



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2011**

*Prepared by Finance Department*

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**GULF COAST WASTE DISPOSAL AUTHORITY**  
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## **Introductory Section**





## Gulf Coast Waste Disposal Authority

910 Bay Area Blvd Houston, Texas 77058

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

April 27, 2012

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

The Texas Water Code, Chapter 49, requires the Gulf Coast Waste Disposal Authority (the Authority) publish within 135 days of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Gulf Coast Waste Disposal Authority for the fiscal year ended December 31, 2011.

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

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

The Authority's financial statements have been audited by Null-Lairson, PC a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended December 31, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Null-Lairson, PC concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Authority's financial statements for the fiscal year ended December 31, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

## **Profile of the Authority**

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

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

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

During 2011, the Authority operated four industrial wastewater treatment plants, two municipal sewage treatment plants, an industrial solid waste landfill, a pipeline, a receiving station for the collection of trucked in wastewater and a service that provides billing and collection for a utility district. In addition, the Authority operated a central laboratory that has consolidated most of GCWDA's testing procedures.

## **Factors Affecting Financial Condition**

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

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

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



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

According to the U.S. Census Bureau the population of the region grew from 4.85 million to 6.1 million (25.4%) between 2000 and 2010. The MSA reports the unemployment rate at 7.2% at December 31, 2011, down 1% from a year ago. It also reports that there are currently 2.66 million jobs, up 41,000 from a year ago. The outlook for growth of the region continues to be strong with an estimated 84,600 new jobs for 2012.

**Long-term financial planning.** The Board of Directors and staff have developed a new business plan that includes the expansion of current facilities, the addition of new facilities and expansion into new types of services such as wastewater reuse. The 5-Year Capital Projects Plan includes over \$105 million in planned additions to existing facilities. The Bayport Facility accounts for almost \$64 million of the total with additions to increase capacity as well as to maintain compliance with air and water permits. Other additions include \$6 million at the Blackhawk Facility; \$16.5 million at the Washburn Tunnel Facility; \$2.8 million at the 40-Acre Facility; \$14 million at the Campbell Bayou Facility; and \$2.2 million at the Central Lab Facility. Funding for these projects will be provided by the issuance of revenue bonds or the contribution of capital from the participants.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in securities authorized by the Texas Public Funds Investment Act and the Authority's investment policy. The average return for the year was 1.57% with an average daily balance of \$30.3 million. At December 31, 2011, the weighted average yield to maturity was 1.10% with a weighted average maturity of 859 days. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in fair value of investments that the Authority intends to hold to maturity.

**Risk management.** During 2011, 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.

**Pension and other postemployment benefits.** The Authority sponsors a single-employer defined contribution plan, a qualified pension plan under Section 401(a) of the Internal Revenue Code. The plan is available to all employees who work at least twenty hours per week. The Authority contributes ten percent of gross wages on behalf of each participant each pay period, and each participant contributes five percent. The participants direct the investment of their accounts which are managed by the ICMA Retirement Corporation (ICMA).

The Authority also sponsors a single-employer deferred compensation plan which is available to all employees. The plan is a qualified plan under Section 457 of the Internal Revenue Code. The Authority does not contribute to the plan. The trust is also managed by ICMA.

The Authority adopted a Retirement Health Savings Plan (RHS) in 2005 which is available to all employees who work at least 20 hours per week. ICMA is the independent administrator of the plan.

The Authority established the Gulf Coast Waste Disposal Other Post Employment Benefit Trust as a single-employer welfare benefit plan to provide health and life insurance benefits for qualified retirees.

The plan is a prefunded defined benefit OPEB plan. Eligibility in the plan requires that an employee must accumulate a minimum number of years of service and age in some combination that equates to 80 (Rule of 80). The trust is also managed by the ICMA Retirement Corporation.

Additional information on the Authority's pension arrangements and postemployment benefits can be found in the notes to the financial statements and supplemental information.

### **Facility Awards**

The Authority's 40-Acre, Bayport and Odessa South Facilities received recognition for their compliance achievements during the 2009 operational year by the National Association of Clean Water Agencies. The 40-Acre Facility received the Platinum award which is given to a facility that has had perfect operating permit compliance for five consecutive years. The Bayport and Odessa South Facilities each received the Silver Award which is given to a facility that has had less than five violations of the operating permit in a calendar year.

### **Excellence in Financial Reporting**

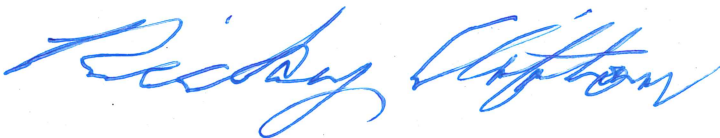
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to Gulf Coast Waste Disposal Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2010. This was the 24th consecutive year that 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.

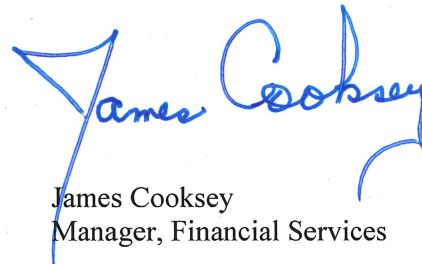
### **Acknowledgements**

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,



Ricky Clifton  
General Manager



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, 2010

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.



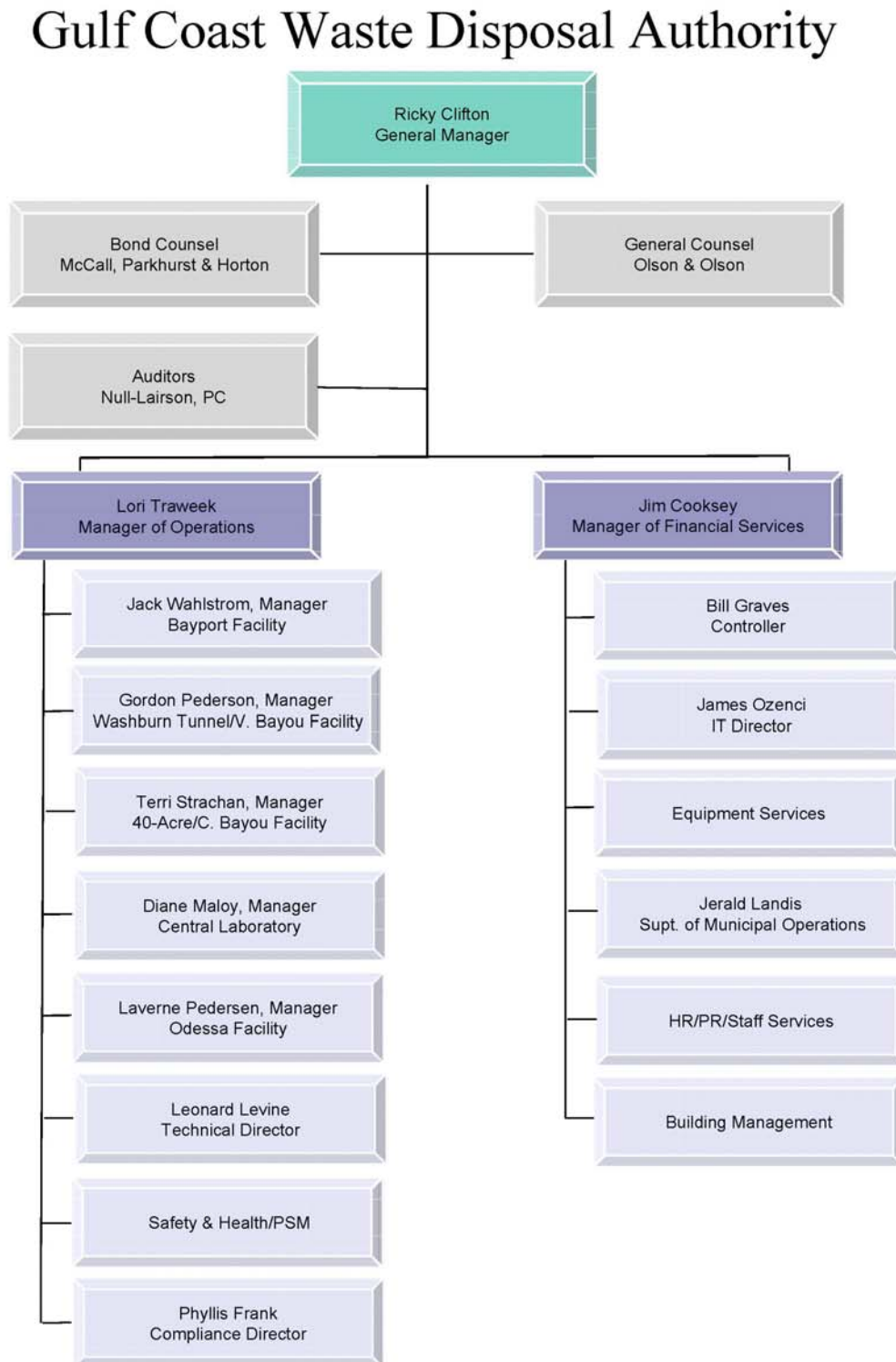
*Linda C. Dandson*

President

*Jeffrey R. Emer*

Executive Director

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



Revised: 05-2010

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

***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

***Secretary***

James A. Matthews, Jr.  
Representing Galveston County

Appointed by County Commissioners Court

***Directors***

Zoe Milian Barinaga  
Representing Harris County

Appointed by Governor

Ron Crowder  
Representing Galveston County

Appointed by Consortium of Mayors

Randy Jarrell  
Representing Galveston County

Appointed by Governor

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

Appointed by County Commissioners Court

Lamont Meaux  
Representing Chambers County

Appointed by Governor

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

**Gulf Coast Industrial Development Authority Board**

Ron Crowder – President  
Ricky Clifton – 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 STAFF AND CONSULTANTS***

**General Manager**

Ricky Clifton

**Manager of Financial Services**

James Cooksey

**Manager of Operations**

Lori Traweek

**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

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## **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, 2011, 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. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 3 through 9 and on page 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 Authority's financial statements as a whole. The introductory section, other supplementary section, statistical section and Texas supplementary information section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining information and statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory, statistical sections and Texas supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Null - Lairson, PC**

Houston, Texas  
April 27, 2012

# **GULF COAST WASTE DISPOSAL AUTHORITY**

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

As management of Gulf Coast Waste Disposal Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of Gulf Coast Waste Disposal Authority for the fiscal year ended December 31, 2011. 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.

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

### **Financial Highlights**

- Capital assets decreased by \$4.1 million
- Net assets decreased by \$1.5 million
- Program revenues decreased by \$3.2 million
- Operating expenses decreased by \$5.0 million

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

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

The statement of net 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 12.

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

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

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

Enterprise Fund

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

Internal Service Funds

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements and can be found starting on page 21.

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

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

**Government-wide Financial Analysis**

As noted earlier, net assets may serve as an indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$88.5 million at the close of the 2011 fiscal year.

**Gulf Coast Waste Disposal Authority**

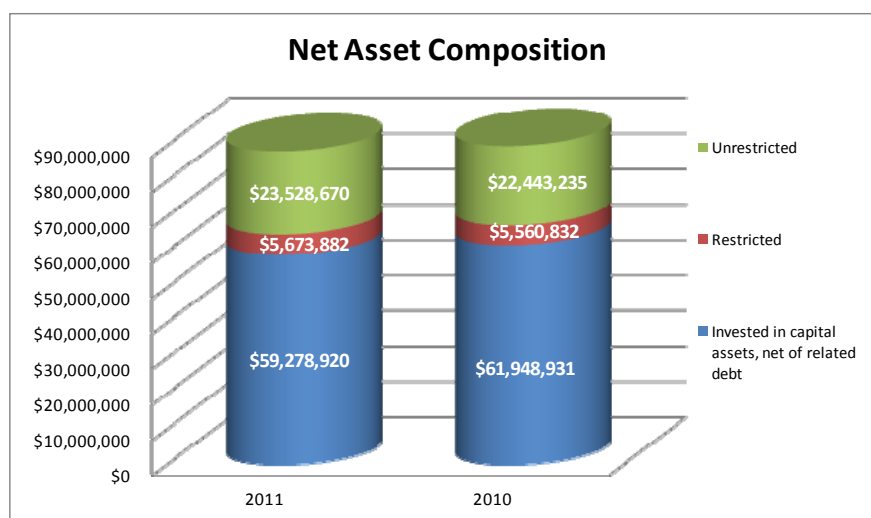
**Net Assets**

**December 31, 2011**

**With comparative totals for December 31, 2010**

	2011	2010	Increase / (Decrease)	
			\$	%
Current and other assets	\$ 46,457,548	\$ 45,023,438	\$ 1,434,110	3.2%
Capital assets	87,122,781	91,198,573	(4,075,792)	-4.5%
Total assets	133,580,329	136,222,011	(2,641,682)	-1.9%
Long term liabilities	32,717,631	34,411,586	(1,693,955)	-4.9%
Other liabilities	12,381,226	11,857,427	523,799	4.4%
Total liabilities	45,098,857	46,269,013	(1,170,156)	-2.5%
Net assets:				
Invested in capital assets, net of related debt	59,278,920	61,948,931	(2,670,011)	-4.3%
Restricted	5,673,882	5,560,832	113,050	2.0%
Unrestricted	23,528,670	22,443,235	1,085,435	4.8%
Total net assets	\$ 88,481,472	\$ 89,952,998	\$ (1,471,526)	-1.6%

The following chart depicts the composition of the Authority's net assets as of December 31, 2011:



A majority of the Authority's \$88.5 million in net assets are invested in capital assets (e.g., land, buildings, machinery, and equipment) less any remaining debt used to acquire those assets. The Authority's capital assets are used in operations to provide services to customers, participants and other governments; consequently, these assets are not available for future spending.

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

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

The Authority's remaining net assets are classified as restricted and unrestricted. Restricted net assets are subject to restrictions for debt service and a contingency reserve. At year end, unrestricted net assets were \$23.5 million, representing a 4.8% increase from 2010. Unrestricted assets may be used to meet the Authority's ongoing liabilities.

Current and other assets increased 3.2% or \$1.4 million in 2011. The primary reason for the increase is due to the increase in accounts receivable.

The \$4.1 million decrease (-4.5%) in net capital assets is primarily due to the approximately \$9.0 million recognized in 2011 for depreciation expense on capital assets previously placed in service. This was offset by additions to capital assets of \$4.8 million.

The \$1.2 million decrease (-2.5%) in total liabilities is primarily due to debt payments discussed in the Debt section on page 8 of this section.

Total net assets decreased \$1.5 million in 2011. The components of the changes in the net assets are found in the following table:

**Gulf Coast Waste Disposal Authority**

***Changes in Net Assets***

***Year ended December 31, 2011***

***With comparative totals for year ended December 31, 2010***

	<b>2011</b>	<b>2010</b>	<b>Increase / (Decrease)</b>	
			<b>\$</b>	<b>%</b>
Revenues:				
Program revenues				
Charges for services	\$ 51,832,557	\$ 54,607,106	\$ (2,774,549)	-5.1%
Operating grants and contributions		385,507	(385,507)	-100.0%
Capital grants and contributions	912,927	663,106	249,821	37.7%
Total program revenues	52,745,484	55,655,719	(3,160,056)	-5.7%
Unrestricted investment earnings	709,330	702,231	7,099	1.0%
Loss on disposal of assets	(124,646)		(124,646)	100.0%
Total revenues	53,330,168	56,357,950	(3,277,603)	-5.8%
Expenses:				
General services	2,834,832	3,273,402	(438,570)	-13.4%
Wastewater treatment	51,039,755	55,229,866	(4,190,111)	-7.6%
Solid waste disposal	927,107	1,301,995	(374,888)	-28.8%
Total expenses	54,801,694	59,805,263	(5,003,569)	-8.4%
Change in net assets	(1,471,526)	(3,447,313)	1,975,787	-57.3%
Net assets, beginning	89,952,998	93,400,311	(3,447,313)	-3.7%
Net assets, ending	<u>\$ 88,481,472</u>	<u>\$ 89,952,998</u>	<u>\$ (1,471,526)</u>	<u>-1.6%</u>



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

Charges for services decreased \$2.8 million in 2011 due to the following factors:

- A \$4 million decrease in electricity costs billed directly to a majority of Authority customers in 2011, due to a reduction in natural gas prices;
- A \$.79 million increase in the Bayport Area System Facility revenues as a result of a rate increase effective January 2011.

Total expenses decreased by \$5.0 million during 2011 due to the following factors:

- A \$4 million decrease in electricity costs in 2011, as mentioned in the previous section above;
- A \$.62 million decrease in personnel due to the retirement of tenured employees;
- A decrease of \$.25 million in solids disposal cost.

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

**Capital Asset and Debt Administration**

**Capital assets.** The Authority's investment in capital assets as of December 31, 2011, was \$87.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, waste treatment facilities and equipment, administrative furniture and equipment and construction in progress. The total decrease in the Authority's investment in capital assets for the current fiscal year was 4.5%. Depreciation expense for the year was \$9.0 million. Capital asset additions, net of depreciation, amounted to \$2.8 million. Construction in progress increased \$750,747 .

**Gulf Coast Waste Disposal Authority**

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

***December 31, 2011***

***With comparative totals for December 31, 2010***

	<b>2011</b>	<b>2010</b>	<b>Increase/(Decrease)</b>	
			<b>\$</b>	<b>%</b>
Land	\$ 5,175,541	\$ 5,175,541	\$	
Buildings	154,865	218,047	(63,182)	-29.0%
Waste treatment facilities and equipment	76,718,530	82,383,128	(5,664,598)	-6.9%
Administrative furniture and equipment	3,142,566	2,241,325	901,241	40.2%
Construction in progress	1,931,279	1,180,532	750,747	63.6%
Total	<u>\$ 87,122,781</u>	<u>\$ 91,198,573</u>	<u>\$ (4,075,792)</u>	<u>-4.5%</u>

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

Major capital asset outlays during the fiscal year 2011 included the following:

<u>Capital Outlay Description</u>	<u>Capital Outlay</u>
Plant improvements at the Washburn Tunnel Facility:	
Purchased (13) oxygenators for aeration basin	\$ 1,209,000 *
Replaced return activated sludge pumps, valves and piping at T-421 basin	1,143,737
Refurbished aeration platforms and walkways at T-421 basin	485,573
Purchased (2) gearboxes for aeration basin	96,426
Replaced switch gear in motor control center #7	74,463
Plant improvements at the 40-Acre Facility:	
Replaced effluent valve and actuator at final effluent line	222,089
Plant improvements at the Campbell Bayou Facility:	
Installed of groundwater monitoring wells	86,868
Plant improvements at the Odessa South Regional Facility:	
Replaced bar/filter screen at the offsite receiving station	98,121

\* These were purchased by Internal Service Fund (Equipment Services) and leased to the Enterprise Fund (Washburn Tunnel Facility Division).

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 \$31.2 million in debt outstanding compared to \$34.8 million last year, a decrease equal to the required bond principal reduction for 2011 in the amount of \$3,190,000. The Authority paid off the promissory note in the amount of \$398,753 in July 2011.

	<u>December 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>Increase / (Decrease) from 2010</u>
Bayport area system revenue bonds	\$ 31,210,000	\$ 34,400,000	\$ (3,190,000)
Promissory note		398,753	(398,753)
	<u>\$ 31,210,000</u>	<u>\$ 34,798,753</u>	<u>\$ (3,588,753)</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.

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

**Economic Factors and Next Years' Budgets and Rates**

The Authority's main jurisdictional area is within the Houston-Sugarland-Baytown Metropolitan Statistical Area ("MSA"). The unemployment rate for the Authority's MSA was 7.2%, which is a decrease from a rate of 8.1% a year ago. This compares favorably to a state unemployment rate of 7.4% and the national unemployment rate of 8.4%.

- Inflationary trends in the MSA compare favorably to the national indices.
- Employment in the region has increased by 41,000 jobs over the past year.
- Employment is projected to increase by another 84,600 jobs in 2012.
- Chemical industry production will continue to be stronger as long as natural gas prices remain at current levels.

All of these factors were considered in preparing the Authority's budget for the 2012 fiscal year. Total revenues are projected to be \$63.3 million compared to \$53.4 million for the 2011 fiscal year. The Board of Directors approved a 10% rate increase for the Bayport Area System Facility Division in January 2012. It is anticipated that no other rate increases will be required to meet the proposed budget. The budget also includes \$15 million in capital expenditures which will be funded by bond proceeds or contributions from customers.

**Requests for Information**

This financial report is designed to provide a general overview of the Gulf Coast Waste Disposal Authority's finances for anyone with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Manager of Financial Services, 910 Bay Area Boulevard, Houston, Texas 77058.

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## **Basic Financial Statements**

**GULF COAST WASTE DISPOSAL AUTHORITY***Statement of Net Assets**December 31, 2011*

	<b>Business Type Activities</b>
<b>Assets</b>	
Equity in pooled cash and investments	\$ 29,824,084
Receivables, net	9,234,999
Prepays	304,682
Restricted assets:	
Cash and cash equivalents	1,429,318
Marketable securities	4,182,191
Accrued interest	58,345
Deferred charges	455,581
Noncurrent receivable:	
Receivable within one year	655,256
Receivable in more than one year	313,092
Capital assets not being depreciated:	
Land	5,175,541
Construction in progress	1,931,279
Capital assets net of accumulated depreciation:	
Plant and equipment	80,015,961
<b>Total assets</b>	<b>\$ 133,580,329</b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 6,442,809
Wages payable	311,687
Accrued bond interest	387,488
Unearned revenue	46,164
Working capital deposits	1,935,916
Noncurrent liabilities:	
Due within one year	3,257,162
Due in more than one year	32,717,631
<b>Total liabilities</b>	<b>\$ 45,098,857</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	\$ 59,278,920
Restricted:	
Debt service	5,236,559
Contingency reserve	437,323
Unrestricted	23,528,670
<b>Total net assets</b>	<b>\$ 88,481,472</b>

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY**

*Statement of Activities*

*Year ended December 31, 2011*

<b>Functions/Programs</b>	<b>Program Revenues</b>			<b>Business Type Activities</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Capital Grants and Contributions</b>	<b>Net Revenue (Expense) and Changes in Net Assets</b>
General services	\$ 2,834,832	\$ 1,900,072	\$	\$ (934,760)
Wastewater treatment	51,039,755	49,041,872	912,927	(1,084,956)
Solid waste disposal	927,107	890,613		(36,494)
<b>Total primary government</b>	<b>\$ 54,801,694</b>	<b>\$ 51,832,557</b>	<b>\$ 912,927</b>	<b>\$ (2,056,210)</b>
				Unrestricted investment earnings 709,330
				Loss on disposal of assets (124,646)
				<b>Total general revenues 584,684</b>
				Change in net assets (1,471,526)
				<b>Beginning Net Assets 89,952,998</b>
				<b>Ending Net assets \$ 88,481,472</b>

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY***Page 1 of 2***PROPRIETARY FUNDS***Statement of Net Assets**December 31, 2011*

	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Equity in pooled cash and investments	\$ 22,333,522	\$ 7,490,562
Receivables, net	9,234,999	
Due from internal service fund	82,433	
Current portion of loan receivable from internal service fund	391,965	
Current portion of note receivable from others	655,256	
Prepays	304,376	306
<b>Total current assets</b>	<b>33,002,551</b>	<b>7,490,868</b>
<b>Noncurrent Assets:</b>		
Restricted assets:		
Cash and cash equivalents	1,429,318	
Marketable securities	4,182,191	
Accrued interest	58,345	
Deferred charges	455,581	
Loan receivable from internal service fund	784,899	
Note receivable from others	313,092	
Capital assets:		
Land	5,175,541	
Construction in progress	1,931,279	
Plant and equipment	220,750,320	5,939,656
Less accumulated depreciation	(143,802,267)	(2,871,748)
Total capital assets (net of accumulated depreciation)	84,054,873	3,067,908
<b>Total noncurrent assets</b>	<b>91,278,299</b>	<b>3,067,908</b>
<b>Total assets</b>	<b>\$ 124,280,850</b>	<b>\$ 10,558,776</b>

See notes to the financial statements



**GULF COAST WASTE DISPOSAL AUTHORITY**

Page 2 of 2

**PROPRIETARY FUNDS**
**Statement of Net Assets**

December 31, 2011

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 6,127,622	\$ 315,187
Wages payable	311,687	
Due to enterprise fund		82,433
Accrued bond interest	387,488	
Current portion of accrued compensated absences		1,037,498
Current portion of loan payable to enterprise fund		391,965
Current portion of revenue bonds payable	2,219,664	
<b>Total current liabilities</b>	<u>9,046,461</u>	<u>1,827,083</u>
<b>Noncurrent liabilities:</b>		
Accrued compensated absences		1,423,418
Net OPEB obligation		1,610,321
Loan payable to enterprise fund		784,899
Unearned revenue	46,164	
Revenue bonds payable (net of unamortized discount and deferred amount on refunding)	29,683,892	
Working capital deposits	1,935,916	
<b>Total noncurrent liabilities</b>	<u>31,665,972</u>	<u>3,818,638</u>
<b>Total liabilities</b>	<u>40,712,433</u>	<u>5,645,721</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	57,387,876	1,891,044
Restricted:		
Debt service	5,236,559	
Contingency reserve	437,323	
Unrestricted	20,506,659	3,022,011
<b>Total net assets</b>	<u>\$ 83,568,417</u>	<u>\$ 4,913,055</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	4,913,055	
Net assets of the business-type activities	<u>\$ 88,481,472</u>	

See notes to the financial statements

# GULF COAST WASTE DISPOSAL AUTHORITY

## PROPRIETARY FUNDS

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

Year ended December 31, 2011

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Operating revenues</b>		
Charges for sales and services		
Services to industries	\$ 48,133,379	\$
Services to municipalities	2,334,737	
Intergovernmental		3,369,187
Other	772,880	591,561
<b>Total operating revenues</b>	<u>51,240,996</u>	<u>3,960,748</u>
<b>Operating expenses</b>		
Costs of sales and services	41,069,510	3,416,288
Administration	2,803,532	255,976
Depreciation	8,471,314	507,500
<b>Total operating expenses</b>	<u>52,344,356</u>	<u>4,179,764</u>
<b>Operating loss</b>	<u>(1,103,360)</u>	<u>(219,016)</u>
<b>Nonoperating revenues (expenses)</b>		
Investment income	570,223	139,107
Interest expense	(1,674,081)	(3,023)
Amortization of bond issuance costs	30,343	
Loss on disposal of capital assets	(111,772)	(12,874)
<b>Total nonoperating revenues (expenses)</b>	<u>(1,185,287)</u>	<u>123,210</u>
<b>Loss before contributions</b>	<u>(2,288,647)</u>	<u>(95,806)</u>
Capital contributions	973,797	
Capital recovery distributed	(60,870)	
<b>Changes in net assets</b>	<u>(1,375,720)</u>	<u>(95,806)</u>
<b>Beginning net assets</b>	<u>84,944,137</u>	<u>5,008,861</u>
<b>Ending net assets</b>	<u>\$ 83,568,417</u>	<u>\$ 4,913,055</u>
Change in net assets of enterprise fund	\$ (1,375,720)	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	(95,806)	
<b>Change in nets assets of business-type activities</b>	<u>\$ (1,471,526)</u>	

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY***Page 1 of 2***PROPRIETARY FUNDS****Statement of Cash Flows****Year ended December 31, 2011**

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 49,867,407	\$ 129,449
Receipts from interfund services		3,828,702
Payments to suppliers	(23,683,157)	(3,160,305)
Payments to employees	(18,176,127)	(32,935)
<b>Net cash provided by operating activities</b>	<b>8,008,123</b>	<b>764,911</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Amount loaned (to) from other fund	(1,176,864)	1,176,864
Principal paid on loan payable	(398,753)	
Issuance of note receivable	(973,797)	
Interest received on note receivable	160,295	
Principal received on note receivable	740,232	
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(1,648,887)</b>	<b>1,176,864</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(3,601,998)	(1,481,779)
Principal paid on capital related debt	(3,298,808)	
Interest paid on capital related debt	(1,604,047)	
Operating contributions from customers	912,927	
<b>Net cash used by capital and related financing activities</b>	<b>(7,591,926)</b>	<b>(1,481,779)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from maturity of investments	82,023	
Interest received	409,929	139,113
<b>Net cash provided by investing activities</b>	<b>491,952</b>	<b>139,113</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(740,738)</b>	<b>599,109</b>

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY**

*Page 2 of 2*

**PROPRIETARY FUNDS**

**Statement of Cash Flows**

**Year ended December 31, 2011**

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Beginning cash and cash equivalents</b>		
Unrestricted cash and cash equivalents	\$ 23,269,424	\$ 6,891,453
Restricted cash and cash equivalents	1,234,154	
<b>Beginning cash and cash equivalents</b>	<u>24,503,578</u>	<u>6,891,453</u>
<b>Ending cash and cash equivalents</b>	<u><u>\$ 23,762,840</u></u>	<u><u>\$ 7,490,562</u></u>
<b>Ending cash and cash equivalents</b>		
Unrestricted cash and cash equivalents	\$ 22,333,522	\$ 7,490,562
Restricted cash and cash equivalents	1,429,318	
	<u><u>\$ 23,762,840</u></u>	<u><u>\$ 7,490,562</u></u>
 <b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>		
Operating loss	\$ (1,103,360)	\$ (219,016)
Adjustment to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	8,471,314	507,500
Changes in Operating Assets and Liabilities		
(Increase) decrease in assets:		
Accounts receivable	(49,439)	(2,597)
Prepays	(89,910)	(28)
Increase (decrease) in liabilities:		
Wages payable	(100,492)	24,981
Accounts payable	840,872	14,209
Net OPEB obligation		439,862
Deferred revenue	(14,511)	
Working capital deposits	53,649	
<b>Net cash provided by operating activities</b>	<u><u>\$ 8,008,123</u></u>	<u><u>\$ 764,911</u></u>
 <b>Noncash Investing, Capital, and Financing Activities</b>		
Loss on disposition of capital assets	\$ 56,752	\$ 28,874

See notes to the financial statements

**GULF COAST WASTE DISPOSAL AUTHORITY****STATEMENT OF FIDUCIARY NET ASSETS****Fiduciary Funds****December 31, 2011**

	<b>Private-purpose Trust Fund</b>	<b>Other Employee Benefit Trust Fund</b>
	<b>Campbell Landfill Closure/ Post-Closure</b>	<b>Gulf Coast Waste Disposal Authority Other Post Employment Benefit Trust</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 149,186	\$
Accrued receivables	14,216	
Investments, at fair value:		
Marketable securities	1,383,016	2,042,886
<b>Total assets</b>	<b>1,546,418</b>	<b>2,042,886</b>
<b>Net Assets</b>		
Held in trust for closure/post-closure costs	1,546,418	
Held in trust for other postemployment benefits		2,042,886
<b>Total net assets</b>	<b>\$ 1,546,418</b>	<b>\$ 2,042,886</b>

See notes to the financial statements

# GULF COAST WASTE DISPOSAL AUTHORITY

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

### Fiduciary Funds

Year ended December 31, 2011

	Private-purpose Trust Fund Campbell Landfill Closure/ Post-Closure	Other Employee Benefit Trust Fund Gulf Coast Waste Disposal Authority Other Post Employment Benefit Trust
<b>Additions</b>		
Employer contributions	\$	\$ 447,945
<b>Total contributions</b>		447,945
<b>Investment earnings</b>		
Interest	76,464	
Net increase (decrease) in fair value of investments	15,234	(3,896)
<b>Net investment earnings</b>	91,698	(3,896)
<b>Total additions</b>	91,698	444,049
<b>Deductions</b>		
Distributions	725,231	
<b>Total deductions</b>	725,231	
Change in net assets	(633,533)	444,049
<b>Beginning net assets</b>	2,179,951	1,598,837
<b>Ending net assets</b>	\$ 1,546,418	\$ 2,042,886

See notes to the financial statements

# **GULF COAST WASTE DISPOSAL AUTHORITY**

## **NOTES TO FINANCIAL STATEMENTS**

### **I. Summary of Significant Accounting Policies**

#### **A. Reporting Entity**

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

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

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

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

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

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

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

In the government-wide statement of net 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.

# **GULF COAST WASTE DISPOSAL AUTHORITY**

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

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

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

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

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

The Authority reports the following proprietary 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 Facility Division, Blackhawk Regional Wastewater Treatment Facility Division, Campbell Bayou Facility Division, Central Laboratory Division, 40-Acre Facility Division, Municipal Operations Division, Odessa South Regional Facility Division, Vince Bayou Division, Washburn Tunnel Facility Division, Washburn Tunnel Pipeline Services Division and The Component Unit – GCIDA Division. These divisions account for all of the business-type activities of the Authority.

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

#### ***Fiduciary Funds***

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



# **GULF COAST WASTE DISPOSAL AUTHORITY**

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

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

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

The Authority reports the following fiduciary funds which include a private purpose trust fund and an other post employment benefit 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 pay 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 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.

**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. The fund is administered by the International City Managers Association Retirement Corporation.

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

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

- 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) Trust funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

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

# **GULF COAST WASTE DISPOSAL AUTHORITY**

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

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

#### **C. Measurement Focus and Basis of Accounting (continued)**

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 reduced accordingly and revenue is recognized.

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

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 the 1999 fiscal year, 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 payment of claims for employees' health care. Each division's "Equity in pooled cash and investments" is included on the combined balance sheet.

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

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

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

**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**

The Authority's facilities maintain inventories of parts and supplies available as needed for operation of the facilities. Any equipment included in those inventories is subject to the Authority's capitalization policy and is included as capital assets in the statement of net 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 fund financial statements.

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

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 Facility 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.

# **GULF COAST WASTE DISPOSAL AUTHORITY**

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

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

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

##### **7. Capital Leases**

Assets acquired through capital leases are recorded in the appropriate divisions and depreciated according to the Authority's policy. As of December 31, 2011, the Authority had no outstanding capital leases.

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

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

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

##### **10. Interfund Transactions**

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

##### **11. Use of Estimates**

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

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

**II. Stewardship and Accountability**

**A. Financial Plan**

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

**III. Detailed Notes on All Funds**

**A. Deposits and Investments**

As of December 31, 2011, the Authority had the following investments:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Days)</b>
U.S. Agencies	\$ 25,300,694	1,010
State Pool (TexPool)	4,205,862	1
Total fair value	<u>\$ 29,506,556</u>	
Portfolio weighted average maturity		859

*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, 2011, 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.

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

*Custodial credit risk - deposits.* In the case of deposits, the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective market value of at least 102 percent. As of December 31, 2011, the entire balance of bank deposits were covered by pledged securities and FDIC insurance.

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

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

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

*Custodial credit risk - investments.* For an investment, the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that 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.

**B. Receivables**

Receivables at year-end consist of the following:

	<u>Accounts Receivable</u>	<u>Unbilled Receivable</u>	<u>Accrued Revenue</u>	<u>Allowance for Doubtful Accounts</u>	<u>Other Receivables</u>	<u>Accrued Interest</u>	<u>Total</u>
Enterprise Fund	\$ 3,603,387	\$ 347,174	\$ 5,428,476	\$ (144,649)	\$ 611		\$ 9,234,999
<b>Total receivables on statement of net assets</b>	3,603,387	347,174	5,428,476				9,234,999
Enterprise Fund restricted assets						58,345	58,345
<b>Total receivables</b>	<u>\$ 3,603,387</u>	<u>\$ 347,174</u>	<u>\$ 5,428,476</u>	<u>\$</u>	<u>\$</u>	<u>\$ 58,345</u>	<u>\$ 9,234,999</u>

During 2007, the Bayport Area Facility Division entered into a promissory note with one of its customers for its overdue balance. The note bears interest at 7.25% per annum on the outstanding balance. The note is repayable in installments equal to all revenues that the Bayport customer receives from one of its internal customers and an additional 50% of the revenues the Bayport customer receives over \$5,500 per month. Any unpaid principal balance as of April 30, 2017 will accrue interest as a rate of 10% per annum on all unpaid amounts. The remaining balance on the note as of December 31, 2011 was \$313,092 and is not expected to be collected in one year.

**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 Fund	\$ 1,259,297
	<b>Total</b>	<u>\$ 1,259,297</u>

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

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

**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 \$3,381,864 at year-end (see Note G below the specific calculation). 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 \$5,236,559 were invested in a money market fund, a U.S. government securities mutual fund and U.S. government securities.

Restricted assets as reported on the Statement of Net Assets as of December 31, 2011, are as follows:

<b>Restricted Assets:</b>	
Cash and cash equivalents	\$ 996,023
Marketable securities	4,182,191
Accrued interest	58,345
	<u>\$ 5,236,559</u>
<b>Restricted for:</b>	
Debt Service	5,236,559
	<u>\$ 5,236,559</u>

***Blackhawk Regional Wastewater Treatment***

The Regional Waste Disposal Facility Contract between the participants of the Blackhawk Regional Wastewater Treatment Facility and the Authority establishes a contingency reserve to cover ordinary and extraordinary repairs, capital replacement costs, improvements or betterments of the plant. The reserve is increased on a yearly basis by an amount equal to 1% of the participant's share of the operating expenditures. During the year ended December 31, 2011, the increase to the reserve was \$28,416 from the participants. The restricted assets as reported on the Statement of Net Assets as of December 31, 2011 were:

<b>Restricted Assets:</b>	
Cash and cash equivalents	\$ 433,295
Accounts receivable	4,028
	<u>\$ 437,323</u>
<b>Restricted for:</b>	
Contingency reserve	437,323
	<u>\$ 437,323</u>

# GULF COAST WASTE DISPOSAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### E. Capital Assets

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Reclassifications/ Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 5,175,541			\$ 5,175,541
Construction in progress	1,180,532	2,114,609	(1,363,862)	1,931,279
Total capital assets not being depreciated	6,356,073	2,114,609	(1,363,862)	7,106,820
Capital assets being depreciated:				
Waste treatment facilities and equipment	217,310,288	1,418,303	257,555	218,986,146
Office buildings	1,013,308	16,857		1,030,165
Administrative furniture and equipment	5,544,984	1,501,263	(372,582)	6,673,665
Total capital assets being depreciated	223,868,580	2,936,423	(115,027)	226,689,976
Less accumulated depreciation for:				
Waste treatment facilities and equipment	(134,927,160)	(8,334,135)	993,678	(142,267,617)
Office buildings	(798,159)	(80,227)	(9,610)	(887,996)
Administrative furniture and equipment	(3,300,761)	(564,453)	346,812	(3,518,402)
Total accumulated depreciation	(139,026,080)	(8,978,815)	1,330,880	(146,674,015)
Total capital assets being depreciated, net	84,842,500	(6,042,392)	1,215,853	80,015,961
<b>Capital Assets, net</b>	<b>\$ 91,198,573</b>	<b>\$ (3,927,783)</b>	<b>\$ (148,009)</b>	<b>\$ 87,122,781</b>

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

<b>Business-type</b>	
General services	\$ 137,179
Wastewater treatment	8,298,336
Solid waste disposal	35,800
In addition, depreciation on capital assets held by the Authority's internal service fund is charged to the various functions based on their usage of assets	507,500
Total depreciation expense	<u>\$ 8,978,815</u>



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

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

**E. Capital Assets (continued)**

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

<b>Project Description</b>	<b>Authorized Contract</b>	<b>Contract Expenditures</b>	<b>Remaining Commitment</b>
Plant renovations at Blackhawk Facility	\$ 3,000,000	\$ 96,600	\$ 2,903,400
Bio-san hydraulics at Bayport Facility	1,600,000	932,395	667,605
Cells expansion at Campbell Bayou Facility	707,700	683,107	24,593
Moisture control project at Central Lab Facility	300,200	219,177	81,023
<b>Totals</b>	<b>\$ 5,607,900</b>	<b>\$ 1,931,279</b>	<b>\$ 3,676,621</b>

**F. Capital Leases**

The Authority had no capital lease obligations as of December 31, 2011.

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

*Bayport Area System Revenue Bonds*

The bonds outstanding at December 31, 2011, 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, 2011, are \$31,210,000 with unamortized bond issue costs of \$455,581. The annual requirements to amortize all outstanding Bayport Area System Revenue Bonds as of year-end, including interest payments, are as follows:

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	2,450,000	1,223,450	3,673,450
2016	2,110,000	1,103,750	3,213,750
2017	2,215,000	998,250	3,213,250
2018	2,330,000	887,500	3,217,500
2019	2,450,000	771,000	3,221,000
2020	2,565,000	648,500	3,213,500
2021	2,695,000	520,250	3,215,250
2022	2,830,000	385,500	3,215,500
2023	2,380,000	244,000	2,624,000
2024	2,500,000	125,000	2,625,000
<b>Total</b>	<b>\$ 31,210,000</b>	<b>\$ 11,241,050</b>	<b>\$ 42,451,050</b>

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

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

**G. Changes in Long-Term Debt (continued)**

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, 2011, for the Series 2002 and 2004 Bonds is computed in the following schedule:

Net loss for the year ended December 31, 2011	\$ (479,508)
Add-Items not includable in current expenses of the System:	
Bond interest expense	1,666,275
Depreciation	4,716,215
Management fee	698,748
	<hr/>
Pledged revenues	\$ 6,601,730
	<hr/>
Average annual debt service for bonds	\$ 3,265,465
	<hr/>
Debt service coverage	2.02

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

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

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

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

**G. Changes in Long-Term Debt (continued)**

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

**Gulf Coast Waste Disposal Authority**  
**Changes in Long-Term Liabilities**  
**December 31, 2011**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>	<b>Long Term Portion *</b>
<b>Business-type activities</b>						
Accrued compensated absences	\$ 2,435,935	\$ 1,316,969	\$ 1,291,988	\$ 2,460,916	\$ 1,037,498	\$ 1,423,418
Net OPEB obligation	1,170,459	1,013,000	573,138	1,610,321		1,610,321
Promissory note	398,753		398,753			
Bonds Payable:						
Revenue bonds (Ser 2004)	20,145,000		440,000	19,705,000	245,000	19,460,000
Refunding bonds (Ser 2002)	14,255,000		2,750,000	11,505,000	1,875,000	9,630,000
Plus Premium	1,023,261		182,789	840,472	153,200	687,272
Less deferred loss and discounts	(220,897)		(73,981)	(146,916)	(53,536)	(93,380)
<b>Long term liabilities</b>	<b>\$ 39,207,511</b>	<b>\$ 2,329,969</b>	<b>\$ 5,562,687</b>	<b>\$ 35,974,793</b>	<b>\$ 3,257,162</b>	<b>\$ 32,717,631</b>

\* Due in more than one year

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

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

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

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

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

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

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	\$ 1,248,880,000
Industrial development projects	253,368,710
<b>Total private activity bonds</b>	<b><u>\$ 1,502,248,710</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.

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

**IV. Other Information**

**A. Defined Contribution Pension Plan**

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

At December 31, 2011 the total plan assets were \$36,370,759 . These assets were allocated as follows:

<b>Asset Category</b>	<b>Balance</b>	<b>Percent of Assets</b>
Stable Value/Money Market Funds	\$ 19,238,056	52.9%
Bond Funds	2,913,712	8.0%
Balanced Funds	4,995,047	13.7%
U.S. Stock Funds	6,885,905	18.9%
International Stock Funds	1,480,295	4.1%
Participant Loans	857,744	2.4%
Total Assets	<u>\$ 36,370,759</u>	<u>100.00%</u>

The Authority's contribution for the year ended December 31, 2012 was \$991,490 which represents the required 10 percent of covered payroll. The employees' contribution was \$495,745 which equals 5 percent of covered payroll. There were no additional voluntary contributions. As of December 31, 2011 there were 149 active participants, 28 retired participants and 28 terminated participants with balances in the plan.

**Plan Provisions**

All employees whose customary employment is for at least 24 hours per week are eligible to participate in the Plan from the date of employment. Normal retirement age is 65. The Authority contributes on behalf of each participant 10 percent of each pay period earnings. Earnings are defined as W-2 earnings less overtime, shift differential, auto allowance, taxable fringe benefits, and other non-routine portions of employee's compensation, plus compensation voluntarily deferred under an eligible deferred compensation plan under Section 457, a flexible compensation plan under Section 125 of the Internal Revenue Code, or a Retirement Health Savings Plan. Also included in earnings is the tax deferred mandatory employee contribution made each pay period, as authorized by 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 5 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 (continued)**

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

#### **B. Deferred Compensation Plan**

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

#### **C. Retirement Health Savings Plan**

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

#### **D. Other Post Employment Benefits**

##### ***Plan description***

The Gulf Coast Waste Disposal Authority Other Post Employment Benefit Trust (GCAOPEBT) is a single employer trust established in 2008 to provide one or more retirement welfare benefit plans, programs, or arrangements to provide medical and life insurance coverage for qualified retirees in accordance with its personnel policy. The Trust is held by ICMA RC who is also the administrator of the Plan. Assets held by the Trust are valued at fair value. In order to qualify for coverage as a "retiree" under the Authority's medical and life insurance plans an employee must accumulate a minimum number of years of service and chronological age in some combination that equate to "80" (Rule of 80). The Authority has no statutory or contractual obligation to continue to offer these post-retirement benefits. The plan is a prefunded defined benefit OPEB plan. At year end, there were 37 active employees meeting these eligibility requirements who could elect to retire. During the year, 34 qualified retirees received these benefits at a total cost to the Authority of \$124,711. Financial statements of the plan as can be found within this financial report. Separate audited financial statements are not available for the Plan. The Plan's provisions and funding requirements are established and can be amended by the Management of the Authority. A separate, audited GAAP basis postemployment benefit plan report is not available.

##### ***Funding policy***

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 \$70.00 (which is paid by the retiree) of the monthly premium assessed by the Employees' Health Care Internal Service Fund (which approximates cost), for each pre-Medicare retiree under age 65. The Authority pays supplemental health insurance for each retiree eligible for Medicare at a cost ranging from \$137 to \$228 per month, dependent on the Medicare supplement plan chosen by the retiree. The Authority continues to provide dental coverage to the retiree after they have reached age 65. The retiree pays \$15.00 for this coverage. In addition, the Authority pays premiums for term life insurance for retirees. The amount of insurance coverage is 75 percent of the retired employee's base salary at termination, rounded to the next \$1,000, with a minimum coverage of \$20,000 and a maximum of \$50,000. For the year ended December 31, 2011, \$447,945 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. No benefits were paid out of the trust in 2011, but were paid on a "pay-as-you-go" basis.

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

**IV. Other Information (continued)**

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

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

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

	Fiscal Year Ended December 31		
	2009	2010	2011
Determination of Annual Required Contribution			
Normal Cost at year end	\$ 293,485	\$ 293,485	\$ 355,802
Amortization of UAAL	662,785	662,785	663,418
Annual Required Contribution (ARC)	956,270	956,270	1,019,220
Determination of Net OPEB Obligation			
Annual Required Contribution	\$ 956,270	\$ 956,270	\$ 1,019,220
Interest on prior year Net OPEB Obligation	37,393	54,181	81,932
Adjustment to ARC	(40,231)	(58,294)	(88,152)
Annual OPEB Cost	953,432	952,157	1,013,000
Contributions made	(713,598)	(555,711)	(573,138)
Estimated Increase in Net OPEB Obligation	239,834	396,446	439,862
Net OPEB Obligation - beginning of year	\$ 534,179	\$ 774,013	\$ 1,170,459
Estimated Net OPEB Obligation - end of Year	\$ 774,013	\$ 1,170,459	\$ 1,610,321

The GCAOPEBT was established prospectively in 2008. Actuarial information and annual OPEB costs are not available prior to that time.

Plan Year Ended	Annual OPEB Cost	Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008	\$ 956,270	\$ 422,091	44.1%	\$ 534,179
December 31, 2009	953,432	713,598	74.8%	774,013
December 31, 2010	952,157	555,711	58.4%	1,170,459
December 31, 2011	1,013,000	573,138	56.6%	1,610,321

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.

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

**IV. Other Information (continued)**

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

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, 2011
Actuarial cost method	Unit Credit
Amortization method	Level Dollar, Open
Remaining amortization period	30 years
Asset valuation	Market Value
Actuarial assumptions	
Investment rate of return	7%
Inflation rate	2.75%
Mortality rate	RP-2000 Mortality Table
Salary scale	5%
Healthcare cost trend rate	11% initial 5% ultimate

The schedule of funding progress as of the most recent valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio
January 1, 2009	N/A	N/A	N/A	N/A	N/A
January 1, 2010	N/A	N/A	N/A	N/A	N/A
January 1, 2011	\$ 1,598,837	7.0%	\$ 9,831,226	\$ 8,232,389	16.3%



# **GULF COAST WASTE DISPOSAL AUTHORITY**

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

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

#### **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.

The Authority self-insures a portion of its risks by maintaining higher than average deductibles on its insurance policies for the purposes of reducing insurance premiums. The Authority established the Casualty Insurance Risk Reserve Internal Service Fund to account for these activities and made an initial contribution of \$200,000. The fund provides the first dollar coverage of claims up to the casualty insurance policy's deductible amounts. On average, investment earnings have exceeded policy deductibles thereby increasing the reserve for losses. There were no material outstanding claims at year end. The balance in the fund at year end was \$364,080 .

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

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

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

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

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

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

**IV. Other Information (continued)**

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

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

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 \$72.18 per month for medical coverage and the Authority to pay the remainder of the premium for employees, at least 50 percent of the cost of the dependent premium (the Authority currently pays approximately 75 percent) and 100 percent for an eligible retiree net of \$70.00 which is paid by the retiree monthly.

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

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

<b>Year Ended</b>	<b>Beginning</b>	<b>Claims Made</b>		<b>Ending</b>
<b>December 31,</b>	<b>Balance</b>	<b>and Changes</b>	<b>Claims Paid</b>	<b>Balance</b>
		<b>in IBNR</b>		
2009	\$ 279,129	\$ 1,527,674	\$ 1,488,237	\$ 318,566
2010	\$ 318,566	\$ 2,241,124	\$ 2,289,301	\$ 270,389
2011	\$ 270,389	\$ 2,587,652	\$ 2,638,221	\$ 219,820

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

**H. Contingencies**

**Regulations**

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

# **GULF COAST WASTE DISPOSAL AUTHORITY**

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

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

#### **H. Contingencies (continued)**

##### ***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 equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of year-end. However, the actual cost of closure and post-closure care may vary due to inflation, changes in technology, or changes in laws and regulations.

The estimated total cost of closure and post-closure for the current site at year end is \$6,581,400. Of this amount, \$2,441,300 and \$1,323,140 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 74.65%, and \$2,816,960 is the estimated total cost for closure and post-closure. Accordingly, the accrued closure and post-closure care cost liability at year end for the Y-Cell is \$2,102,861. The total accrued closure and post-closure care costs at year end for the entire site are \$5,775,301. The remaining accrued costs to be recognized are \$806,099. The Y-Cell has a projected life of 12 years, of which three 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 Authority does not have access to these funds. The account has a balance of \$1,546,418 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. As of December 31, 2011, the Authority had no outstanding litigation.

# **GULF COAST WASTE DISPOSAL AUTHORITY**

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

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

#### **I. Pollution Remediation**

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

### **Required Supplemental Information**

**GULF COAST WASTE DISPOSAL AUTHORITY****REQUIRED SUPPLEMENTARY INFORMATION*****Gulf Coast Waste Disposal Authority Other Post Employment Benefits Trust******December 31, 2011***

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio
January 1, 2008 *	\$	7.0%	\$ 8,224,524	\$ 8,224,524	0.0%
January 1, 2009	N/A	N/A	N/A	N/A	N/A
January 1, 2010	N/A	N/A	N/A	N/A	N/A
January 1, 2011	1,598,837	7.0%	9,831,226	8,232,389	16.3%

## Schedule of Employer Contributions

Plan Year Ended	Annual OPEB Cost	Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008	\$ 956,270	\$ 422,091	44.1%	\$ 534,179
December 31, 2009	953,432	713,598	74.8%	774,013
December 31, 2010	952,157	555,711	58.4%	1,170,459
December 31, 2011	1,013,000	573,138	56.6%	1,610,321

\*The GCA OPEBT was established prospectively in 2008. Actuarial information and annual OPEB costs are not available prior to that time.

## **Other Supplementary Information**

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## **Combining Information and Statements**

# **GULF COAST WASTE DISPOSAL AUTHORITY**

## **ENTERPRISE FUND**

**December 31, 2011**

### **General Services Division**

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

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

This division accounts for the operations of 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 in accordance with the rate order approved by the Board of Directors.

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

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

### **Campbell Bayou Facility Division**

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

### **Central Laboratory Division**

This division accounts for the 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.

### **Municipal Operations Division**

This division accounts for the operations of the municipal wastewater treatment facility and collection system plus some related billing services for the Cedar Bayou Park Utility District. Written agreements with the district provide for payment of all costs related to the operation of the system. In addition, this division accounts for the operations of two municipal wastewater treatment plants for the Port of Houston. The contract with the Port of Houston provides for the reimbursement of all operating costs.

# **GULF COAST WASTE DISPOSAL AUTHORITY**

## ***ENTERPRISE FUND (continued)***

***December 31, 2011***

### **Odessa South Regional Facility Division**

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

### **Vince Bayou Division**

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

### **Washburn Tunnel Facility Division**

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

### **Washburn Tunnel Pipeline Services Division**

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

### **Component Unit – GCIDA**

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

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**Combining Information By Division - Net Assets**  
**Enterprise Fund**  
**December 31, 2011**

	<b>General Services Division</b>	<b>Bayport Area System Facility Division</b>	<b>Blackhawk Regional Wastewater Treatment Facility Division</b>
<b>Assets</b>			
<b>Current Assets:</b>			
Equity in pooled cash and investments	\$ 2,936,352	\$ 12,453,604	\$ 104,946
Receivables, net	103,325	4,682,694	438,638
Due from other divisions/funds	510,651		
Current portion of loan receivable from internal service fund	391,965		
Current portion of note receivable from others	655,256		
Prepays	17,642	100,278	26,218
<b>Total current assets</b>	<b>4,615,191</b>	<b>17,236,576</b>	<b>569,802</b>
<b>Noncurrent Assets:</b>			
Restricted assets			
Cash and cash equivalents		996,023	433,295
Marketable securities		4,182,191	
Accrued interest		58,345	
Deferred charges		455,581	
Loans from other divisions/funds	1,059,899		
Note receivable from others		313,092	
Capital assets:			
Land	53,800	907,489	201,000
Construction in progress		932,395	96,600
Plant and equipment	1,764,173	109,175,970	15,353,080
Less accumulated depreciation	(1,534,650)	(67,202,775)	(12,721,375)
Total capital assets (net of accumulated depreciation)	283,323	43,813,079	2,929,305
<b>Total noncurrent assets</b>	<b>1,343,222</b>	<b>49,818,311</b>	<b>3,362,600</b>
<b>Total assets</b>	<b>\$ 5,958,413</b>	<b>\$ 67,054,887</b>	<b>\$ 3,932,402</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 527,724	\$ 1,751,630	\$ 103,075
Wages payable	311,687		
Due to other divisions			
Accrued bond interest		387,488	
Current portion of revenue bonds payable		2,219,664	
<b>Total current liabilities</b>	<b>839,411</b>	<b>4,358,782</b>	<b>103,075</b>
<b>Noncurrent liabilities:</b>			
Interdivision loan payable			
Deferred revenue	46,164		
Revenue bonds payable(net of unamortized discount and deferred amount on refunding)		29,683,892	
Working capital deposits	120,000		565,450
<b>Total noncurrent liabilities</b>	<b>166,164</b>	<b>29,683,892</b>	<b>565,450</b>
<b>Total liabilities</b>	<b>1,005,575</b>	<b>34,042,674</b>	<b>668,525</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	283,323	17,146,082	2,929,305
Restricted for:			
Debt service		5,236,559	
Contingency reserve			437,323
Unrestricted	4,669,515	10,629,572	(102,751)
<b>Total net assets</b>	<b>\$ 4,952,838</b>	<b>\$ 33,012,213</b>	<b>\$ 3,263,877</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>
\$ 121,162	\$ 222,005	\$ 3,663,788 15,439	\$ 663,280 450	\$ 503,955 36,625
5,102	2,234	27,838	25,948	53
126,264	224,239	3,707,065	689,678	540,633
671,966			1,427,965	
683,107		219,177		
5,721,022		5,384,670	34,843,894	
(5,335,296)		(3,194,117)	(14,747,324)	
1,740,799		2,409,730	21,524,535	
1,740,799		2,409,730	21,524,535	
\$ 1,867,063	\$ 224,239	\$ 6,116,795	\$ 22,214,213	\$ 540,633
\$ 82,427	\$ 91,988	\$ 62,834	\$ 991,874	\$ 2,562
82,427	91,988	62,834	991,874	2,562
251,018				18,000
251,018				18,000
333,445	91,988	62,834	991,874	20,562
1,740,799		2,409,730	21,524,535	
(207,181)	132,251	3,644,231	(302,196)	520,071
\$ 1,533,618	\$ 132,251	\$ 6,053,961	\$ 21,222,339	\$ 520,071

**GULF COAST WASTE DISPOSAL AUTHORITY**
*Combining Information By Division - Net Assets*
*Enterprise Fund*
*December 31, 2011*

	<b>Odessa South Regional Facility Division</b>	<b>Vince Bayou Facility Division</b>	<b>Washburn Tunnel Facility Division</b>	<b>Washburn Tunnel Pipeline Services Division</b>
<b>Assets</b>				
<b>Current Assets:</b>				
Equity in pooled cash and investments	\$ 479,889	\$ 1,237,139	\$ (65,645)	\$ (92)
Receivables, net	695,595	179,328	3,082,905	
Due from other divisions/funds				
Current portion of loan receivable from internal service fund				
Current portion of note receivable from others				
Prepays	20,633	2,095	76,289	46
<b>Total current assets</b>	<b>1,196,117</b>	<b>1,418,562</b>	<b>3,093,549</b>	<b>(46)</b>
<b>Noncurrent Assets:</b>				
Restricted assets				
Cash and cash equivalents				
Marketable securities				
Accrued interest				
Deferred charges				
Loans from other divisions/funds				
Note receivable from others				
Capital assets:				
Land	76,161	100,611	1,736,549	
Construction in progress				
Plant and equipment	14,345,983	1,874,197	32,262,983	24,348
Less accumulated depreciation	(11,317,235)	(1,020,064)	(26,709,930)	(19,501)
Total capital assets (net of accumulated depreciation)	3,104,909	954,744	7,289,602	4,847
<b>Total noncurrent assets</b>	<b>3,104,909</b>	<b>954,744</b>	<b>7,289,602</b>	<b>4,847</b>
<b>Total assets</b>	<b>\$ 4,301,026</b>	<b>\$ 2,373,306</b>	<b>\$ 10,383,151</b>	<b>\$ 4,801</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 531,086	\$ 59,795	\$ 1,922,627	\$
Wages payable				
Due to other divisions			427,638	580
Accrued bond interest				
Current portion of revenue bonds payable				
<b>Total current liabilities</b>	<b>531,086</b>	<b>59,795</b>	<b>2,350,265</b>	<b>580</b>
<b>Noncurrent liabilities:</b>				
Interdivision loan payable			275,000	
Deferred revenue				
Revenue bonds payable (net of unamortized discount and deferred amount on refunding)				
Working capital deposits	942,848		38,600	
<b>Total noncurrent liabilities</b>	<b>942,848</b>		<b>313,600</b>	
<b>Total liabilities</b>	<b>1,473,934</b>	<b>59,795</b>	<b>2,663,865</b>	<b>580</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	3,104,909	954,744	7,289,602	4,847
Restricted for:				
Debt service				
Contingency reserve				
Unrestricted	(277,817)	1,358,767	429,684	(626)
<b>Total net assets</b>	<b>\$ 2,827,092</b>	<b>\$ 2,313,511</b>	<b>\$ 7,719,286</b>	<b>\$ 4,221</b>

Component Unit GCIDA Division	Eliminations	Total
\$ 13,139	\$	\$ 22,333,522
		9,234,999
	(428,218)	82,433
		391,965
		655,256
		304,376
<u>13,139</u>	<u>(428,218)</u>	<u>33,002,551</u>
		1,429,318
		4,182,191
		58,345
		455,581
	(275,000)	784,899
		313,092
		5,175,541
		1,931,279
		220,750,320
		(143,802,267)
		84,054,873
	(275,000)	91,278,299
<u>\$ 13,139</u>	<u>\$ (703,218)</u>	<u>\$ 124,280,850</u>
\$	\$	\$ 6,127,622
		311,687
	(428,218)	
		387,488
		2,219,664
	(428,218)	9,046,461
	(275,000)	
		46,164
		29,683,892
		1,935,916
	(275,000)	31,665,972
	(703,218)	40,712,433
		57,387,876
		5,236,559
		437,323
<u>13,139</u>		<u>20,506,659</u>
<u>\$ 13,139</u>	<u>\$ -</u>	<u>\$ 83,568,417</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Information by Division - Changes in Net Assets*  
*Enterprise Fund*  
*Year ended December 31, 2011*

	<b>General Services Division</b>	<b>Bayport Area System Facility Division</b>	<b>Blackhawk Regional Wastewater Treatment Facility Division</b>
<b>Operating revenues</b>			
Charges for sales and services			
Services to industries	\$ 1,415,084	\$ 25,180,568	\$
Services to municipalities		22,145	2,154,630
Intergovernmental	3,278,958		
Other	393,028	319,618	31,381
<b>Total operating revenues</b>	<u>5,087,070</u>	<u>25,522,331</u>	<u>2,186,011</u>
<b>Operating expenses</b>			
Costs of sales and services	5,279,524	19,383,365	2,097,934
Administration	538,552	632,600	71,413
Depreciation	137,179	4,716,215	369,258
<b>Total operating expenses</b>	<u>5,955,255</u>	<u>24,732,180</u>	<u>2,538,605</u>
<b>Operating income (loss)</b>	<u>(868,185)</u>	<u>790,151</u>	<u>(352,594)</u>
<b>Nonoperating revenues (expenses)</b>			
Investment income	83,444	369,049	13,387
Interest expense	(7,806)	(1,666,275)	
Bond issuance costs		30,343	
Loss on disposal of capital assets		(2,776)	(864)
<b>Total nonoperating revenues (expenses)</b>	<u>75,638</u>	<u>(1,269,659)</u>	<u>12,523</u>
<b>Income (loss) before contributions</b>	<u>(792,547)</u>	<u>(479,508)</u>	<u>(340,071)</u>
Capital contributions			
Capital recovery distributed			
Changes in net assets	(792,547)	(479,508)	(340,071)
<b>Beginning net assets</b>	5,745,385	33,491,721	3,603,948
<b>Ending net assets</b>	<u>\$ 4,952,838</u>	<u>\$ 33,012,213</u>	<u>\$ 3,263,877</u>



<b>Campbell Bayou Facility Division</b>				
<b>Industrial Solid Waste Facility</b>	<b>Closure/Post Closure</b>	<b>Central Laboratory Division</b>	<b>40-Acre Facility Division</b>	<b>Municipal Operations Division</b>
\$ 452,489	\$ 428,373	\$ 33,630 2,816 5,368,277	\$ 4,699,992 45,000	\$ 155,146
<u>452,489</u>	<u>428,373</u>	<u>5,404,723</u>	<u>4,744,992</u>	<u>155,146</u>
403,321	339,940	3,815,945	4,325,989	151,477
53,310	81,632	65,965	420,045	3,516
35,799		333,481	1,407,097	
<u>492,430</u>	<u>421,572</u>	<u>4,215,391</u>	<u>6,153,131</u>	<u>154,993</u>
<u>(39,941)</u>	<u>6,801</u>	<u>1,189,332</u>	<u>(1,408,139)</u>	<u>153</u>
4,235	1,071	64,443	6,035	9,674
355		(20,185)	(67,458)	
<u>4,590</u>	<u>1,071</u>	<u>44,258</u>	<u>(61,423)</u>	<u>9,674</u>
<u>(35,351)</u>	<u>7,872</u>	<u>1,233,590</u>	<u>(1,469,562)</u>	<u>9,827</u>
<u>(35,351)</u>	<u>7,872</u>	<u>1,233,590</u>	<u>(1,469,562)</u>	<u>9,827</u>
1,568,969	124,379	4,820,371	22,691,901	510,244
<u>\$ 1,533,618</u>	<u>\$ 132,251</u>	<u>\$ 6,053,961</u>	<u>\$ 21,222,339</u>	<u>\$ 520,071</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
*Combining Information by Division - Changes in Net Assets*  
*Enterprise Fund*  
*Year ended December 31, 2011*

	<b>Odessa South Regional Facility Division</b>	<b>Vince Bayou Facility Division</b>	<b>Washburn Tunnel Facility Division</b>	<b>Washburn Tunnel Pipeline Facility Division</b>
<b>Operating revenues</b>				
Charges for sales and services				
Services to industries	\$ 2,545,603	\$ 885,912	\$ 12,491,728	\$
Services to municipalities				
Intergovernmental			71,770	
Other		2,846	26,007	
<b>Total operating revenues</b>	<u>2,545,603</u>	<u>888,758</u>	<u>12,589,505</u>	
<b>Operating expenses</b>				
Costs of sales and services	2,207,566	556,101	11,272,353	
Administration	350,890	53,237	532,006	235
Depreciation	551,236	79,149	839,605	2,295
<b>Total operating expenses</b>	<u>3,109,692</u>	<u>688,487</u>	<u>12,643,964</u>	<u>2,530</u>
<b>Operating income (loss)</b>	<u>(564,089)</u>	<u>200,271</u>	<u>(54,459)</u>	<u>(2,530)</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income	9,326	23,623	7,522	
Interest expense			(21,836)	
Bond issuance costs				
Loss on disposal of capital assets			(19,502)	(1,342)
<b>Total nonoperating revenues (expenses)</b>	<u>9,326</u>	<u>23,623</u>	<u>(33,816)</u>	<u>(1,342)</u>
<b>Income (loss) before contributions</b>	<u>(554,763)</u>	<u>223,894</u>	<u>(88,275)</u>	<u>(3,872)</u>
Capital contributions			973,797	
Capital recovery distributed	(60,870)			
Changes in net assets	(615,633)	223,894	885,522	(3,872)
<b>Beginning net assets</b>	3,442,725	2,089,617	6,833,764	8,093
<b>Ending net assets</b>	<u>\$ 2,827,092</u>	<u>\$ 2,313,511</u>	<u>\$ 7,719,286</u>	<u>\$ 4,221</u>

Component Unit GCIDA Division	Eliminations	Total
\$	\$	\$ 48,133,379
		2,334,737
	(8,764,005)	772,880
	(8,764,005)	51,240,996
	(8,764,005)	41,069,510
131		2,803,532
		8,471,314
131	(8,764,005)	52,344,356
(131)		(1,103,360)
250	(21,836)	570,223
	21,836	(1,674,081)
		30,343
		(111,772)
250		(1,185,287)
119		(2,288,647)
		973,797
		(60,870)
119		(1,375,720)
13,020		84,944,137
\$ 13,139	\$	\$ 83,568,417

# GULF COAST WASTE DISPOSAL AUTHORITY

Combining Information by Division - Cash Flows

Enterprise Fund

Year ended December 31, 2011

	General Services Division	Bayport Area System Facility Division	Blackhawk Regional Wastewater Treatment Facility Division
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 2,135,456	\$ 25,166,205	\$ 2,200,165
Receipts from services to other divisions	3,278,958		
Payments to suppliers	(705,883)	(13,289,066)	(1,068,089)
Payments to employees	(4,356,099)	(4,084,997)	(615,848)
Payments to other divisions	(1,047,570)	(1,972,647)	(484,662)
<b>Net cash provided (used) by operating activities</b>	<b>(695,138)</b>	<b>5,819,495</b>	<b>31,566</b>
<b>Cash Flows from Noncapital</b>			
<b>Financing Activities</b>			
Loan to internal service fund	(1,176,864)		
Principal paid on loan payable	(398,753)		
Principal received (paid) on interdivision loan	414,939		
Interest received (paid) on interdivision loan	21,836		
Issuance of note receivable	(973,797)		
Interest received on note receivable		160,295	
Principal received on note receivable	318,541	6,752	
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(1,794,098)</b>	<b>167,047</b>	
<b>Cash Flows from Capital and Related</b>			
<b>Financing Activities</b>			
Acquisition and construction of capital assets	(16,857)	(957,467)	(100,994)
Principal paid on capital related debt		(3,298,808)	
Interest paid on capital related debt	(7,806)	(1,596,241)	
Capital contributions received from (returned to) participants			
<b>Net cash used by capital and related financing activities</b>	<b>(24,663)</b>	<b>(5,852,516)</b>	<b>(100,994)</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from maturity of investments		82,023	
Interest received	61,609	208,753	13,385
<b>Net cash provided by investing activities</b>	<b>61,609</b>	<b>290,776</b>	<b>13,385</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,452,290)</b>	<b>424,802</b>	<b>(56,043)</b>
<b>Beginning cash and cash equivalents</b>			
Unrestricted cash and cash equivalents	5,388,642	12,195,470	189,485
Restricted cash and cash equivalents		829,355	404,799
<b>Beginning cash and cash equivalents</b>	<b>5,388,642</b>	<b>13,024,825</b>	<b>594,284</b>
<b>Ending cash and cash equivalents</b>	<b>\$ 2,936,352</b>	<b>\$ 13,449,627</b>	<b>\$ 538,241</b>

Campbell Bayou Facility Division					
Industrial Solid Waste Facility	Closure/Post Closure	Central Laboratory Division	40-Acre Facility Division	Municipal Operations Division	
\$ 458,773	\$ 428,373	\$ 30,066	\$ 4,699,991	\$ 152,112	
		5,368,277	45,000		
(130,896)	(114,436)	(592,060)	(1,774,705)	(47,753)	
(206,677)	(159,030)	(2,477,570)	(1,474,722)	(61,011)	
(97,003)	(80,133)	(844,768)	(1,128,020)	(47,510)	
24,197	74,774	1,483,945	367,544	(4,162)	
(93,313)		(417,005)	(101,844)		
(93,313)		(417,005)	(101,844)		
4,234	1,073	64,444	6,034	9,674	
4,234	1,073	64,444	6,034	9,674	
(64,882)	75,847	1,131,384	271,734	5,512	
186,044	146,158	2,532,404	391,546	498,443	
186,044	146,158	2,532,404	391,546	498,443	
\$ 121,162	\$ 222,005	\$ 3,663,788	\$ 663,280	\$ 503,955	

**GULF COAST WASTE DISPOSAL AUTHORITY**

*Combining Information by Division - Cash Flows*

*Enterprise Fund*

*Year ended December 31, 2011*

	<b>General Services Division</b>	<b>Bayport Area System Facility Division</b>	<b>Blackhawk Regional Wastewater Treatment Facility Division</b>
<b>Ending cash and cash equivalents</b>			
Unrestricted cash and cash equivalents	\$ 2,936,352	\$ 12,453,604	\$ 104,946
Restricted cash and cash equivalents		996,023	433,295
	<u>\$ 2,936,352</u>	<u>\$ 13,449,627</u>	<u>\$ 538,241</u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ (868,185)	\$ 790,151	\$ (352,594)
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	137,179	4,716,215	369,258
Changes in Operating Assets and Liabilities:			
(Increase) decrease in assets			
Accounts receivable	281,180	(356,126)	14,154
Prepays	(4,257)	(30,368)	(9,536)
Increase (decrease) in liabilities:			
Wages payable	(100,492)		
Accounts payable	(186,727)	699,623	10,284
Deferred revenue	46,164		
Working capital deposits			
<b>Net cash provided (used) by operating activities</b>	<u>\$ (695,138)</u>	<u>\$ 5,819,495</u>	<u>\$ 31,566</u>
 <b>Noncash Investing, Capital, and Financing Activities</b>			
Loss on disposition of capital assets	\$	\$ 15,867	\$

<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>
\$ 121,162	\$ 222,005	\$ 3,663,788	\$ 663,280	\$ 503,955
<u>\$ 121,162</u>	<u>\$ 222,005</u>	<u>\$ 3,663,788</u>	<u>\$ 663,280</u>	<u>\$ 503,955</u>
\$ (39,941)	\$ 6,801	\$ 1,189,332	\$ (1,408,139)	\$ 153
35,799		333,481	1,407,097	
6,284		(6,380)	(450)	(21,034)
(427)	59	(12,740)	(1,486)	(9)
22,482	67,914	(19,748)	370,072	(1,272)
			450	
				18,000
<u>\$ 24,197</u>	<u>\$ 74,774</u>	<u>\$ 1,483,945</u>	<u>\$ 367,544</u>	<u>\$ (4,162)</u>
\$	\$	\$ 8,648	\$ 4,015	\$

# GULF COAST WASTE DISPOSAL AUTHORITY

Combining Information by Division - Cash Flows

Enterprise Fund

Year ended December 31, 2011

	Odessa South Regional Facility Division	Vince Bayou Facility Division	Washburn Tunnel Facility Division	Washburn Tunnel Pipeline Facility Division
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 2,094,982	\$ 891,752	\$ 11,609,532	
Receipts from services to other divisions			71,770	
Payments to suppliers	(866,537)	(44,091)	(5,049,441)	(92)
Payments to employees	(1,062,743)	(272,856)	(3,404,574)	
Payments to other divisions	(320,233)	(239,439)	(2,502,020)	
<b>Net cash provided (used) by operating activities</b>	<u>(154,531)</u>	<u>335,366</u>	<u>725,267</u>	<u>(92)</u>
<b>Cash Flows from Noncapital</b>				
<b>Financing Activities</b>				
Loan to internal service fund				
Principal paid on loan payable				
Principal received (paid) on interdivision loan			(414,939)	
Interest received (paid) on interdivision loan			(21,836)	
Issuance of note receivable				
Interest received on note receivable				
Principal received on note receivable			414,939	
<b>Net cash provided (used) by noncapital</b>				
<b>financing activities</b>	<u></u>	<u></u>	<u>(21,836)</u>	<u></u>
<b>Cash Flows from Capital and Related</b>				
<b>Financing Activities</b>				
Acquisition and construction of capital assets	(117,122)	(46,499)	(1,750,897)	
Principal paid on capital related debt				
Interest paid on capital related debt				
Capital contributions received (returned) to participants	(60,870)		973,797	
<b>Net cash used by capital and related</b>				
<b>financing activities</b>	<u>(177,992)</u>	<u>(46,499)</u>	<u>(777,100)</u>	<u></u>
<b>Cash Flows from Investing Activities</b>				
Proceeds from maturity of investments				
Interest received	9,326	23,623	7,524	
<b>Net cash provided by investing activities</b>	<u>9,326</u>	<u>23,623</u>	<u>7,524</u>	<u></u>
<b>Net increase (decrease) in cash and</b>				
<b>cash equivalents</b>	(323,197)	312,490	(66,145)	(92)
<b>Beginning cash and cash equivalents</b>				
Unrestricted cash and cash equivalents	803,086	924,649	500	
Restricted cash and cash equivalents				
<b>Beginning cash and cash equivalents</b>	<u>803,086</u>	<u>924,649</u>	<u>500</u>	<u></u>
<b>Ending cash and cash equivalents</b>	<u>\$ 479,889</u>	<u>\$ 1,237,139</u>	<u>\$ (65,645)</u>	<u>\$ (92)</u>



Component Unit GCIDA Division	Eliminations	Total
	\$	\$ 49,867,407
	(8,764,005)	
(108)		(23,683,157)
		(18,176,127)
	8,764,005	
(108)		8,008,123
		(1,176,864)
		(398,753)
		(973,797)
		160,295
		740,232
		(1,648,887)
		(3,601,998)
		(3,298,808)
		(1,604,047)
		912,927
		(7,591,926)
		82,023
250		409,929
250		491,952
142		(740,738)
12,997		23,269,424
		1,234,154
12,997		24,503,578
\$ 13,139	\$	\$ 23,762,840

**GULF COAST WASTE DISPOSAL AUTHORITY**

*Combining Information by Division - Cash Flows*

*Enterprise Fund*

*Year ended December 31, 2011*

	<b>Odessa South Regional Facility Division</b>	<b>Vince Bayou Facility Division</b>	<b>Washburn Tunnel Facility Division</b>	<b>Washburn Tunnel Pipeline Facility Division</b>
<b>Ending cash and cash equivalents</b>				
Unrestricted cash and cash equivalents	\$ 479,889	\$ 1,237,139	\$ (65,645)	\$ (92)
Restricted cash and cash equivalents				
	<u>\$ 479,889</u>	<u>\$ 1,237,139</u>	<u>\$ (65,645)</u>	<u>\$ (92)</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ (564,089)	\$ 200,271	\$ (54,459)	\$ (2,530)
Adjustment to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	551,236	79,149	839,605	2,295
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Assets				
Accounts Receivable	(486,270)	2,994	516,209	
Prepays	(4,491)	(116)	(26,682)	143
Increase (Decrease) in Liabilities:				
Wages Payable				
Accounts payable	313,434	53,068	(488,281)	
Deferred revenue			(61,125)	
Working capital deposits	35,649			
<b>Net cash provided by operating activities</b>	<u>\$ (154,531)</u>	<u>\$ 335,366</u>	<u>\$ 725,267</u>	<u>\$ (92)</u>
<b>Noncash Investing, Capital, and Financing Activities</b>				
Loss on disposition of capital assets	\$	\$	\$ 28,222	\$

Component Unit GCIDA Division	Eliminations	Total
\$ 13,139	\$	\$ 22,333,522
		1,429,318
<u>\$ 13,139</u>	<u>\$</u>	<u>\$ 23,762,840</u>
\$ (131)	\$	\$ (1,103,360)
		8,471,314
		(49,439)
		(89,910)
		(100,492)
23		840,872
		(14,511)
		53,649
<u>\$ (108)</u>	<u>\$</u>	<u>\$ 8,008,123</u>
\$	\$	\$ 56,752

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# **GULF COAST WASTE DISPOSAL AUTHORITY**

## **INTERNAL SERVICE FUNDS**

*December 31, 2011*

### **Casualty Insurance Risk Reserve Fund**

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

### **Compensated Absences Fund**

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

### **Data Processing Fund**

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

### **Employees' Health Care Fund**

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

### **Equipment Services Fund**

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

### **Pretreatment Legislation Fund**

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

# GULF COAST WASTE DISPOSAL AUTHORITY

## Combining Statement of Net Assets

December 31, 2011

	<u>Casualty Insurance Risk Reserve</u>	<u>Compensated Absences</u>	<u>Data Processing</u>
<b>Assets</b>			
<b>Current Assets:</b>			
Equity in pooled cash and investments	\$ 364,080	\$ 2,686,660	\$ (20,977)
Prepays			155
<b>Total current assets</b>	<u>364,080</u>	<u>2,686,660</u>	<u>(20,822)</u>
<b>Noncurrent Assets:</b>			
Capital assets			
Plant and equipment			906,942
Less accumulated depreciation			(628,386)
Total capital assets (net of accumulated depreciation)			<u>278,556</u>
<b>Total noncurrent assets</b>			<u>278,556</u>
<b>Total assets</b>	<u>\$ 364,080</u>	<u>\$ 2,686,660</u>	<u>\$ 257,734</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	\$	\$	\$ 1,670
Due to other funds/divisions			82,433
Interfund loan payable - current portion			
Current portion of accrued compensated absences		1,037,498	
<b>Total current liabilities</b>		<u>1,037,498</u>	<u>84,103</u>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences		1,423,418	
Net OPEB obligation			
Interfund loan payable			
<b>Total noncurrent liabilities</b>		<u>1,423,418</u>	
<b>Total liabilities</b>		<u>2,460,916</u>	<u>84,103</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt			278,556
Unrestricted	364,080	225,744	(104,925)
<b>Total net assets</b>	<u>\$ 364,080</u>	<u>\$ 225,744</u>	<u>\$ 173,631</u>

<u>Employees' Health Care</u>	<u>Equipment Service</u>	<u>Pretreatment Legislation</u>	<u>Total</u>
\$ 3,052,468	\$ 1,061,860	\$ 346,471	\$ 7,490,562
	151		306
<u>3,052,468</u>	<u>1,062,011</u>	<u>346,471</u>	<u>7,490,868</u>
	5,032,714		5,939,656
	(2,243,362)		(2,871,748)
	2,789,352		3,067,908
	<u>2,789,352</u>		<u>3,067,908</u>
<u>\$ 3,052,468</u>	<u>\$ 3,851,363</u>	<u>\$ 346,471</u>	<u>\$ 10,558,776</u>
\$ 220,517	\$ 93,000	\$	\$ 315,187
	391,965		82,433
			391,965
			1,037,498
<u>220,517</u>	<u>484,965</u>		<u>1,827,083</u>
1,610,321			1,423,418
	784,899		1,610,321
<u>1,610,321</u>	<u>784,899</u>		<u>784,899</u>
<u>1,830,838</u>	<u>1,269,864</u>		<u>3,818,638</u>
			5,645,721
1,221,630	1,612,488		1,891,044
	969,011	346,471	3,022,011
<u>\$ 1,221,630</u>	<u>\$ 2,581,499</u>	<u>\$ 346,471</u>	<u>\$ 4,913,055</u>

# GULF COAST WASTE DISPOSAL AUTHORITY

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

Year ended December 31, 2011

	Casualty Insurance Risk Reserve	Compensated Absences	Data Processing
<b>Operating revenues</b>			
Charges for sales and services			
Intergovernmental	\$	\$	\$ 358,836
Other			
<b>Total operating revenues</b>			358,836
<b>Operating expenses</b>			
Costs of sales and services		57,916	213,917
Administration			359
Depreciation			148,045
<b>Total operating expenses</b>		57,916	362,321
<b>Operating income (loss)</b>		(57,916)	(3,485)
<b>Nonoperating revenues (expenses)</b>			
Investment income (loss)	6,934	51,150	(35)
Interest expense			
Gain (loss) on disposal of capital assets			(28,874)
<b>Total nonoperating revenues (expenses)</b>	6,934	51,150	(28,909)
Changes in net assets	6,934	(6,766)	(32,394)
<b>Beginning net assets</b>	357,146	232,510	206,025
<b>Ending net assets</b>	\$ 364,080	\$ 225,744	\$ 173,631



<b>Employees' Health Care</b>	<b>Equipment Service</b>	<b>Pretreatment Legislation</b>	<b>Total</b>
\$ 2,600,264	\$ 410,087	\$	\$ 3,369,187
462,112		129,449	591,561
<u>3,062,376</u>	<u>410,087</u>	<u>129,449</u>	<u>3,960,748</u>
3,046,214	1,263	96,978	3,416,288
249,758	641	5,218	255,976
	359,455		507,500
<u>3,295,972</u>	<u>361,359</u>	<u>102,196</u>	<u>4,179,764</u>
(233,596)	48,728	27,253	(219,016)
57,203	17,420	6,435	139,107
	(3,023)		(3,023)
	16,000		(12,874)
<u>57,203</u>	<u>30,397</u>	<u>6,435</u>	<u>123,210</u>
(176,393)	79,125	33,688	(95,806)
1,398,023	2,502,374	312,783	5,008,861
<u>\$ 1,221,630</u>	<u>\$ 2,581,499</u>	<u>\$ 346,471</u>	<u>\$ 4,913,055</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**

*Combining Statement of Cash Flows*

*Internal Service Funds*

*Year ended December 31, 2011*

	<b>Casualty Insurance Risk Reserve</b>	<b>Compensated Absences</b>	<b>Data Processing</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$	\$	\$
Receipts from interfund services provided			358,836
Payments to suppliers			(243,188)
Payments to employees		(32,935)	
<b>Net cash provided (used) by operating activities</b>		(32,935)	115,648
<b>Cash Flows from Noncapital Financing Activities</b>			
Loan from enterprise fund			
<b>Net cash provided by noncapital financing activities</b>			
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets			(136,592)
<b>Net cash used by capital and related financing activities</b>			(136,592)
<b>Cash Flows from Investing Activities</b>			
Interest received	6,936	51,150	(33)
<b>Net cash provided by (used for) investing activities</b>	6,936	51,150	(33)
<b>Net increase (decrease) in cash and cash equivalents</b>	6,936	18,215	(20,977)
<b>Beginning cash and cash equivalents</b>			
Unrestricted cash and cash equivalents	\$ 357,144	\$ 2,668,445	\$
<b>Beginning cash and cash equivalents</b>	357,144	2,668,445	
<b>Ending cash and cash equivalents</b>			
Unrestricted cash and cash equivalents	\$ 364,080	\$ 2,686,660	\$ (20,977)
	\$ 364,080	\$ 2,686,660	\$ (20,977)

<b>Employees' Health Care</b>	<b>Equipment Service</b>	<b>Pretreatment Legislation</b>	<b>Total</b>
\$	\$	\$ 129,449	\$ 129,449
3,059,779	410,087		3,828,702
(2,905,982)	91,061	(102,196)	(3,160,305)
			(32,935)
<u>153,797</u>	<u>501,148</u>	<u>27,253</u>	<u>764,911</u>
	1,176,864		1,176,864
	<u>1,176,864</u>		<u>1,176,864</u>
	(1,345,187)		(1,481,779)
	<u>(1,345,187)</u>		<u>(1,481,779)</u>
<u>57,204</u>	<u>17,420</u>	<u>6,436</u>	<u>139,113</u>
<u>57,204</u>	<u>17,420</u>	<u>6,436</u>	<u>139,113</u>
211,001	350,245	33,689	599,109
\$ 2,841,467	\$ 711,615	\$ 312,782	\$ 6,891,453
<u>2,841,467</u>	<u>711,615</u>	<u>312,782</u>	<u>6,891,453</u>
\$ 3,052,468	\$ 1,061,860	\$ 346,471	\$ 7,490,562
<u>\$ 3,052,468</u>	<u>\$ 1,061,860</u>	<u>\$ 346,471</u>	<u>\$ 7,490,562</u>

**GULF COAST WASTE DISPOSAL AUTHORITY***Combining Statement of Cash Flows**Internal Service Funds**Year ended December 31, 2011*

	<b>Casualty Insurance Risk Reserve</b>	<b>Compensated Absences</b>	<b>Data Processing</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$	\$ (57,916)	\$ (3,485)
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation			148,045
Changes in Operating Assets and Liabilities			
(Increase) decrease in assets			
Accounts receivable			
Prepays			7
Increase (decrease) liabilities			
Wages payable		24,981	
Accounts payable			(28,919)
Due to other funds			
Net OPEB obligation			
<b>Net cash provided by operating activities</b>	<b>\$</b>	<b>\$ (32,935)</b>	<b>\$ 115,648</b>
<b>Noncash Investing, Capital, and Financing Activities</b>			
Loss on disposition of capital assets	\$	\$	\$ 28,874

<u>Employees' Health Care</u>	<u>Equipment Service</u>	<u>Pretreatment Legislation</u>	<u>Total</u>
\$ (233,596)	\$ 48,728	\$ 27,253	\$ (219,016)
	359,455		507,500
(2,597)			(2,597)
	(35)		(28)
			24,981
(49,872)	93,000		14,209
439,862			439,862
<u>\$ 153,797</u>	<u>\$ 501,148</u>	<u>\$ 27,253</u>	<u>\$ 764,911</u>
\$	\$	\$	\$ 28,874

# **GULF COAST WASTE DISPOSAL AUTHORITY**

## **Industrial Projects - Private Activity Revenue**

### **Bonds Issued and Outstanding**

**December 31, 2011**

	<b>Series</b>	<b>Date Issued</b>	<b>Final Maturity</b>	<b>Interest Rate</b>	<b>Air Pollution Control</b>
Exxon Pollution Control Project Revenue Refunding Bonds	1989	10/01/89	2024	**	\$ 20,493,000
Amoco Oil Company Project Pollution Control Revenue Refunding Bonds	1992	09/01/92	2017	**	14,065,000
Amoco Oil Company Project Pollution Control Revenue Bonds	1993	05/01/93	2023	**	
Amoco Oil Company Project Pollution Control Revenue Bonds	1994	06/01/94	2024	**	
Amoco Oil Company Project Solid Waste Disposal Revenue Refunding Bonds	1994	08/01/94	2023	**	
Amoco Oil Company Project Solid Waste Disposal Revenue Bonds	1995	07/01/95	2027	**	
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	**	
Amoco Oil Company Project Environmental Facilities Revenue Bonds	1997	04/01/97	2026	**	
Amoco Oil Company Project Environmental Facilities Revenue Bonds	1998	01/01/98	2026	**	
USX Corporation Environmental Improvement Revenue Bonds	1998	03/01/98	2017	5.500%	
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	**	
Air Products Project Solid Waste Disposal Revenue Bonds	2000	03/01/00	2035	**	
ExxonMobil Project Environmental Facilities Revenue Bonds	2000	05/31/00	2030	**	
Valero Energy Corp Proj Waste Disposal Revenue Bonds, Series 2001	2001	03/01/01	2032	6.650%	
Amoco Oil Company Environmental Facilities Revenue Bonds, Series 2001	2001	04/01/01	2032	**	
Republic Waste Services of Texas, Ltd Series 2001	2001	04/01/01	2023	**	

\* Rate as of 12/31/11, adjusted rate bonds

\*\* Variable rate

Water Pollution Facilities		Environmental Improvement	Solid Waste Disposal	Total	Amount Retired	Amount Outstanding
Owned by the Authority	Conveyed to Industry					
\$	\$ 4,207,000	\$	\$	\$ 24,700,000	\$	\$ 24,700,000
	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		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
			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

# GULF COAST WASTE DISPOSAL AUTHORITY

## Industrial Projects - Private Activity Revenue

### Bonds Issued and Outstanding

December 31, 2011

	<u>Series</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Air Pollution Control</u>
American Acryl L.P. Project Environmental Facilities Revenue Bonds	2001	09/14/01	2036	**	\$
BP Products North America, Inc. Environmental Facilities Revenue Bonds	2002	01/01/02	2036	**	
ExxonMobil Project Environmental Facilities Revenue Bonds Series 2002	2002	02/01/02	2025	**	
Anheuser-Busch Project Sewage and Solid Waste Disposal Revenue Bonds	2002	04/01/02	2036	5.900%	
Exxon Mobil Environmental Facilities Revenue Bonds	2003	04/01/03	2025	**	
American Acryl L.P. Environmental Facilities Revenue Bonds	2003	05/01/03	2038	**	
BP Products North America Inc. Environmental Facilities Revenue Bonds	2003	05/01/03	2034	**	
CenterPoint Energy Houston Electric, LLC Project	2004	03/01/04	2012	3.625%	
Air Products Environmental Facilities Revenue Bonds	2004	12/01/04	2039	**	
BP Products of North America Inc. Project	2004	12/08/04	2031	**	
Air Products Environmental Facilities Revenue Bonds	2005	04/01/05	2040	**	
BP Products North America Inc. Project Revenue Refunding Bonds	2005	05/01/05	2026	**	
BP Products North America Inc. Project Revenue Bonds	2006	04/01/06	2036	**	
BP Products North America Inc. Environmental Facilities Revenue Bonds	2007	04/01/06	2042	**	
ExxonMobil Environmental Fac Rev Bonds Series 2001A	2001A	04/23/01	2030	**	
ExxonMobil Environmental Fac Rev Bonds Series 2001B	2001B	04/23/01	2025	**	
International Paper Company Project	2002A	08/01/02	2024	6.100%	
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%*	
Waste Management of Texas Solid Waste Disposal Revenue Bonds	2003D	10/01/03	2012	4.550%*	
Waste Management of Texas, Inc. and Western Waste Industries Project	2004A	03/01/04	2019	3.530%*	
<b>Totals</b>					<u>\$ 35,281,000</u>

\* Rate as of 12/31/11, adjusted rate bonds

\*\* Variable rate



Water Pollution Facilities		Environmental Improvement	Solid Waste Disposal	Total	Amount Retired	Amount Outstanding
Owned by the Authority	Conveyed to Industry					
\$	\$	\$ 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
			20,000,000	20,000,000		20,000,000
		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
	1,828,310		10,271,690	12,100,000		12,100,000
			25,000,000	25,000,000		25,000,000
		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
		25,000,000		25,000,000		25,000,000
		25,000,000		25,000,000		25,000,000
			71,565,000	71,565,000		71,565,000
			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
			25,000,000	25,000,000		25,000,000
			35,000,000	35,000,000		35,000,000
\$	\$ 180,767,310	\$ 548,495,000	\$ 478,836,690	\$ 1,243,380,000	\$ 19,200,000	\$ 1,248,880,000

**GULF COAST WASTE DISPOSAL AUTHORITY***Gulf Coast Industrial Development Authority - Industrial**Development Revenue Bonds Issued and Outstanding**December 31, 2011*

	<u>Series</u>	<u>Date Issued</u>	<u>Final Maturity</u>
PetroUnited Terminals, Inc. Project	1989	11/01/89	2019
Amoco Oil Company Project Marine Terminal Revenue Bonds	1993	03/01/93	2028
CITGO Petroleum Corporation Project Solid Waste Disposal Revenue Bonds	1995	04/01/95	2025
Valero Refining and Marketing Company Project	1997	12/01/97	2031
CITGO Petroleum Environmental Facilities Revenue Bonds	1998	08/01/98	2028
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	11/07/06	2036
Dia-Den, Ltd. Project Industrial Development Rev Refunding Bonds	2007	10/25/07	2027

**Totals**

\* Rate as of 12/31/11, adjusted rate bonds

\*\* Variable rate bond

<b>Interest Rate</b>	<b>Amount Issued</b>	<b>Amount Retired</b>	<b>Amount Outstanding</b>
**	\$ 12,400,000	\$ 5,200,000	\$ 7,200,000
**	44,800,000		44,800,000
**	50,000,000		50,000,000
5.600%	25,000,000		25,000,000
8.000%	100,000,000	75,000,000	25,000,000
3.850%*	23,000,000		23,000,000
**	25,000,000		25,000,000
**	25,000,000		25,000,000
7.000%	60,000,000	36,911,290	23,088,710
**	<u>5,280,000</u>		<u>5,280,000</u>
	<u><u>\$ 370,480,000</u></u>	<u><u>\$ 117,111,290</u></u>	<u><u>\$ 253,368,710</u></u>

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## **Statistical Section**

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# **GULF COAST WASTE DISPOSAL AUTHORITY**

## **STATISTICAL SECTION**

*December 31, 2011*

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

	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	86
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the Authority's most significant local revenue source – fees from the customers of its largest facility – Bayport.	92
<b>Debt Capacity</b>	
This schedule presents information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.	94
<b>Demographic and Economic Information</b>	
These schedules offer the reader an indicator to help the reader understand the environment within which the Authority operates. Other demographic and economic indicators such as per capita or population statics are irrelevant to the Authority as the Authority's revenue base is completely from industrial, municipal and special districts.	95
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.	98

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

**GULF COAST WASTE DISPOSAL AUTHORITY*****Net Assets By Component******Last Ten Years (1)*****(accrual basis of accounting)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Primary government				
Invested in capital assets, net of related debt	\$ 32,214,587	\$ 34,181,828	\$ 42,941,004	\$ 37,482,921
Restricted	4,245,104	3,206,216	3,913,286	4,129,420
Unrestricted	<u>39,563,950</u>	<u>39,403,283</u>	<u>30,257,758</u>	<u>34,966,631</u>
Total primary government net assets	<u>\$ 76,023,641</u>	<u>\$ 76,791,327</u>	<u>\$ 77,112,048</u>	<u>\$ 76,578,972</u>

(1) Effective January 1, 2007, the Authority reclassified all of its governmental activities to business-type activities. 2002 through 2006 have been restated.



<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 40,832,148	\$ 44,320,059	\$ 62,886,387	\$ 65,499,281	\$ 61,948,931	\$ 59,278,920
4,168,561	4,780,166	5,146,708	5,285,912	5,560,832	5,673,882
<u>35,893,851</u>	<u>44,258,262</u>	<u>33,047,532</u>	<u>22,615,118</u>	<u>22,443,235</u>	<u>23,528,670</u>
<u>\$ 80,894,560</u>	<u>\$ 93,358,487</u>	<u>\$ 101,080,627</u>	<u>\$ 93,400,311</u>	<u>\$ 89,952,998</u>	<u>\$ 88,481,472</u>

# GULF COAST WASTE DISPOSAL AUTHORITY

## CHANGE IN NET ASSETS

Last Ten Years (1)

(accrual basis of accounting)

	2002	2003	2004	2005
<b>Expenses</b>				
Business-type activities:				
General services	\$ 4,386,024	\$ 4,460,510	\$ 4,821,918	\$ 4,625,778
Wastewater treatment	40,409,163	41,560,825	45,602,872	46,073,983
Solid waste disposal	1,596,454	1,389,301	1,608,921	1,201,672
<b>Total primary government expenses</b>	<u>46,391,641</u>	<u>47,410,636</u>	<u>52,033,711</u>	<u>51,901,433</u>
<b>Program Revenues</b>				
Business-type activities:				
Charges for services:				
General services	4,701,550	5,004,388	4,696,638	4,208,888
Wastewater treatment	40,336,891	40,849,649	45,227,878	44,741,360
Solid waste disposal	1,546,629	1,122,774	2,201,273	886,576
Operating grants and contributions				
Capital grants and contributions				
<b>Total primary government revenues</b>	<u>46,585,070</u>	<u>46,976,811</u>	<u>52,125,789</u>	<u>49,836,824</u>
<b>Total primary government net (expense) revenues</b>	<u>193,429</u>	<u>(433,825)</u>	<u>92,078</u>	<u>(2,064,609)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Business-type activities				
Investment earnings	1,801,281	954,973	1,198,101	1,531,533
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		
<b>Total primary government</b>	<u>1,801,281</u>	<u>1,693,310</u>	<u>92,793</u>	<u>1,531,533</u>
<b>Total primary government Changes in net assets</b>	<u>\$ 1,578,855</u>	<u>\$ 767,686</u>	<u>\$ 320,721</u>	<u>\$ (533,076)</u>

(1) Effective January 1, 2007, the Authority reclassified all of its governmental activities to business-type activities. 2002 through 2006 have been restated.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 5,061,636	\$ 2,478,603	\$ 6,743,499	\$ 2,100,743	\$ 3,273,402	\$ 2,834,832
50,184,882	49,536,590	56,606,205	57,574,147	55,229,866	51,039,755
1,368,584	1,288,065	1,608,135	1,505,345	1,301,995	927,107
<u>56,615,102</u>	<u>53,303,258</u>	<u>64,957,839</u>	<u>61,180,235</u>	<u>59,805,263</u>	<u>54,801,694</u>
4,998,422	2,062,936	1,486,789	1,436,674	2,093,096	1,900,072
48,077,853	48,971,742	53,825,381	47,651,573	51,439,683	49,041,872
1,010,813	959,903	1,841,318	905,857	1,074,327	890,613
3,000,000		440,948	2,152,547	385,507	
<u>1,789,677</u>	<u>10,224,129</u>	<u>14,037,369</u>	<u>560,468</u>	<u>663,106</u>	<u>912,927</u>
<u>58,876,765</u>	<u>62,218,710</u>	<u>71,631,805</u>	<u>52,707,119</u>	<u>55,655,719</u>	<u>52,745,484</u>
<u>2,261,663</u>	<u>8,915,452</u>	<u>6,673,966</u>	<u>(8,473,116)</u>	<u>(4,149,544)</u>	<u>(2,056,210)</u>
2,053,925	3,548,475	2,508,713	807,340	702,231	709,330
					(124,646)
		(1,126,200)	(14,540)		
		(334,339)			
<u>2,053,925</u>	<u>3,548,475</u>	<u>1,048,174</u>	<u>792,800</u>	<u>702,231</u>	<u>584,684</u>
<u>\$ 4,315,588</u>	<u>\$ 12,463,927</u>	<u>\$ 7,722,140</u>	<u>\$ (7,680,316)</u>	<u>\$ (3,447,313)</u>	<u>\$ (1,471,526)</u>

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# GULF COAST WASTE DISPOSAL AUTHORITY

## BAYPORT MAJOR CUSTOMERS

Current Year and Nine Years Ago

(modified accrual basis of accounting)

Customer	2011			2002		
	Total Sales	Rank	% of Total Sales	Total Sales	Rank	% of Total Sales
Lyondell Chemical Company	\$ 3,424,055	1	13.57%	\$ 2,533,666	2	13.85%
Celanese LTD	3,152,855	2	12.50%	3,344,074	1	18.28%
Albemarle Corporation	2,751,955	3	10.91%	2,034,251	3	11.12%
Kaneka Nutrients, LP	1,480,514	4	5.87%		n/a	
Kaneka Texas Corporation	1,185,672	5	4.70%	846,995	4	4.63%
Equistar Chemicals LP	1,138,835	6	4.51%	750,038	6	4.10%
Dixie Chemical Company, Inc.	987,083	7	3.91%		n/a	
American Acryl LP	871,767	8	3.46%		n/a	
Kuraray America	800,411	9	3.17%	523,198	10	2.86%
Baker Petrolite Corporation	756,328	10	3.00%		n/a	
E. R. Carpenter LP		n/a		660,400	7	3.61%
Noltex LLC		n/a		590,884	8	3.23%
Rohm and Haas Chemicals LLC		n/a		839,677	5	4.59%
Subtotal	\$ 16,549,475		65.59%	\$ 12,123,183		66.27%
Other customers	8,681,430		34.41%	6,170,437		33.73%
<b>Total</b>	<b>\$ 25,230,905</b>		<b>100.00%</b>	<b>\$ 18,293,620</b>		<b>100.00%</b>

Source: GCWDA 2002 CAFR  
2011 General Ledger

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Net Income (loss)	\$ 2,785,341	\$ 237,712	\$ 100,560	\$ 602,928
Add items not includable in current expenses:				
Bond interest expense	1,862,038	1,805,219	1,935,773	2,443,000
Depreciation	3,381,829	3,365,147	3,536,328	3,572,981
Management fees	<u>363,900</u>	<u>368,004</u>	<u>359,496</u>	<u>378,696</u>
Pledge revenues	8,393,108	5,776,082	5,932,157	6,997,605
Average annual debt service on outstanding bonds	<u>\$ 2,532,068</u>	<u>\$ 2,464,173</u>	<u>\$ 3,834,726</u>	<u>\$ 3,780,180</u>
Coverage by pledged revenues of average annual debt service on outstanding bonds	3.31	2.34	1.55	1.85

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 1,061,033	\$ 3,344,921	\$ (1,881,084)	\$ (4,861,650)	\$ (1,038,507)	\$ (479,508)
2,339,387	2,214,213	2,087,750	1,954,917	1,814,644	1,666,275
3,915,355	4,271,287	4,446,193	5,044,916	4,783,144	4,716,215
<u>489,996</u>	<u>600,000</u>	<u>600,000</u>	<u>650,004</u>	<u>650,004</u>	<u>698,748</u>
7,805,771	10,430,421	5,252,859	2,788,187	6,209,285	6,601,730
<u>\$ 3,719,318</u>	<u>\$ 3,649,840</u>	<u>\$ 3,571,674</u>	<u>\$ 3,483,152</u>	<u>\$ 3,381,864</u>	<u>\$ 3,265,465</u>
2.10	2.86	1.47	0.80	1.84	2.02

# GULF COAST WASTE DISPOSAL AUTHORITY

## RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Years

(dollars in thousands)

<i>Fiscal Year</i>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>			<b>Total Primary Government</b>	<b>Total Operating Revenue</b>	<b>Percent of Total Revenue</b>
	<i>Promissory Note</i>	<i>Revenue Bonds</i>	<i>Refunding Bonds</i>	<i>Promissory Note</i>	<i>Capital Lease</i>			
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	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%
2010		20,145	14,255	399	54	34,853	55,270	63.06%
2011		19,705	11,505			31,210	51,833	60.21%

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*

<b><u>Fiscal Year</u></b>	<b><u>Business- Type Activities</u></b>
2002	129
2003	133
2004	127
2005	143
2006	143
2007	142
2008	155
2009	154
2010	148
2011	156

Source: Facility operations records and GCWDA 2000 - 2009 CAFR

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

<b>Year</b>	<b>General Services</b>	<b>Wastewater Treatment</b>	<b>Solid Waste Disposal</b>	<b>Total</b>
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
2010	31	118	3	152
2011	27	119	2	148

Source: Human Resources

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Function/Program</b>					
Wastewater Treatment					
Wastewater treated (MGD)*	53.767	50.749	50.010	43.785	47.827
Permitted capacity (MGD)	109.650	109.650	109.650	109.650	109.650
 Solid Waste Disposal					
Nonhazardous waste					
received (cubic yards)	12,248	6,200	5,374	9,472	10,848
Permitted capacity					
(cubic yards)	95,000	95,000	95,000	95,000	95,000

\*MGD = million gallons per day

Source: Facility operations records

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
44.610	46.646	40.020	41.350	41.900
109.650	109.650	85.700	85.700	85.700
4,889	13,535	4,312	1,072	668
95,000	95,000	95,000	95,000	95,000

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

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

Source: Various Facilities

2007	2008	2009	2010	2011
1	1	1	1	1
22	22	22	22	22
5	5	5	5	5
11	11	12	12	12
1	1	1	1	1
8	8	10	10	10
17	17	17	17	17
6	5	5	5	5
2	2	2	2	2
5	5	5	5	5
5	5	5	5	5
2	2	2	2	2
3	3	3	3	3
2	2	2	2	2
6	6	6	6	6
4	4	4	4	4

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## **Texas Supplementary Information Section**

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# **GULF COAST WASTE DISPOSAL AUTHORITY**

## ***TSI-1 SERVICES AND RATES***

***Year ended December 31, 2011***

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

# **GULF COAST WASTE DISPOSAL AUTHORITY**

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

***Year Ended December 31, 2011***

Personnel services *	\$ 18,579,752
Materials and supplies	7,610,689
Utilities	5,686,156
Repairs and maintenance	3,151,933
Professional services	1,128,534
Contractual services	6,164,343
General and administrative	1,846,116
Major repairs	615,115
Interest and amortization	1,040,242
Depreciation	8,978,814
	<hr/>
	\$ 54,801,694
	<hr/>

\* Number of persons employed by the Authority: 146 Full-Time, 2 Part-Time

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

**GULF COAST WASTE DISPOSAL AUTHORITY****TSI-3 SCHEDULE OF TEMPORARY INVESTMENTS****December 31, 2011**

	<b>Identification or Certificate Number</b>	<b>Effective Yield</b>	<b>Maturity Date</b>	<b>Balance at End of Year (Amortized Cost)</b>
Bank of America - Master Acct	Concentration	20bps off Fed Funds daily rate	N/A	\$ 576,334
TexPool	N/A	0.15%	N/A	4,205,862
<b>Total temporary investments</b>				<u>\$ 4,782,196</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*  
*December 31, 2011*

*Page 1 of 2*

Due During the Year Ending	Annual Requirements for All Series			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
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>\$ 31,210,000</u>	<u>\$ 5,620,525</u>	<u>\$ 5,620,525</u>	<u>\$ 42,451,050</u>

Due During the Year Ending	Series, 2002			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
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>\$ 11,505,000</u>	<u>\$ 1,219,000</u>	<u>\$ 1,219,000</u>	<u>\$ 13,943,000</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEAR**  
*(All Bonded Debt Services) - By Years*  
*December 31, 2011*

Page 2 of 2

Due During the Year Ending	Series, 2004			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
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>\$ 19,705,000</u>	<u>\$ 4,401,525</u>	<u>\$ 4,401,525</u>	<u>\$ 28,508,050</u>

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# **GULF COAST WASTE DISPOSAL AUTHORITY**

## ***TSI-6 CHANGES IN LONG-TERM BONDED DEBT***

***Year ended December 31, 2011***

<b>Revenue Bonds</b>	<b>Interest Rate</b>	<b>Bonds Outstanding 1/1/2011</b>	<b>Requirements Fiscal Year 2011</b>				<b>Bonds Outstanding 12/31/2011</b>
			<b>Principal Due 10/01</b>	<b>Interest Due 04/01</b>	<b>Interest Due 10/01</b>	<b>Total</b>	
Series 2002	5.0	\$ 14,255,000	\$ 2,750,000	\$ 356,375	\$ 356,375	\$ 3,462,750	\$ 11,505,000
Series 2004	2.0-5.0	20,145,000	440,000	496,150	496,150	1,432,300	19,705,000
		<u>\$ 34,400,000</u>	<u>\$ 3,190,000</u>	<u>\$ 852,525</u>	<u>\$ 852,525</u>	<u>\$ 4,895,050</u>	<u>\$ 31,210,000</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, 2011	<u>\$ 4,751,567</u>
Average annual Debt Service payment (Principal and Interest) for remaining term of all debt	<u>\$ 3,265,465</u>

**GULF COAST WASTE DISPOSAL AUTHORITY**

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

**Enterprise Funds**

**For Five Years ended December 31, 2011**

	Amounts				
	2011	2010	2009	2008	2007
<b>Operating revenues</b>					
Charges for services					
Services to industries	\$48,133,379	\$50,549,132	\$46,810,158	\$53,924,138	\$48,098,795
Services to municipalities	2,334,737	2,549,424	2,373,728	2,243,136	2,166,721
Other	772,880	1,624,874	796,711	13,553,759	10,628,131
<b>Total revenues</b>	<u>51,240,996</u>	<u>54,723,430</u>	<u>49,980,597</u>	<u>69,721,033</u>	<u>60,893,647</u>
<b>Expenditures</b>					
Cost of sales and services	41,069,510	45,294,258	45,933,577	50,715,280	40,195,292
Administrative	2,803,532	2,875,283	3,793,417	2,896,992	2,563,430
Depreciation	8,471,314	8,840,373	9,138,420	7,721,083	7,176,412
<b>Total expenditures</b>	<u>52,344,356</u>	<u>57,009,914</u>	<u>58,865,414</u>	<u>61,333,355</u>	<u>49,935,134</u>
<b>Operating income (loss)</b>	<u>(1,103,360)</u>	<u>(2,286,484)</u>	<u>(8,884,817)</u>	<u>8,387,678</u>	<u>10,958,513</u>
<b>Non-Operating Revenues (Expenses)</b>					
Interest income	570,223	623,919	663,836	2,180,950	3,125,688
Interest expense	(1,674,081)	(1,859,186)	(2,036,666)	(2,204,917)	(2,366,136)
Bond issuance costs	30,343	31,229	33,332	36,443	40,267
Gain (loss) on disposal of capital asset	(111,772)	(15,470)	(69,030)	(91,528)	(8,801)
Operating Contributions		385,507	2,152,547	440,948	
<b>Total non-operating revenues (expenses)</b>	<u>(1,185,287)</u>	<u>(834,001)</u>	<u>744,019</u>	<u>361,896</u>	<u>791,018</u>
<b>Income (loss) before contributions</b>	<u>(2,288,647)</u>	<u>(3,120,485)</u>	<u>(8,140,798)</u>	<u>8,749,574</u>	<u>11,749,531</u>
Capital Contributions, net	912,927			521,042	
<b>Income (loss) before extraordinary items</b>	<u>(1,375,720)</u>	<u>(3,120,485)</u>	<u>(8,140,798)</u>	<u>9,270,616</u>	<u>11,749,531</u>
Extraordinary item - Hurricane Ike repairs				(1,126,200)	
Extraordinary items - Insurance proceeds from Hurricane Ike repairs			(14,540)		
Extraordinary item - Capital Asset Impairment				(334,339)	
Change in Net Assets	<u>\$ (1,375,720)</u>	<u>\$ (3,120,485)</u>	<u>\$ (8,155,338)</u>	<u>\$ 7,810,077</u>	<u>\$ 11,749,531</u>
<b>Total active industrial and municipal participants</b>	<u>156</u>	<u>148</u>	<u>155</u>	<u>142</u>	<u>109</u>

(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				
2011	2010	2009	2008	2007
93.9%	92.4%	93.7%	77.3%	79.0%
4.6%	4.7%	4.7%	3.2%	3.6%
1.5%	3.0%	1.6%	19.4%	17.5%
100.0%	100.0%	100.0%	100.0%	100.0%
80.1%	82.8%	91.9%	72.7%	66.0%
5.5%	5.3%	7.6%	4.2%	4.2%
16.5%	16.2%	18.3%	11.1%	11.8%
102.1%	104.1%	117.8%	88.0%	82.0%
-2.1%	-4.1%	-17.8%	12.0%	18.0%
1.1%	1.1%	1.3%	3.1%	5.1%
-3.3%	-3.4%	-4.1%	-3.2%	-3.9%
0.1%	0.1%	0.1%	0.1%	0.1%
-0.2%	0.0%	-0.1%	-0.1%	0.0%
	0.7%	4.3%	0.6%	
-2.3%	-2.2%	1.5%	-0.1%	1.3%
-4.4%	-6.3%	-16.3%	11.9%	19.3%
1.8%				
-2.6%	-6.3%	-16.3%	11.9%	19.3%
-2.6%	-6.3%	-16.3%	11.9%	19.3%

**GULF COAST WASTE DISPOSAL AUTHORITY**  
**TSI-8 BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL**  
*Year ended December 31, 2011*

<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> <b>(TWC Sections 36.054 and 49.054):</b>	<u>12/11</u>
<b>Limit on Fees of Office that a Director may receive during a fiscal year:</b> <b>(Set by Board Resolution - TWC Section 49.060)</b>	<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 12/31/11</b>	<b>Expenses reimbursed 12/31/11</b>	<b>Title at Year End</b>
J. Mark Schultz, Chairman	09/01/10 - 08/31/12	Appointed (2)	\$ 7,050	\$ 2,917	Chairman
Rita Standridge	09/01/10 - 08/31/12	Appointed (3)	6,450	3,231	Vice Chair
Irvin W. Osborne-Lee	01/19/00 - 08/31/01	Appointed (3)	7,200	8,674	Treasurer
James A. Matthews	09/01/09 - 08/31/11	Appointed (2)	5,700	3,526	Secretary
Zoe Milian Barinaga	09/01/11 - 08/31/13	Appointed (1)	2,250	462	Member
Ron Crowder	09/01/11 - 08/31/13	Appointed (3)	3,900	891	Member
Randy Jarrell	09/01/10 - 08/31/12	Appointed (1)	3,000	849	Member
Franklin D.R. Jones, Jr.	09/01/11 - 08/31/13	Appointed (2)	6,600	11,677	Member
Lamont E. Meaux	09/01/10 - 08/31/12	Appointed (1)	5,850	6,037	Member

**Key Administrative Personnel:**

Ricky Clifton	01/15/11	N/A	289,407	General Manager
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**Consultants:**

Olson and Olson	01/01/80	N/A	107,798	General Counsel
Null-Lairson, PC	10/01/06	N/A	53,550	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

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**Gulf Coast Waste Disposal Authority**

910 BAY AREA BOULEVARD  
HOUSTON, TEXAS 77058  
281-488-4115  
WWW.GCWDA.COM