	\$ 49,258,270
3	(75)	8,823,512	(34,358,590)
-	-	-	(17,242,739)
<u>3</u>	<u>(75)</u>	<u>-</u>	<u>(2,343,059)</u>
-	-	-	-
-	-	-	-
-	-	-	(612,729)
-	-	-	(81,746)
-	-	616,280	-
-	-	124,620	-
-	-	(616,280)	-
-	-	(124,620)	-
-	-	-	141,224
-	-	-	633,088
<u>-</u>	<u>-</u>	<u>-</u>	<u>79,837</u>
-	-	-	(1,997,709)
-	-	-	3,000
-	-	-	(2,910,000)
-	-	-	(1,989,498)
-	-	-	(14,540)
-	-	-	2,152,547
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,756,200)</u>
-	-	-	(2,250,036)
-	-	-	2,024,983
(3)	256	-	442,484
<u>(3)</u>	<u>256</u>	<u>-</u>	<u>217,431</u>
-	181	-	(6,801,991)
-	12,886	-	25,687,504
-	-	-	709,384
<u>-</u>	<u>12,886</u>	<u>-</u>	<u>26,396,888</u>
<u>\$ -</u>	<u>\$ 13,067</u>	<u>\$ -</u>	<u>\$ 19,594,897</u>

**Gulf Coast Waste Disposal Authority**

*Combining Information by Division - Cash Flows (page 4 of 4)*

**Enterprise Fund**

**Year ended December 31, 2009**

	<b>Odessa South Regional Facility Division</b>	<b>Vince Bayou Facility Division</b>	<b>Washburn Tunnel Facility Division</b>
<b>Ending cash and cash equivalents</b>			
Unrestricted cash and cash equivalents	\$ 703,372	\$ 803,172	\$ 500
Restricted cash and cash equivalents	-	-	-
	<u>\$ 703,372</u>	<u>\$ 803,172</u>	<u>\$ 500</u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ (660,141)	\$ 104,536	\$ (879,515)
<b>Adjustment to reconcile operating income to net cash provided (used) by operating activities</b>			
Depreciation	623,789	58,589	727,375
<b>Changes in Operating Assets and Liabilities</b>			
<b>(Increase) Decrease in Assets</b>			
Accounts Receivable	(681,360)	9,071	(960,513)
Due from other funds/divisions	-	-	-
Prepays	(1,552)	(154)	(3,482)
<b>Increase (Decrease) Liabilities</b>			
Wages Payable	-	-	-
Accounts payable	309,408	(20,439)	424,023
Retainage payable	-	-	-
Due to other funds/divisions	-	-	921,873
Deferred revenue	-	-	900
Working capital deposits	128,470	-	-
<b>Net cash provided by operating activities</b>	<u>\$ (281,386)</u>	<u>\$ 151,603</u>	<u>\$ 230,661</u>
 <b>Noncash Investing, Capital, and Financing Activities</b>			
Loss on disposition of capital assets	\$ -	\$ -	\$ 28,222

<b>Washburn Tunnel Pipeline Facility Division</b>	<b>Component Unit GCIDA Division</b>	<b>Eliminations</b>	<b>Total</b>
\$ -	\$ 13,067	\$ -	\$ 19,067,409
-	-	-	527,488
<u>\$ -</u>	<u>\$ 13,067</u>	<u>\$ -</u>	<u>\$ 19,594,897</u>

\$ (2,808)	\$ (75)	\$ -	\$ (8,884,817)
2,714	-	-	9,138,420
-	-	-	(685,808)
-	-	2,909,252	1,968,494
3	-	-	(20,674)
-	-	-	140,345
-	-	-	(1,710,136)
-	-	-	(394,112)
94	-	(2,909,252)	(1,991,144)
-	-	-	(36,522)
-	-	-	132,895
<u>\$ 3</u>	<u>\$ (75)</u>	<u>\$ -</u>	<u>\$ (2,343,059)</u>

\$ -	\$ -	\$ -	\$ 56,752
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**Gulf Coast Waste Disposal Authority**  
**Internal Service Funds**  
**December 31, 2009**

**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 public law that offers pretreatment categorical exemptions to Authority industrial customers.



**Gulf Coast Waste Disposal Authority**  
**Combining Statement of Net Assets**  
**December 31, 2009**

	<b>Casualty Insurance Risk Reserve</b>	<b>Compensated Absences</b>	<b>Data Processing</b>
<b><u>Assets</u></b>			
Current Assets			
Equity in pooled cash and investments	\$ 353,316	\$ 2,881,268	\$ -
Receivables	-	-	-
Prepays	-	-	229
Total current assets	<u>353,316</u>	<u>2,881,268</u>	<u>229</u>
Noncurrent Assets			
Capital assets			
Plant and equipment	-	-	1,053,174
Less accumulated depreciation	<u>-</u>	<u>-</u>	<u>(699,248)</u>
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>-</u>	<u>353,926</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>353,926</u>
<b>Total assets</b>	<u><u>\$ 353,316</u></u>	<u><u>\$ 2,881,268</u></u>	<u><u>\$ 354,155</u></u>
<b><u>Liabilities</u></b>			
Current liabilities			
Accounts payable	-	-	-
Due to other funds/divisions	-	-	126,930
Current portion of accrued compensated absences	-	1,053,269	-
Current portion of capital lease payable	<u>-</u>	<u>-</u>	<u>24,090</u>
Total current liabilities	<u>-</u>	<u>1,053,269</u>	<u>151,020</u>
Noncurrent liabilities			
Accrued compensated absences	-	1,497,262	-
Net OPEB obligation	-	-	-
Capital lease payable	<u>-</u>	<u>-</u>	<u>4,485</u>
Total noncurrent liabilities	<u>-</u>	<u>1,497,262</u>	<u>4,485</u>
<b>Total liabilities</b>	<u>-</u>	<u>2,550,531</u>	<u>155,505</u>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	-	-	353,926
Unrestricted	<u>353,316</u>	<u>330,737</u>	<u>(155,276)</u>
<b>Total net assets</b>	<u><u>\$ 353,316</u></u>	<u><u>\$ 330,737</u></u>	<u><u>\$ 198,650</u></u>

<b>Employees' Health Care</b>	<b>Equipment Service</b>	<b>Pretreatment Legislation</b>	<b>Total</b>
\$ 2,826,216	\$ 871,278	\$ 286,705	\$ 7,218,783
-	-	-	-
-	104	-	333
<u>2,826,216</u>	<u>871,382</u>	<u>286,705</u>	<u>7,219,116</u>
-	3,305,862	-	4,359,036
-	(1,773,114)	-	(2,472,362)
-	1,707,425	-	2,061,351
-	1,707,425	-	2,061,351
<u>\$ 2,826,216</u>	<u>\$ 2,578,807</u>	<u>\$ 286,705</u>	<u>\$ 9,280,467</u>
324,748	139,981	-	464,729
-	-	-	126,930
-	-	-	1,053,269
-	-	-	24,090
<u>324,748</u>	<u>139,981</u>	<u>-</u>	<u>1,669,018</u>
-	-	-	1,497,262
774,013	-	-	774,013
-	-	-	4,485
<u>774,013</u>	<u>-</u>	<u>-</u>	<u>2,275,760</u>
<u>1,098,761</u>	<u>139,981</u>	<u>-</u>	<u>3,944,778</u>
-	1,707,425	-	2,061,351
<u>1,727,455</u>	<u>731,401</u>	<u>286,705</u>	<u>3,274,338</u>
<u>\$ 1,727,455</u>	<u>\$ 2,438,826</u>	<u>\$ 286,705</u>	<u>\$ 5,335,689</u>

# **Gulf Coast Waste Disposal Authority**

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

***Year ended December 31, 2009***

	<b>Casualty Insurance Risk Reserve</b>	<b>Compensated Absences</b>	<b>Data Processing</b>
<b><u>Operating revenues</u></b>			
Charges for sales and services			
Intergovernmental	\$ -	\$ -	\$ 361,634
Other	-	-	-
<b>Total operating revenues</b>	<b>-</b>	<b>-</b>	<b>361,634</b>
<b><u>Operating expenses</u></b>			
Costs of sales and services	-	106,035	155,416
Administration	-	-	473
Depreciation	-	-	164,186
<b>Total operating expenses</b>	<b>-</b>	<b>106,035</b>	<b>320,075</b>
<b>Operating income (loss)</b>	<b>-</b>	<b>(106,035)</b>	<b>41,559</b>
<b><u>Nonoperating revenues (expenses)</u></b>			
Investment income	6,930	56,159	-
Interest expense	-	-	(5,026)
<b>Total nonoperating revenues (expenses)</b>	<b>6,930</b>	<b>56,159</b>	<b>(9,242)</b>
<b>Changes in net assets</b>	<b>6,930</b>	<b>(49,876)</b>	<b>32,317</b>
Beginning net assets	346,386	380,613	166,333
<b>Ending net assets</b>	<b>\$ 353,316</b>	<b>\$ 330,737</b>	<b>\$ 198,650</b>

<b>Employees' Health Care</b>	<b>Equipment Service</b>	<b>Pretreatment Legislation</b>	<b>Total</b>
\$ 2,275,668	\$ 228,139	\$ -	\$ 2,865,441
389,002	53,725	131,249	573,976
<u>2,664,670</u>	<u>281,864</u>	<u>131,249</u>	<u>3,439,417</u>
2,107,111	34,350	91,185	2,494,097
244,503	1,987	17,347	264,310
-	196,127	-	360,313
<u>2,351,614</u>	<u>232,464</u>	<u>108,532</u>	<u>3,118,720</u>
<u>313,056</u>	<u>49,400</u>	<u>22,717</u>	<u>320,697</u>
57,270	20,788	5,520	146,667
-	-	-	(5,026)
<u>57,270</u>	<u>37,688</u>	<u>5,520</u>	<u>154,325</u>
370,326	87,088	28,237	475,022
1,357,129	2,351,738	258,468	4,860,667
<u>\$ 1,727,455</u>	<u>\$ 2,438,826</u>	<u>\$ 286,705</u>	<u>\$ 5,335,689</u>

**Gulf Coast Waste Disposal Authority**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year ended December 31, 2009**

	<b>Casualty Insurance Risk Reserve</b>	<b>Compensated Absences</b>	<b>Data Processing</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and user	\$ -	\$ -	\$ 361,633
Payments to suppliers	-	213,260	(154,009)
<b>Net cash provided by operating activities</b>	<u>-</u>	<u>213,260</u>	<u>207,624</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	-	-	(177,401)
Proceeds from sale of capital assets	-	-	-
Principal payments on lease obligations	-	-	(25,197)
Interest payments on lease obligations	-	-	(1,863)
<b>Net cash provided by capital and related financing activities</b>	<u>-</u>	<u>-</u>	<u>(204,461)</u>
<b>Cash Flows from Investing Activities</b>			
Interest received	6,930	56,159	(3,163)
<b>Net cash provided by investing activities</b>	<u>6,930</u>	<u>56,159</u>	<u>(3,163)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	6,930	269,419	-
<b>Beginning cash and cash equivalents</b>			
Beginning cash and cash equivalents	346,386	2,611,849	-
<b>Ending cash and cash equivalents</b>	<u>\$ 353,316</u>	<u>\$ 2,881,268</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ -	\$ (106,035)	\$ 41,559
<b>Adjustment to reconcile operating income to net cash provided (used) by operating activities</b>			
Depreciation	-	-	164,186
<b>Changes in Operating Assets and Liabilities</b>			
<b>(Increase) Decrease in Assets</b>			
Accounts Receivable	-	-	-
Prepays	-	-	(25)
<b>Increase (Decrease) Liabilities</b>			
Wages Payable	-	319,295	-
Accounts payable	-	-	(20,746)
Due to other funds	-	-	22,650
Net OPEB obligation	-	-	-
<b>Net cash provided by operating activities</b>	<u>\$ -</u>	<u>\$ 213,260</u>	<u>\$ 207,624</u>
<b>Noncash Investing, Capital, and Financing Activities</b>			
Loss on disposition of capital assets	\$ -	\$ -	\$ 4,216

<b>Employees' Health Care</b>	<b>Equipment Service</b>	<b>Pretreatment Legislation</b>	<b>Total</b>
\$ 2,678,306	\$ 281,863	\$ 131,249	\$ 3,453,051
(2,066,161)	98,022	(116,532)	(2,025,420)
<u>612,145</u>	<u>379,885</u>	<u>14,717</u>	<u>1,427,631</u>
-	(1,045,621)	-	(1,223,022)
-	16,900	-	16,900
-	-	-	(25,197)
-	-	-	(1,863)
<u>-</u>	<u>(1,028,721)</u>	<u>-</u>	<u>(1,233,182)</u>
57,270	20,788	5,520	143,504
<u>57,270</u>	<u>20,788</u>	<u>5,520</u>	<u>143,504</u>
669,415	(628,048)	20,237	337,953
2,156,801	1,499,326	266,468	6,880,830
<u>\$ 2,826,216</u>	<u>\$ 871,278</u>	<u>\$ 286,705</u>	<u>\$ 7,218,783</u>
\$ 313,056	\$ 49,400	\$ 22,717	\$ 320,697
-	196,127	-	360,313
13,636	-	-	13,636
-	(35)	-	(60)
-	-	-	319,295
45,619	134,393	(8,000)	151,266
-	-	-	22,650
239,834	-	-	239,834
<u>\$ 612,145</u>	<u>\$ 379,885</u>	<u>\$ 14,717</u>	<u>\$ 1,427,631</u>
\$ -	\$ -	\$ -	\$ 4,216

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## **Other Supplementary Information**



**Gulf Coast Waste Disposal Authority**  
**Industrial Projects - Private Activity Revenue**  
**Bonds Issued and Outstanding (Page 1 of 3)**  
**December 31, 2009**

	<b>Series</b>	<b>Date Issued</b>	<b>Final Maturity</b>	<b>Interest Rate</b>	<b>Air Pollution Control</b>
FMC Corporation Project	1979	10/01/79	2009	7.050%	\$ 468,000
Amoco Oil Company Adjustable Project Environmental Improvement Project	1986	07/15/86	2009	**	7,000,000
Exxon Pollution Control Project Revenue Refunding Bonds	1989	10/01/89	2024	**	20,493,000
Amoco Oil Company Project Solid Waste Disposal Revenue Bonds	1991	05/01/91	2015	**	-
Amoco Oil Company Project Pollution Control Revenue Refunding Bonds	1992	09/01/92	2017	0.164% *	14,065,000
Amoco Oil Company Project Pollution Control Revenue Bonds	1993	05/01/93	2023	0.198% *	50,000,000
Amoco Oil Company Project Pollution Control Revenue Bonds	1994	06/01/94	2024	0.198% *	-
Amoco Oil Company Project Solid Waste Disposal Revenue Refunding Bonds	1994	08/01/94	2023	0.181% *	-
Amoco Oil Company Project Solid Waste Disposal Revenue Bonds	1995	07/01/95	2027	0.181% *	-
Exxon Project Pollution Control Revenue Refunding Bonds	1995	11/29/95	2020	**	21,216,000
Amoco Oil Company Project Pollution Control and Solid Waste Disposal Revenue Refunding Bonds	1996	03/01/96	2024	0.198% *	-
Amoco Oil Company Project Environmental Facilities Revenue Bonds	1997	04/01/97	2026	0.198% *	-
Amoco Oil Company Project Environmental Facilities Revenue Bonds	1998	01/01/98	2026	0.198% *	-
USX Corporation Environment Revenue Bonds	1998	03/01/98	2017	5.500%	-

\* Rate as of 12/31/09, adjusted rate bonds

\*\* Variable rate

<b>Water Pollution Facilities</b>		<b>Environmental Improvement</b>	<b>Solid Waste Disposal</b>	<b>Total</b>	<b>Amount Retired</b>	<b>Amount Outstanding</b>
<b>Owned by the Authority</b>	<b>Conveyed to Industry</b>					
\$ -	\$ 2,132,000	\$ -	\$ -	\$ 2,600,000	\$ 2,600,000	\$ -
-	-	-	-	7,000,000	7,000,000	-
-	4,207,000	-	-	24,700,000	-	24,700,000
-	-	-	9,200,000	9,200,000	-	9,200,000
-	19,255,000	54,895,000	-	88,215,000	-	88,215,000
-	-	-	-	50,000,000	-	50,000,000
-	50,000,000	-	-	50,000,000	-	50,000,000
-	-	-	50,000,000	50,000,000	-	50,000,000
-	-	-	50,000,000	50,000,000	-	50,000,000
-	31,284,000	-	-	52,500,000	-	52,500,000
-	8,000,000	-	17,000,000	25,000,000	-	25,000,000
-	-	25,000,000	-	25,000,000	-	25,000,000
-	-	25,000,000	-	25,000,000	-	25,000,000
-	-	10,600,000	-	10,600,000	-	10,600,000

**Gulf Coast Waste Disposal Authority**  
**Industrial Projects - Private Activity Revenue**  
**Bonds Issued and Outstanding (Page 2 of 3)**  
**December 31, 2009**

	<u>Series</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Air Pollution Control</u>
Valero Energy Corporation Project Waste Disposal Revenue Bonds	1998	03/01/98	2032	5.600%	\$ -
Reliant Energy Incorporated Revenue Refunding Bonds	1999	04/01/99	2011	4.700%	-
Valero Energy Corporation Project Waste Disposal Revenue Bonds	1999	02/01/99	2032	5.700%	-
Union Carbide Corporation Project Pollution Control Revenue Refunding Bonds	1999	01/01/99	2012	5.100%	-
Air Products Project Solid Waste Disposal Revenue Bonds	1999	06/01/99	2034	0.330% *	-
Air Products Project Solid Waste Disposal Revenue Bonds	2000	03/01/00	2035	0.330% *	-
Exxon Mobil Project Environmental Facilities Revenue Bonds	2000	05/31/00	2030	0.200% *	-
Valero Energy Corporation Project Waste Disposal Revenue Bonds	2001	03/01/01	2032	6.650%	-
Amoco Oil Company Environmental Facilities Revenue Bonds	2001	04/01/01	2032	0.198% *	-
Republic Waste Services of Texas, Ltd.	2001	04/01/01	2023	0.463% *	-
Exxon Mobil Environmental Facility Revenue Bonds	2001A	04/23/01	2030	0.200% *	-
Exxon Mobil Environmental Facility Revenue Bonds	2001B	04/23/01	2025	0.200% *	-
American Acryl L.P. Project Environmental Facilities Revenue Bonds	2001	09/14/01	2036	0.310% *	-
BP Products North America, Inc. Environmental Facilities Revenue Bonds	2002	01/01/02	2036	0.198% *	-

\* Rate as of 12/31/09, adjusted rate bonds

\*\* Variable rate

<b>Water Pollution Facilities</b>		<b>Environmental Improvement</b>	<b>Solid Waste Disposal</b>	<b>Total</b>	<b>Amount Retired</b>	<b>Amount Outstanding</b>
<b>Owned by the Authority</b>	<b>Conveyed to Industry</b>					
\$ -	\$ -	\$ -	\$ 25,000,000	\$ 25,000,000	\$ -	\$ 25,000,000
-	19,200,000	-	-	19,200,000	-	19,200,000
-	-	-	25,000,000	25,000,000	-	25,000,000
-	1,200,000	-	-	1,200,000	-	1,200,000
-	-	-	25,000,000	25,000,000	-	25,000,000
-	-	-	25,000,000	25,000,000	-	25,000,000
-	-	25,000,000	-	25,000,000	-	25,000,000
-	-	-	18,500,000	18,500,000	-	18,500,000
-	-	25,000,000	-	25,000,000	-	25,000,000
-	-	-	3,500,000	3,500,000	-	3,500,000
-	-	25,000,000	-	25,000,000	-	25,000,000
-	-	25,000,000	-	25,000,000	-	25,000,000
-	-	25,000,000	-	25,000,000	-	25,000,000
-	-	25,000,000	-	25,000,000	-	25,000,000

**Gulf Coast Waste Disposal Authority**  
**Industrial Projects - Private Activity Revenue**  
**Bonds Issued and Outstanding (Page 3 of 3)**  
**December 31, 2009**

	<b>Series</b>	<b>Date Issued</b>	<b>Final Maturity</b>	<b>Interest Rate</b>	<b>Air Pollution Control</b>
Exxon Mobil Environmental Facility Revenue Bonds	2002	02/01/02	2025	0.220% * \$	-
Anheuser-Busch Project Sewage and Solid Waste Disposal Revenue Bonds	2002	04/01/02	2036	5.900%	-
International Paper Company Project	2002A	08/18/02	2024	6.100%	-
Exxon Mobil Environmental Facility Revenue Bonds	2003	04/01/03	2025	0.220% *	-
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	4.590% *	-
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	0.310% *	-
BP Amoco Chemical Company Environmental Facilities Revenue Bonds	2003	05/01/03	2038	0.230% *	-
BP Products North America Inc. Environmental Facilities Revenue Bonds	2003	05/01/03	2034	0.230% *	-
BP Amoco Chemical Company Environmental Facilities Revenue Bonds	2003B	08/01/03	2038	0.230% *	-
Waste Management of Texas, Inc. Solid Waste Disposal Revenue Bonds	2003D	10/01/03	2012	4.550% *	-
Waste Management of Texas, Inc. Solid and Western Waste Industries Project	2004A	03/01/04	2019	**	-
CenterPoint Energy Houston Electric, LLC Project	2004	03/01/04	2012	3.625%	-
Air Products Environmental Facilities Revenue Bonds	2004	12/01/04	2039	0.330% *	-
Republic Waste Services of Texas, Ltd. Project	2004	12/01/04	2034	**	-
BP Products North America Inc. Project Environmental Facilities Revenue Bonds	2004	12/08/04	2031	**	-
Air Products Environmental Facilities Revenue Bonds	2005	04/01/05	2040	0.330% *	-
BP Products North America Inc. Project Revenue Refunding Bonds	2005	05/01/05	2026	**	-
BP Products North America Inc. Project	2006	05/02/06	2036	**	-
BP Products North America Inc. Project Environmental Facilities Revenue Bonds	2007	09/01/07	2042	**	-
<b>Totals</b>					<u><u>\$ 113,242,000</u></u>

\* Rate as of 12/31/09, adjusted rate bonds

\*\* Variable rate

<b>Water Pollution Facilities</b>		<b>Environmental Improvement</b>	<b>Solid Waste Disposal</b>	<b>Total</b>	<b>Amount Retired</b>	<b>Amount Outstanding</b>
<b>Owned by the Authority</b>	<b>Conveyed to Industry</b>					
\$ -	\$ -	\$ 25,000,000	\$ -	\$ 25,000,000	\$ -	\$ 25,000,000
-	-	-	20,000,000	20,000,000	-	20,000,000
-	-	-	71,565,000	71,565,000	-	71,565,000
-	-	25,000,000	-	25,000,000	-	25,000,000
-	-	-	12,000,000	12,000,000	-	12,000,000
-	-	-	10,000,000	10,000,000	-	10,000,000
-	-	-	12,000,000	12,000,000	-	12,000,000
-	-	19,000,000	-	19,000,000	-	19,000,000
-	-	21,000,000	-	21,000,000	21,000,000	-
-	-	25,000,000	-	25,000,000	-	25,000,000
-	-	18,600,000	-	18,600,000	-	18,600,000
-	-	-	25,000,000	25,000,000	-	25,000,000
-	-	-	35,000,000	35,000,000	-	35,000,000
-	1,828,310	-	10,271,690	12,100,000	-	12,100,000
-	-	-	25,000,000	25,000,000	-	25,000,000
-	-	-	12,500,000	12,500,000	12,500,000	-
-	-	25,000,000	-	25,000,000	-	25,000,000
-	-	-	19,000,000	19,000,000	-	19,000,000
-	-	25,000,000	-	25,000,000	-	25,000,000
-	-	39,000,000	-	39,000,000	-	39,000,000
-	-	-	-	-	-	-
-	-	100,000,000	-	100,000,000	-	100,000,000
<u>\$ -</u>	<u>\$ 137,106,310</u>	<u>\$ 588,095,000</u>	<u>\$ 500,536,690</u>	<u>\$ 1,338,980,000</u>	<u>\$ 43,100,000</u>	<u>\$ 1,295,880,000</u>

**Gulf Coast Waste Disposal Authority**  
***Gulf Coast Industrial Development Authority - Industrial***  
***Development Revenue Bonds Issued and Outstanding***  
***December 31, 2009***

	<b>Series</b>	<b>Date Issued</b>	<b>Final Maturity</b>
Amoco Oil Company Adjusted Rate Marine Terminal Revenue Bonds Project	1985	06/01/85	2025
PetroUnited Terminals, Inc. Project	1989	11/01/89	2019
Amoco Oil Company Adjusted Rate Marine Terminal Revenue Bonds Project	1993	03/01/93	2028
CITGO Petroleum Corporation Project Solid Waste Disposal Revenue Bonds	1994	04/01/94	2026
Gruma Corporation Project Variable Rate Demand Revenue Bonds	1994	11/29/94	2009
Valero Refining and Marketing Company Project	1997	12/01/97	2031
CITGO Petroleum Environmental Facilities Revenue Bonds	1998	08/01/98	2028
CITGO Petroleum Corporation Project Environmental Facilities Revenue Bonds	1999	04/01/99	2029
CITGO Petroleum Corporation Environmental Facilities Revenue Bonds	2001	03/01/01	2031
CITGO Petroleum Facilities Revenue Bonds	2002	03/01/02	2032
BP Global Power Corp. Project	2003	04/01/03	2038
CITGO Petroleum Corporation Project	2004	05/01/04	2032
Cinergy Solutions - CST Green Power, L.P. Project	2004	05/12/04	2039
Microgy Project Environmental Facilities Revenue Bonds	2006	11/01/06	2036
Dia-Den LTD Project Industrial Development Revenue Bonds	2007	10/01/07	2027

**Totals**

\* Rate as of 12/31/09, adjusted rate bonds

\*\* Variable rate bond

<b>Interest Rate</b>		<b>Amount Issued</b>	<b>Amount Retired</b>	<b>Amount Outstanding</b>
0.405%	*	\$ 14,350,000	\$ 2,285,000	\$ 12,065,000
**		12,400,000	5,200,000	7,200,000
0.200%	*	44,800,000	-	44,800,000
0.250%	*	50,000,000	-	50,000,000
**		6,850,000	6,850,000	-
5.600%	*	25,000,000	-	25,000,000
8.000%		100,000,000	75,000,000	25,000,000
0.175%	*	25,000,000	-	25,000,000
0.270%	*	25,000,000	-	25,000,000
0.240%	*	25,000,000	-	25,000,000
0.230%	*	23,000,000	-	23,000,000
0.240%	*	25,000,000	-	25,000,000
2.400%	*	25,000,000	-	25,000,000
7.000%		60,000,000	36,911,290	23,088,710
**		5,280,000		5,280,000
		<u>\$ 466,680,000</u>	<u>\$ 126,246,290</u>	<u>\$ 340,433,710</u>



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## **Statistical Section**

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**Gulf Coast Waste Disposal Authority**  
**Statistical Section**  
**December 31, 2009**

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

<b>Content</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.</i>	94
Revenue Capacity <i>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.</i>	98
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.</i>	100
Demographic and Economic Information <i>This schedule offers 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 statics are irrelevant to the Authority as the Authority's revenue base is completely from industrial, municipal and special districts.</i>	103
Operating Information <i>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.</i>	105

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 Assets By Component******Last Nine Years (1) (2)*****(accrual basis of accounting)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Primary government				
Invested in capital assets, net of related debt	\$ 35,540,226	\$ 32,214,587	\$ 34,181,828	\$ 42,941,004
Restricted	4,316,148	4,245,104	3,206,216	3,913,286
Unrestricted	<u>34,588,412</u>	<u>39,563,950</u>	<u>39,403,283</u>	<u>30,257,758</u>
Total primary government net assets	<u>\$ 74,444,786</u>	<u>\$ 76,023,641</u>	<u>\$ 76,791,327</u>	<u>\$ 77,112,048</u>

(1) The requirement for statistical data is ten years; only nine years are available at this time.

(2) Effective January 1, 2007, the Authority reclassified all of its governmental activities to business-type activities  
2001 through 2006 have been restated .

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 37,482,921	\$ 40,832,148	\$ 44,320,059	\$ 62,886,387	\$ 65,499,281
4,129,420	4,168,561	4,780,166	5,146,708	5,285,912
34,966,631	35,893,851	44,258,262	33,047,532	22,615,118
<u>\$ 76,578,972</u>	<u>\$ 80,894,560</u>	<u>\$ 93,358,487</u>	<u>\$ 101,080,627</u>	<u>\$ 93,400,311</u>

# **Gulf Coast Waste Disposal Authority**

## ***Change in Net Assets***

### ***Last Nine Years (1) (2)***

**(accrual basis of accounting)**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Expenses</b>				
Business-type activities				
General services	\$ 4,350,245	\$ 4,386,024	\$ 4,460,510	\$ 4,821,918
Wastewater treatment	38,281,834	40,409,163	41,560,825	45,602,872
Solid waste disposal	2,557,041	1,596,454	1,389,301	1,608,921
Total primary government expenses	<u>\$ 45,189,120</u>	<u>\$ 46,391,641</u>	<u>\$ 47,410,636</u>	<u>\$ 52,033,711</u>
<b>Program Revenues</b>				
Business-type activities				
Charges for services				
General services	\$ 4,709,375	\$ 4,701,550	\$ 5,004,388	\$ 4,696,638
Wastewater treatment	38,260,373	40,336,891	40,849,649	45,227,878
Solid waste disposal	2,119,360	1,546,629	1,122,774	2,201,273
Operating grants and contributions	52,740	-	-	-
Capital Grants and contributions	-	-	-	-
Total primary government revenues	<u>\$ 45,141,848</u>	<u>\$ 46,585,070</u>	<u>\$ 46,976,811</u>	<u>\$ 52,125,789</u>
<b>Net (Expense)/Revenue</b>				
Total primary government net expense	<u>\$ (47,272)</u>	<u>\$ 193,429</u>	<u>\$ (433,825)</u>	<u>\$ 92,078</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Business-type activities				
Investment earnings	2,311,076	1,801,281	954,973	1,198,101
Loss on sale of capital assets	-	-	-	(123,318)
Gain on sale of capital assets	-	-	-	58,858
Special item - defeasance of loss	-	-	-	(1,040,848)
Extraordinary item - Hurricane Ike repairs	-	-	-	-
Extraordinary item - Capital asset impairment	-	-	-	-
Transfers	-	-	738,337	-
Total primary government	<u>\$ 2,311,076</u>	<u>\$ 1,801,281</u>	<u>\$ 1,693,310</u>	<u>\$ 92,793</u>
<b>Change in Net Assets</b>				
Total primary government	<u>\$ 1,738,057</u>	<u>\$ 1,578,855</u>	<u>\$ 767,686</u>	<u>\$ 320,721</u>

(1) The requirement for statistical data is ten years; only nine years are available at this time.

(2) Effective January 1, 2007, the Authority reclassified all of its governmental activities to business-type activities, 2001 through 2006 have been restated.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 4,625,778	\$ 5,061,636	\$ 2,478,603	\$ 6,743,499	\$ 2,100,743
46,073,983	50,184,882	49,536,590	56,606,205	57,574,147
1,201,672	1,368,584	1,288,065	1,608,135	1,505,345
<u>\$ 51,901,433</u>	<u>\$ 56,615,102</u>	<u>\$ 53,303,258</u>	<u>\$ 64,957,839</u>	<u>\$ 61,180,235</u>
\$ 4,208,888	\$ 4,998,422	\$ 2,062,936	\$ 1,486,789	\$ 1,436,674
44,741,360	49,867,530	59,195,871	67,341,708	48,212,041
886,576	1,010,813	959,903	1,841,318	905,857
-	3,000,000	-	440,948	2,152,547
-	-	-	521,042	-
<u>\$ 49,836,824</u>	<u>\$ 58,876,765</u>	<u>\$ 62,218,710</u>	<u>\$ 71,631,805</u>	<u>\$ 52,707,119</u>
<u>\$ (2,064,609)</u>	<u>\$ 2,261,663</u>	<u>\$ 8,915,452</u>	<u>\$ 6,673,966</u>	<u>\$ (8,473,116)</u>
1,531,533	2,053,925	3,548,475	2,508,713	807,340
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	(1,126,200)	(14,540)
-	-	-	(334,339)	-
-	-	-	-	-
<u>\$ 1,531,533</u>	<u>\$ 2,053,925</u>	<u>\$ 3,548,475</u>	<u>\$ 1,048,174</u>	<u>\$ 792,800</u>
<u>\$ (533,076)</u>	<u>\$ 4,315,588</u>	<u>\$ 12,463,927</u>	<u>\$ 7,722,140</u>	<u>\$ (7,680,316)</u>



**Gulf Coast Waste Disposal Authority**

**Bayport Major Customers**

**Current Year and Eight Years Ago**

**(modified accrual basis of accounting)**

Customer	2009			2001		
	Total Sales	Rank	% of Total Sales	Total Sales	Rank	% of Total Sales
Celanese LTD	\$ 3,682,764	1	15.53%	\$ 3,437,621	1	18.50%
Lyondell Chemical Company	3,430,931	2	14.47%	2,437,437	2	13.12%
Albermarle Catalysts Company LP (1)	2,743,295	3	11.57%	1,973,148	3	10.62%
Equistar Lyondell Chemicals LP	1,139,133	4	4.80%	954,075	5	5.14%
Kaneka Nutrients, LP	1,093,387	5	4.61%		n/a	
Kaneka Texas Corp	1,076,952	6	4.54%	1,113,686	4	6.00%
Dixie Chemical	1,051,631	7	4.44%	917,066	6	4.94%
Baker Petrolite	718,121	8	3.03%		n/a	
Sun Products	660,455	9	2.79%		n/a	
Intergulf Corporation	616,898	10	2.60%		n/a	
Rohm and Haas		n/a		842,637	7	4.54%
Noltex, LLC		n/a		684,195	8	3.68%
Eval Company		n/a		638,699	9	3.44%
PPG Industries		n/a		595,342	10	3.21%
Subtotal	\$ 16,213,567		68.38%	\$ 13,593,906		73.19%
Other customers	7,495,267		31.62%	4,979,944		26.81%
Total	\$ 23,708,834		100.00%	\$ 18,573,850		100.00%

Source: GCWDA 2001 CAFR  
2009 General Ledger

(1) In 2004, Albermarle Catalysts Company purchased Akzo Nobel Chemicals, Inc.

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**Gulf Coast Waste Disposal Authority****Bayport Area Revenue Bonds Debt Service****Coverage of the Pledged Revenues****Last Ten Years**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Net Income (loss)	\$ 3,810,423	\$ 3,641,119	\$ 2,785,341	\$ 237,712
Add items not includable in current expenses:				
Bond interest expense	2,084,695	1,865,054	1,862,038	1,805,219
Depreciation	3,316,019	3,509,082	3,381,829	3,365,147
Management fees	<u>338,088</u>	<u>341,100</u>	<u>363,900</u>	<u>368,004</u>
Pledge revenues	9,549,225	9,356,355	8,393,108	5,776,082
Average annual debt service on outstanding bonds	<u>\$ 3,374,550</u>	<u>\$ 3,344,717</u>	<u>\$ 2,532,068</u>	<u>\$ 2,464,173</u>
Coverage by pledged revenues of average annual debt service on outstanding bonds	2.83	2.80	3.31	2.34

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 100,560	\$ 602,928	\$ 1,061,033	\$ 3,344,921	\$ (1,881,084)	\$ (4,861,650)
1,935,773	2,443,000	2,339,387	2,214,213	2,087,750	1,954,917
3,536,328	3,572,981	3,915,355	4,271,287	4,446,193	5,044,916
359,496	378,696	489,996	600,000	600,000	650,004
5,932,157	6,997,605	7,805,771	10,430,421	5,252,859	2,788,187
<u>\$ 3,834,726</u>	<u>\$ 3,780,180</u>	<u>\$ 3,719,318</u>	<u>\$ 3,649,840</u>	<u>\$ 3,571,674</u>	<u>\$ 3,483,152</u>
1.55	1.85	2.10	2.86	1.47	0.80

# **Gulf Coast Waste Disposal Authority**

## ***Ratios of Outstanding Debt by Type***

### ***Last Ten Years***

(dollars in thousands)

Fiscal Year	Governmental	Business-Type Activities				Total	Total	Percent of
	Activities					Primary	Operating	Total
	Promissory	Revenue	Refunding	Promissory	Capital	Government	Revenue	Revenue
	Note	Bonds	Bonds	Note	Lease			
2000	\$ -	\$ 35,110	\$ -	\$ -	\$ -	\$ 35,110	\$ 50,099	70.08%
2001	-	33,205	-	-	-	33,205	43,905	75.63%
2002 (1)	-	35,875	-	-	-	35,875	45,519	78.81%
2003	-	33,905	-	-	-	33,905	46,270	73.28%
2004 (2)	-	26,685	24,025	-	-	50,710	51,616	98.24%
2005	-	24,275	24,025	-	-	48,300	49,679	97.22%
2006	2,783	21,770	24,025	-	-	48,578	55,877	86.94%
2007 (3)	-	21,380	21,760	2,239	-	45,379	62,218	72.94%
2008	-	20,980	19,380	1,661	54	42,075	70,670	59.54%
2009	-	20,570	16,880	1,049	29	38,528	50,555	76.21%

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

(1) In 2002, the Authority issued the Gulf Coast Waste Disposal Authority Bayport Area System Refunding Bonds, Series 2002. Part of the proceeds were used to advance refund a portion of the outstanding principal amount of the Series 1996 Revenue Bonds.

(2) In 2004, the Authority issued the Gulf Coast Waste Disposal Authority Bayport Area System Revenue Bonds, Series 2004.

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

**Gulf Coast Waste Disposal Authority**  
*Active Industrial and Municipal Customers*  
*Last Ten Years (1)*

	<b><u>Business- Type Activities</u></b>
2000	125
2001	130
2002	129
2003	133
2004	127
2005	143
2006	143
2007	142
2008	155
2009	154

Source: Facility operations records and GCWDA 2000 - 2009 CAFR

## **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>
2000	38	120	3	161
2001	35	118	3	156
2002	35	120	3	158
2003	33	119	3	155
2004	33	120	3	156
2005	29	123	-	152
2006	29	120	-	149
2007	29	118	3	150
2008	30	118	3	151
2009	31	118	3	152

Source: Human Resources

**Gulf Coast Waste Disposal Authority**  
**Operating Indicators by Function/Program**  
**Last Nine Years (1)**

	Fiscal Year								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Function/Program</b>									
Wastewater Treatment									
Waste water treated (MGD)*	55.277	53.767	50.749	50.010	43.785	47.827	44.610	46.646	50.643
Permitted capacity (MGD)	112.550	109.650	109.650	109.650	109.650	109.650	109.650	109.650	111.650
Solid Waste Disposal									
Nonhazardous waste									
received (cubic yards)	3,817	12,248	6,200	5,374	9,472	10,848	4,889	13,535	4,312
Permitted capacity									
(cubic yards)	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000

\*MGD = million gallons per day

Source: Facility operations records

(1) The requirement for statistical data is ten years; only nine years are available at this time.

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



**Gulf Coast Waste Disposal Authority**  
**Capital Asset Statistics by Function/Program**  
**Last Nine Years (1)**

	Fiscal Year								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Function/Program</b>									
General Services									
Administrative Building	1	1	1	1	1	1	1	1	1
Wastewater Treatment									
Aeration basins	22	22	22	22	22	22	22	22	22
Aeration tanks	3	3	3	3	3	4	5	5	5
Aerobic digester basins	11	11	11	11	11	11	11	12	12
Anaerobic basins	1	1	1	1	1	1	1	1	1
Belt presses	8	8	8	8	8	8	8	10	10
Clarifiers	18	18	18	18	18	18	17	17	17
Equalization basins	6	6	6	6	6	6	6	5	5
Facultative basins	2	2	2	2	2	2	2	2	2
Gravity filters	5	5	5	5	5	5	5	5	5
Disinfect areas	5	5	5	5	5	5	5	5	5
Sewerage acceptance units	2	2	2	2	2	2	2	2	2
Sludge surface disposal basins	3	3	3	3	3	3	3	3	3
Solid Waste Disposal									
Land treatment units	2	2	2	2	2	2	2	2	2
Hazardous waste disposal cells	6	6	6	6	6	6	6	6	6
Non-hazardous waste disposal cells	4	4	4	4	4	4	4	4	4

Source: Various Facilities

(1) The requirement for statistical data is ten years; only nine years are available at this time.

## **TEXAS SUPPLEMENTARY INFORMATION SECTION**

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## **Gulf Coast Waste Disposal Authority**

### ***TSI-1 Services and Rates***

***Year ended December 31, 2009***

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

**Gulf Coast Waste Disposal Authority**  
*TSI-2 Government Wide Schedule of Expenses (1)*  
*Year ended December 31, 2009*

<b>Personnel services*</b>	\$ 17,315,408
<b>Materials and supplies</b>	8,082,697
<b>Utilities</b>	9,294,985
<b>Repairs and maintenance</b>	2,927,195
<b>Professional services</b>	1,986,205
<b>Contractual services</b>	5,560,744
<b>General and administrative</b>	2,896,320
<b>Special studies</b>	2,455,148
<b>Interest and amortization</b>	1,162,800
<b>Depreciation</b>	9,498,733
<b>TOTAL EXPENSES</b>	<u><u>\$ 61,180,235</u></u>

\*Number of persons employed by the Authority: 150 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**  
**Year ended December 31, 2009**

	<b>Identification or Certificate Number</b>	<b>Effective Yield</b>	<b>Maturity Date</b>	<b>Balance at End of Year (Amortized Cost)</b>	<b>*Accrued Interest Receivable</b>
Bank of America - Master Acct	Concentration	20bps off Fed Funds daily rate	N/A	\$ 884,929	\$ -
Texpool	N/A	0.15%	N/A	3,953,577	-
FHLMC	31282R2Z6	5.00%	1/1/2010	50,168	188
FHLB	3133XSZ84	0.82%	3/2/2010	1,000,293	9,139
Total temporary investments				<u>\$ 5,888,967</u>	<u>\$ 9,327</u>

\*Net of Amortization/Accretion

**Gulf Coast Waste Disposal Authority**  
**TSI-5 Long-Term Debt Service Requirements by Year**  
**(All Bonded Debt Services) - By Years (Page 1 of 2)**  
**Year ended December 31, 2009**

Due During the Year Ending	Annual Requirements for All Series			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
2010	\$ 3,050,000	\$ 925,588	\$ 925,588	\$ 4,901,176
2011	3,190,000	852,525	852,525	4,895,050
2012	2,120,000	774,975	774,975	3,669,950
2013	2,230,000	723,200	723,200	3,676,400
2014	2,335,000	668,750	668,750	3,672,500
2015	2,450,000	611,725	611,725	3,673,450
2016	2,110,000	551,875	551,875	3,213,750
2017	2,215,000	499,125	499,125	3,213,250
2018	2,330,000	443,750	443,750	3,217,500
2019	2,450,000	385,500	385,500	3,221,000
2020	2,565,000	324,250	324,250	3,213,500
2021	2,695,000	260,125	260,125	3,215,250
2022	2,830,000	192,750	192,750	3,215,500
2023	2,380,000	122,000	122,000	2,624,000
2024	2,500,000	62,500	62,500	2,625,000
	<u>\$ 37,450,000</u>	<u>\$ 7,398,638</u>	<u>\$ 7,398,638</u>	<u>\$ 52,247,276</u>

Due During the Year Ending	Series, 2002			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
2010	\$ 2,625,000	\$ 422,000	\$ 422,000	\$ 3,469,000
2011	2,750,000	356,375	356,375	3,462,750
2012	1,875,000	287,625	287,625	2,450,250
2013	1,970,000	240,750	240,750	2,451,500
2014	2,065,000	191,500	191,500	2,448,000
2015	2,170,000	139,875	139,875	2,449,750
2016	420,000	85,625	85,625	591,250
2017	440,000	75,125	75,125	590,250
2018	465,000	64,125	64,125	593,250
2019	490,000	52,500	52,500	595,000
2020	510,000	40,250	40,250	590,500
2021	535,000	27,500	27,500	590,000
2022	565,000	14,125	14,125	593,250
	<u>\$ 16,880,000</u>	<u>\$ 1,997,375</u>	<u>\$ 1,997,375</u>	<u>\$ 20,874,750</u>

**Gulf Coast Waste Disposal Authority**  
**TSI-5 Long-Term Debt Service Requirements by Year**  
**(All Bonded Debt Services) - By Years (Page 2 of 2)**  
**Year ended December 31, 2009**

Due During the Year Ending	Series, 2004			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
2010	\$ 425,000	\$ 503,588	\$ 503,588	\$ 1,432,176
2011	440,000	496,150	496,150	1,432,300
2012	245,000	487,350	487,350	1,219,700
2013	260,000	482,450	482,450	1,224,900
2014	270,000	477,250	477,250	1,224,500
2015	280,000	471,850	471,850	1,223,700
2016	1,690,000	466,250	466,250	2,622,500
2017	1,775,000	424,000	424,000	2,623,000
2018	1,865,000	379,625	379,625	2,624,250
2019	1,960,000	333,000	333,000	2,626,000
2020	2,055,000	284,000	284,000	2,623,000
2021	2,160,000	232,625	232,625	2,625,250
2022	2,265,000	178,625	178,625	2,622,250
2023	2,380,000	122,000	122,000	2,624,000
2024	2,500,000	62,500	62,500	2,625,000
	<u>\$ 20,570,000</u>	<u>\$ 5,401,263</u>	<u>\$ 5,401,263</u>	<u>\$ 31,372,526</u>



**Gulf Coast Waste Disposal Authority**  
**TSI-6 Changes in Long-Term Bonded Debt**  
**Year ended December 31, 2009**

Revenue Bonds	Interest Rate	Bonds Outstanding 1/1/2009	Requirements Fiscal Year 2009				Bonds Outstanding 12/31/09
			Principal due 10/01	Interest due 04/01	Interest due 10/01	Total	
Series 2002	5.0	\$ 19,380,000	\$ 2,500,000	\$ 484,500	\$ 484,500	\$ 3,469,000	\$ 16,880,000
Series 2004	2.0-5.0	20,980,000	410,000	510,250	510,250	1,430,500	20,570,000
		<u>\$ 40,360,000</u>	<u>\$ 2,910,000</u>	<u>\$ 994,750</u>	<u>\$ 994,750</u>	<u>\$ 4,899,500</u>	<u>\$ 37,450,000</u>

**Paying Agent's Name & City**

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

Debt Service cash and investments balances as of December 31, 2009	<u>\$ 4,751,568</u>
Average annual Debt Service payment (Principal and Interest) for remaining term of all debt	<u>\$ 3,483,152</u>

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**Gulf Coast Waste Disposal Authority**  
**TSI-7 Comparative Schedule of Revenues and Expenditures**  
**Governmental Funds**  
**For Five Years ended December 31, 2009**

	AMOUNTS				
	2009 (1)	2008 (1)	2007 (1)	2006	2005
<b>Revenues</b>					
Services to industries	\$ -	\$ -	\$ -	\$ 22,623,476	\$ 19,768,670
Services to municipalities	-	-	-	1,986,211	2,011,857
Intergovernmental	-	-	-	3,299,100	2,889,327
Investment income	-	-	-	451,777	186,153
Other	-	-	-	254,493	28,869
Total revenues	-	-	-	28,615,057	24,884,876
<b>Expenditures</b>					
General services	-	-	-	4,879,389	4,648,414
Wastewater	-	-	-	20,774,730	19,019,769
Solid waste	-	-	-	1,023,159	889,273
Capital outlay	-	-	-	3,189,371	650,806
Debt service	-	-	-	293,253	-
Total expenditures	-	-	-	30,159,902	25,208,262
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ (1,544,845)	\$ (323,386)
Total active industrial and municipal customers	-	-	-	34	33

(1) Effective January 1, 2007, the Authority converted all of its governmental fund to enterprise funds, therefore there are no values for 2007, 2008 and 2009

PERCENT OF TOTAL REVENUES				
2009	2008	2007	2006	2005
			79.4%	79.4%
			8.1%	8.1%
			11.7%	11.6%
			0.7%	0.7%
			0.1%	0.1%
			100.00%	99.90%
			17.1%	18.7%
			72.6%	76.4%
			3.6%	3.6%
			11.1%	2.6%
			1.0%	
			105.4%	101.2%
			-5.4%	-1.3%

**Gulf Coast Waste Disposal Authority**  
**TSI-7 Comparative Schedule of Revenues and Expenses**  
**Enterprise Funds**  
**For Five Years ended December 31, 2009**

	<b>AMOUNTS</b>				
	<b>2009</b>	<b>2008</b>	<b>2007 (1)</b>	<b>2006</b>	<b>2005</b>
<b>Operating revenues</b>					
Charges for services	\$ -	\$ -	\$ -	\$ 27,743,522	\$ 24,835,477
Services to industries	46,810,158	53,924,138	48,098,795	-	-
Services to municipalities	2,373,728	2,243,136	2,166,721	-	-
Other	796,711	13,553,759	10,628,131	176,827	302,624
Total revenues	49,980,597	69,721,033	60,893,647	27,920,349	25,138,101
<b>Expenditures</b>					
Cost of sales and services	45,933,577	50,715,280	40,195,292	20,501,522	18,065,988
Administrative	3,793,417	2,896,992	2,563,430	711,167	731,830
Depreciation	9,138,420	7,721,083	7,176,412	4,277,218	3,931,211
Total expenditures	58,865,414	61,333,355	49,935,134	25,489,907	22,729,029
Operating income	(8,884,817)	8,387,678	10,958,513	2,430,442	2,409,072
<b>Non-Operating Revenues (Expenses):</b>					
Interest income	663,836	2,180,950	3,125,688	1,363,854	1,231,697
Interest expense	(2,036,666)	(2,204,917)	(2,366,136)	(2,356,928)	(2,466,289)
Bond issuance costs	33,332	36,443	40,267	(91,498)	(201,015)
Gain (loss) on disposal of capital asset	(69,030)	(91,528)	(8,801)	(58,856)	(24,230)
Operating Contributions	2,152,547	440,948	-	-	-
Total non-operating revenues (expenses)	744,019	361,896	791,018	(1,143,428)	(1,459,837)
<b>Income (loss) before contributions</b>	(8,140,798)	8,749,574	11,749,531	1,287,014	949,235
Capital Contributions	-	521,042	-	-	-
<b>Income (loss) before extraordinary items</b>	(8,140,798)	9,270,616	11,749,531	1,287,014	949,235
Extraordinary item - Hurricane Ike repairs	(14,540)	(1,126,200)	-	-	-
Extraordinary items - Insurance proceeds from Hurricane Ike repairs	-	-	-	-	-
Extraordinary item - Capital Asset Impairment	-	(334,339)	-	-	-
<b>Change in Net Assets</b>	<b>\$ (8,155,338)</b>	<b>\$ 7,810,077</b>	<b>\$ 11,749,531</b>	<b>\$ 1,287,014</b>	<b>\$ 949,235</b>
Total active industrial and municipal participants	154	155	142	109	109

(1) Effective January 1, 2007, the Authority converted all of its governmental fund to enterprise funds and charges for services were separated into services to industries and services to municipalities

PERCENT OF TOTAL REVENUES				
2009	2008	2007	2006	2005
			99.4%	98.8%
93.6%	78.9%	79.0%		
4.7%	3.6%	3.6%		
1.6%	17.5%	17.5%	0.6%	1.2%
99.9%	100.0%	100.1%	100.0%	100.0%
91.9%	66.0%	66.0%	73.4%	71.9%
7.6%	4.2%	4.2%	2.5%	2.9%
18.3%	11.8%	11.8%	15.3%	15.6%
117.7%	81.9%	82.0%	91.2%	90.4%
-17.8%	18.1%	18.1%	8.8%	9.6%
1.3%	5.1%	5.1%	4.9%	4.9%
-4.1%	-3.9%	-3.9%	-8.4%	-9.8%
0.1%	0.1%	0.1%	-0.3%	-0.8%
-0.1%			-0.2%	-0.1%
4.3%				
1.5%	1.3%	1.3%	-4.0%	-5.8%
-16.3%	19.4%	19.4%	4.8%	3.8%
-16.3%	19.4%	19.4%	4.8%	3.8%
-16.3%	19.4%	19.4%	4.8%	3.8%

**Gulf Coast Waste Disposal Authority**  
*TSI-8 Board Members and Administrative Personnel*  
*Year ended December 31, 2009*

<b>Complete District Mailing Address:</b>	<u>910 Bay Area Boulevard, Houston, Texas 77058</u>
<b>District Business Telephone Number:</b>	<u>(281) 488-4115</u>
<b>Submission Date of the most recent District Registration Form</b> (TWC Sections 36.054 and 49.054):	<u>12/09</u>
<b>Limit on Fees of Office that a Director may receive during a fiscal year:</b> (Set by Board Resolution - TWC Section 49.060)	<u>\$7,200</u>

<b>Board Members</b>	<b>Term of Office or Date Hired *</b>	<b>Elected/ Appointed</b>	<b>Fees of Office Paid 12/31/09</b>	<b>Expenses Reimbursed 12/31/09</b>	<b>Title at Year End</b>
J. Mark Schultz, Chairman	09/01/06 - 08/31/10	Appointed (2)	\$ 6,750	\$ 7,144	Chairman
Rita Standridge	09/01/06 - 08/31/10	Appointed (3)	7,200	11,314	Vice Chair
Irvin W. Osborne-Lee	09/01/06 - 08/31/10	Appointed (3)	5,100	5,157	Treasurer
James A. Matthews	09/01/07 - 08/31/11	Appointed (2)	4,350	4,039	Secretary
Zoe Milian Barinaga	09/01/06 - 08/31/11	Appointed (1)	2,700	2,312	Member
Ron Crowder	09/01/06-08/31/10	Appointed (3)	2,400	1,706	Member
Randy Jarrell	09/01/08-08/31/10	Appointed (1)	3,300	5,857	Member
Franklin D.R. Jones, Jr.	09/01/07 - 08/31/10	Appointed (2)	3,900	5,528	Member
Lamont E. Meaux	01/04/08 - 08/31/10	Appointed (1)	3,600	4,373	Member

**Key Administrative Personnel:**

Charles W. Ganze	03/19/73	N/A	293,858	General Manager
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**Consultants:**

Olson and Olson	01/01/80	N/A	117,770	General Counsel
McCall, Parkhurst & Horton	01/01/73	N/A	-	Bond Counsel
Null-Lairson	10/01/06	N/A	59,265	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