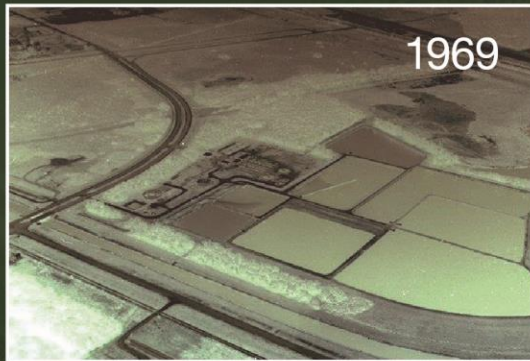


Gulf Coast Authority, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2019



2019

1969-2019

GCA's 50TH ANNIVERSARY

A PIONEER IN WASTEWATER TREATMENT



Cover Photo courtesy of Phyllis Frank, Facility Manager at Washburn Tunnel

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
of the
Gulf Coast Authority,
State of Texas

For the Year Ended
December 31, 2019

Prepared by:

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GULF COAST AUTHORITY
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INTRODUCTORY SECTION

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Gulf Coast Authority

910 Bay Area Boulevard • Houston, Texas 77058

Phone: 281.488.4115 • Fax: 281.488.3331 • www.gcatx.org

April 10, 2020

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

The Texas Water Code, Chapter 49, requires the Gulf Coast 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 Authority for the fiscal year ended December 31, 2019.

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

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

The Authority's financial statements have been audited by Whitley Penn, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended December 31, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Whitley Penn concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the fiscal year ended December 31, 2019 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Authority

The Authority was created in 1969 by the Texas Legislature as a political subdivision of the State of Texas and is governed by a nine-member Board of Directors. The Authority provides services to assist governments and industries in managing their pollution control needs. These services include the operation of regional wastewater treatment facilities; involvement in community environmental projects; operation of industrial water systems; pollution control; and private activity bond financing of projects. The Authority's Act was amended during 2013 to provide for the construction and operation of water systems. In 2017 the Authority was officially renamed from Gulf Coast Waste Disposal Authority to Gulf Coast Authority by passage of SB 1489.

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 setting policy, passing resolutions, adopting budgets and hiring the General Manager/Chief Executive Officer. The General Manager is responsible for carrying out the policies of the Board of Directors, for overseeing the day-to-day operations of the Authority and hiring staff, managers and department heads.

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

During 2019, the Authority operated four industrial wastewater treatment plants, two municipal sewage treatment plants, an industrial solid waste landfill, a pipeline, two receiving stations for the collection of trucked in wastewater and a service that provides billing and collection for a utility district. In addition, the Authority operated a central laboratory that has consolidated most of the Authority's analytical services.

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 Authority operates.

Local economy. Harris, Galveston and Chambers Counties form the primary jurisdictional area for the Authority. This area is located within the Houston-Sugar Land-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 manufacturing, exploration, production, oil field service and supply, and development. About 4,600 energy-related companies lie within the Houston area. These companies plus the technically trained and experienced work force will keep Houston as the center of the energy industry in the United States.

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

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

According to the U.S. Census Bureau the population of the region grew from 4.85 million to 6.1 million (25.4%) between 2000 and 2010. The Bureau of Labor Statistics reports the unemployment rate for the Houston MSA at 3.6% as of December 31, 2019, down almost 8% from a year ago. It also reports that there are currently 3.2 million jobs, the highest level in Houston's history according to the Greater Houston Partnership (GHP). The outlook for growth of the region has slowed slightly with the GHP estimating 42,300 new non-farm jobs for 2020.

Long-term financial planning. The Board of Directors and staff have developed a business plan that includes the expansion of current facilities, the addition of new facilities and expansion into new types of services such as wastewater reuse. The 5-Year Capital Projects Plan includes over \$174 million in planned additions to existing facilities. The Bayport Facility accounts for almost \$138 million of the total with additions to maintain reliability as well as to maintain compliance with air and water permits. Other additions include \$8.3 million at the Blackhawk Facility; \$10.1 million at the Washburn Tunnel Facility; \$1.5 million at the 40-Acre Facility; \$3.7 million at the Odessa facility; \$9.2 million at the Campbell Bayou Facility; \$1.1 million at the Central Lab Facility, and \$2.7 million at the Vince Bayou Receiving Station. Funding for these projects will be provided by the issuance of revenue bonds, the contribution of capital from the participants, or accumulated reserves.

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

Awards and Acknowledgments

The Authority's 40-Acre, Odessa South, Washburn Tunnel, and Blackhawk Facilities received a Silver Award for their permit compliance achievements during the 2018 operational year by the National Association of Clean Water Agencies.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to Gulf Coast Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018. This was the 32nd consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, the Authority had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Lori Traweck
General Manager/Chief Executive Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

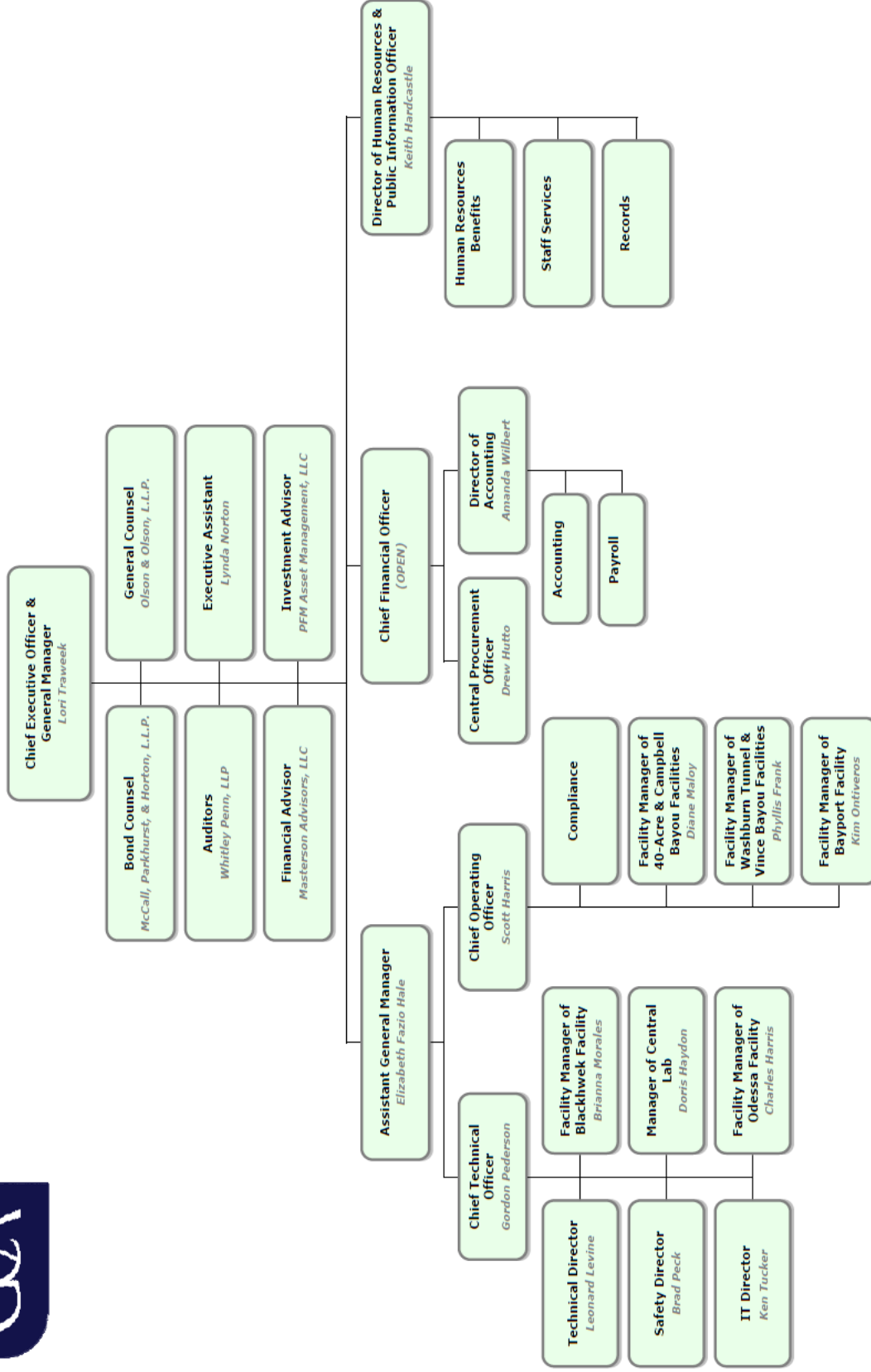
Gulf Coast Authority
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO



GULF COAST AUTHORITY
BOARD OF DIRECTORS

Chairman

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

Appointed by County Commissioners Court

Vice Chairman

Rita Standridge
Representing Chambers County

Appointed by Consortium of Mayors

Treasurer

Kevin Scott
Representing Galveston County

Appointed by Governor

Secretary

W. Chris Peden, CPA
Representing Galveston County

Appointed by County Commissioners Court

Directors

Vacant
Representing Harris County

Appointed by Consortium of Mayors

Billy J. Enochs
Representing Galveston County

Appointed by Consortium of Mayors

J. Mark Schultz
Representing Chambers County

Appointed by County Commissioners Court

Gloria Anays Millian Matt
Representing Harris County

Appointed by Governor

Lamont E. Meaux
Representing Chambers County

Appointed by Governor



INDUSTRIAL DEVELOPMENT BOARD

W. Chris Peden, CPA, President
Lori Traweek, Vice President
Elizabeth Fazio Hale, Secretary

GOVERNANCE AND NOMINATING COMMITTEE

W. Chris Peden, Chairman
Mark Schultz
Rita Standridge
Gloria Matt

AUDIT COMMITTEE

Kevin Scott, Chairman
Rita Standridge
W. Chris Peden, CPA

BUDGET REVIEW COMMITTEE

Kevin Scott, Chairman
Lamont E. Meaux
W. Chris Peden, CPA

ECONOMIC DEVELOPMENT COMMITTEE

Rita Standridge, Chairman
Lamont E. Meaux
Kevin Scott
Gloria Matt
Billy J. Enochs

LEGISLATIVE COMMITTEE

Mark Schultz, Chairman
Rita Standridge
Lamont E. Meaux
W. Chris Peden, CPA
Kevin Scott

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

Revised: December 2019

GULF COAST AUTHORITY
ADMINISTRATIVE STAFF AND CONSULTANTS

Senior Staff & Consultants

Chief Executive Officer/General Manager

Lori Traweek

Assistant General Manager

Elizabeth Fazio Hale

Chief Operating Officer

Scott Harris

Chief Technical Officer

Gordon Pederson

Director of Accounting

Amanda Wilbert, CPA, CGFO, CFE

General Counsel

Olson & Olson, LLP
Houston, Texas

Bond Counsel

McCall, Parkhurst & Horton
Dallas, Texas

Financial Advisor

Masterson Advisors, LLC
Houston, Texas

Auditors

Whitley Penn, LLP
Houston, Texas

General Office

Gulf Coast Authority
910 Bay Area Boulevard
Houston, Texas 77058

FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business type activities, each major fund, and the aggregate remaining fund information of the Gulf Coast Authority (the "Authority") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Gulf Coast Authority, as of December 31, 2019, and the respective changes in financial position, and where applicable, the results of cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory, statistical, other supplementary and Texas supplementary information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information in the other supplementary and Texas supplementary information sections is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in the other supplementary and Texas supplementary information sections is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Whitley Penn LLP

Houston, Texas
April 10, 2020

GULF COAST AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gulf Coast Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of Gulf Coast Authority for the year ended December 31, 2019. 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 - iii of this report.

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

Overview of the Financial Statements

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

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

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

The government-wide financial statements show the activities of the Authority that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The activities of the Authority include general services, wastewater treatment, and solid waste disposal. The government-wide financial statements can be found beginning on page 13.

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

GULF COAST 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 thirteen divisions. These divisions are the General Services Division, Bayport Area System Facility Division, Blackhawk Regional Wastewater Treatment Facility Division, Fulshear Wastewater Treatment Plant, Campbell Bayou Facility Division, Central Laboratory Division, East Battleground Facility 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.

The basic proprietary fund financial statements can be found on pages 15-17 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* reported in the government-wide financial statements because the resources of those funds *are* not available to support the Authority's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Authority maintains two different types of fiduciary funds. The Pension and Other Post-Employment Benefit Trust Funds are used to report resources held in trust for retirees and beneficiaries covered by the *Gulf Coast Authority 401(a) Money Purchase Plan* and the *Gulf Coast Authority Other Post-Employment Benefit Trust*. The Custodial Fund reports resources held by the Authority in a custodial capacity for individuals participating in the flexible spending account program.

The fiduciary fund financial statements can be found on pages 18-19 of this report.

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

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

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

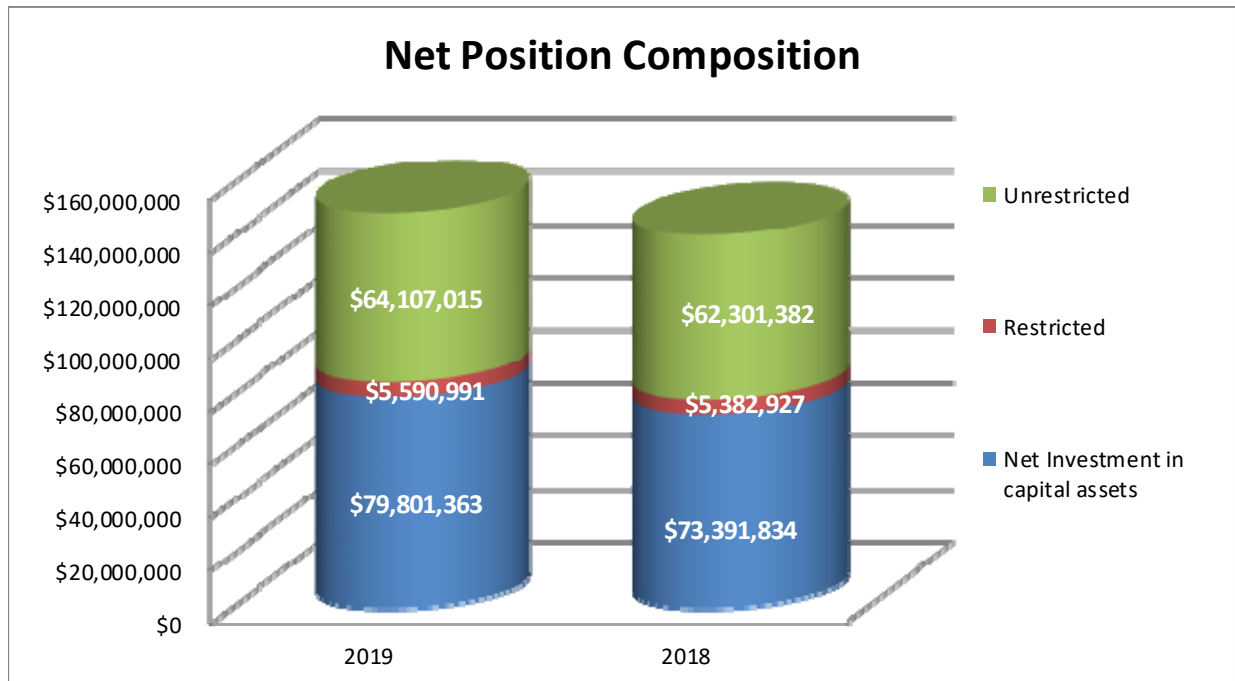
Government-wide Financial Analysis

As noted earlier, net position may serve as an indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$149.5 million at the close of the 2019 year.

Gulf Coast Authority
Net Position
December 31, 2019 with comparative totals for December 31, 2018

	2019	2018	Increase / (Decrease)	
			\$	%
Current and other assets	\$ 136,043,065	\$ 145,565,743	\$ (9,522,678)	-6.54%
Capital assets	138,127,090	121,898,296	16,228,794	13.31%
Total assets	<u>274,170,155</u>	<u>267,464,039</u>	<u>6,706,116</u>	<u>2.51%</u>
Total deferred outflows of resources	3,301,159	4,659,940	(1,358,781)	-29.16%
Long term liabilities	109,176,864	114,729,080	(5,552,216)	-4.84%
Other liabilities	17,477,767	15,527,101	1,950,666	12.56%
Total liabilities	<u>126,654,631</u>	<u>130,256,181</u>	<u>(3,601,550)</u>	<u>-2.76%</u>
Total deferred inflows of resources	1,317,314	791,655	525,659	66.40%
Net Position:				
Net Investment in capital assets	79,801,363	73,391,834	6,409,529	8.73%
Restricted	5,590,991	5,382,927	208,064	3.87%
Unrestricted	64,107,015	62,301,382	1,805,633	2.90%
Total Net Position	<u>\$ 149,499,369</u>	<u>\$ 141,076,143</u>	<u>\$ 8,423,226</u>	<u>5.97%</u>

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



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

A majority of the Authority's \$149.5 million in net position is invested in capital assets (e.g., land, buildings, machinery, and equipment) less any remaining debt used to acquire those assets. The Authority's capital assets are used in operations to provide services to customers, participants and other governments; consequently, these assets are not available for future spending.

The 8.7% increase in net position invested in capital assets is primarily due to additions to capital assets of \$25.8 million. This was offset by the approximately \$9.4 million recognized in 2019 for depreciation expense on capital assets previously placed in service.

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

The Authority's remaining net position is classified as restricted and unrestricted. Restricted net position is subject to restrictions for debt service and a contingency reserve. At year end, unrestricted net position was \$64.1 million, representing a 2.9% increase from 2018. Unrestricted net position may be used to meet the Authority's ongoing liabilities.

Current and other assets decreased \$9.5 in 2019. This decrease is due to a decrease in cash equivalents resulting from spending down bond proceeds during the current year.

The \$3.6 million (2.8%) decrease in total liabilities is due to a reduction in outstanding bonds payable after making scheduled debt payments during the year.

Total net position increased by \$8.4 million in 2019. The components of the changes are as follows:

	2019	2018	Increase / (Decrease)	
			\$	%
Revenues:				
Program revenues				
Charges for services	\$ 71,035,014	\$ 71,902,443	\$ (867,429)	-1.2%
Capital grants and contributions	1,379,434	821,594	557,840	67.9%
Total program revenues	72,414,448	72,724,037	(309,589)	-0.4%
Unrestricted investment earnings (loss)	3,727,520	2,134,690	1,592,830	74.6%
Total revenues	76,146,165	74,858,727	1,287,438	1.7%
Expenses:				
General services	1,249,518	762,797	486,721	63.8%
Wastewater treatment	65,539,309	63,292,202	2,247,107	3.6%
Solid waste disposal	934,112	968,693	(34,581)	-3.6%
Total expenses	67,722,939	65,023,692	2,699,247	4.2%
Change in Net Position	8,423,226	9,835,035	(1,411,809)	-14.4%
Beginning Net Position	141,076,143	131,241,108	9,835,035	7.5%
Ending Net Position	\$ 149,499,369	\$ 141,076,143	\$ 8,423,226	6.0%

Capital grants and contributions increased in 2019 by \$0.6 due to additional capital projects during the current year. Charges for services decreased by \$0.9 million due primarily to decreased wastewater flows from customers in 2019.

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

Unrestricted investment earnings increased by \$1.6 due to more favorable investment performance during 2019.

Total expenses increased by \$2.7 million during 2019 due to gradual increases in the cost of personnel and services.

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

Capital Asset and Debt Administration

Capital assets. The Authority's total capital assets as of December 31, 2019, totaled \$138.1 million (net of accumulated depreciation). These investments include land, buildings, waste treatment facilities and equipment, administrative furniture and equipment and construction in progress. The total increase in the Authority's capital assets for the current year was 13.3%. Depreciation expense for the year was \$9.4 million. Construction in progress increased \$9.5 million. Capital assets (net of depreciation) as of December 31, 2019 with comparative totals for December 31, 2018 are as follows:

	2019	2018	Increase/(Decrease)	
			\$	%
Land	\$ 5,174,541	\$ 5,174,541	\$ -	-
Buildings	687,927	378,025	309,902	0.82
Waste treatment facilities and equipment	101,533,768	95,584,932	5,948,836	6.2%
Administrative furniture and equipment	1,844,984	1,338,176	506,808	37.9%
Construction in progress	28,885,870	19,422,622	9,463,248	48.7%
	<u>\$ 138,127,090</u>	<u>\$ 121,898,296</u>	<u>\$ 16,228,794</u>	<u>13.3%</u>

Major capital asset outlays during the year 2019 included the following:

<u>Capital Outlay Description</u>	<u>Capital Outlay</u>
East Battle Ground Wastewater Treatment Plant - Wastewater Treatment Plant - Engineering	\$ 1,149,580
Plant improvements at the Bayport Facility:	
Biosan Pipeline Assessment and Upgrade	665,384
2nd Step Basin #1 Support Concrete Repair	905,139
Plant Electrical Improvement	1,067,212
DTB Pump Upgrade	1,493,192
Inplant Piping Upgrade	1,691,963
Clarifier 1, 2, 3 Motor Control Center	1,731,797
Organic Capacity Evaluation and Upgrade	12,987,824
General Fund - Central Office Building Roof Replacement	436,188
Equipment Services Fund - Terrain Crane	494,075
	<u>\$ 22,622,354</u>

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

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

Debt

At the end of the current year, the Authority had \$86 million in debt outstanding compared to \$90 million last year. The decrease is due to payments on the bonds during the year.

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

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

Economic Factors and Next Year's Rates

According to the U.S. Census Bureau, the current unemployment rate for the Houston Area is 3.6%. This is comparable to the national rate of 3.5% and the Texas rate of 3.5%. The Greater Houston Partnership forecasts the 10-county Houston metro area will create 42,300 jobs in 2020 which will bring its employment to 3.2 million jobs. The Houston area is currently experiencing a healthy growth in capital expenditures in the chemical industry which will have a positive impact on the Authority's operating revenues.

The Board of Directors approved a rate increase for the Bayport Area System Facility Division for fiscal year 2020 that increases projected revenue by almost 10%.

Requests for Information

This financial report is designed to provide a general overview of the Gulf Coast 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 Chief Financial Officer, 910 Bay Area Boulevard, Houston, Texas 77058.

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BASIC FINANCIAL STATEMENTS

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GULF COAST AUTHORITY*Statement of Net Position**December 31, 2019*

	Business Type Activities
Assets	
Cash and cash equivalents	\$ 21,453,518
Marketable securities	58,035,184
Receivables, net	13,097,920
Prepays	964,089
Restricted assets:	
Cash and cash equivalents	41,682,243
Marketable securities	809,776
Accrued interest	335
Capital assets not being depreciated:	
Land	5,174,541
Construction in progress	28,885,870
Capital assets net of accumulated depreciation:	
Plant and equipment	<u>104,066,679</u>
Total assets	<u>274,170,155</u>
Deferred Outflows of Resources	
Deferred loss on refunding	427,802
Deferred outflows - OPEB	<u>2,873,357</u>
Total deferred outflows of resources	<u>3,301,159</u>
Liabilities	
Current liabilities:	
Accounts payable	9,352,514
Wages payable	680,696
Accrued bond interest	970,153
Unearned revenue	6,474,404
Noncurrent liabilities:	
Due within one year	6,251,743
Due in more than one year	101,315,240
Working capital deposits	<u>1,609,881</u>
Total liabilities	<u>126,654,631</u>
Deferred Inflows of Resources	
Deferred inflows - OPEB	<u>1,317,314</u>
Total deferred inflows of resources	<u>1,317,314</u>
Net Position	
Net investment in capital assets	79,801,363
Restricted:	
Debt service	4,821,546
Contingency reserve	769,445
Unrestricted	<u>64,107,015</u>
Total Net Position	<u>\$ 149,499,369</u>

See notes to the financial statements

GULF COAST AUTHORITY
Statement of Activities - Business Type Activities
For the year ended December 31, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	
General services	\$ 1,249,518	\$ 2,182,082	\$ 71,533	\$ 1,004,097
Wastewater treatment	65,539,309	67,937,673	1,307,901	3,706,265
Solid waste disposal	934,112	915,259	-	(18,853)
	<u>\$ 67,722,939</u>	<u>\$ 71,035,014</u>	<u>\$ 1,379,434</u>	<u>4,691,509</u>
				Unrestricted investment earnings 3,727,520
				Miscellaneous 4,197
				<u>Total general revenues 3,731,717</u>
				Change in Net Position 8,423,226
				<u>Beginning Net Position 141,076,143</u>
				<u>Ending Net Position \$ 149,499,369</u>

See notes to the financial statements

GULF COAST AUTHORITY
PROPRIETARY FUNDS
Statement of Net Position
December 31, 2019

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 19,230,789	\$ 2,222,729
Marketable securities	52,008,702	6,026,482
Receivables, net	13,097,920	-
Prepays	605,789	358,300
Restricted assets:		
Cash and cash equivalents	41,682,243	-
Marketable securities	809,776	-
Accrued interest	335	-
Total current assets	<u>127,435,554</u>	<u>8,607,511</u>
Noncurrent Assets:		
Capital assets:		
Land	5,174,541	-
Construction in progress	28,014,346	871,524
Plant and equipment	297,921,027	7,362,707
Less accumulated depreciation	<u>(195,649,594)</u>	<u>(5,567,461)</u>
Total capital assets (net of accumulated depreciation)	<u>135,460,320</u>	<u>2,666,770</u>
Total noncurrent assets	<u>135,460,320</u>	<u>2,666,770</u>
Total assets	<u>262,895,874</u>	<u>11,274,281</u>
Deferred Outflows of Resources		
Deferred loss on refunding	427,802	-
Deferred outflows - OPEB	-	2,873,357
Total deferred outflows of resources	<u>427,802</u>	<u>2,873,357</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 9,282,667	\$ 69,847
Wages payable	680,696	-
Accrued bond interest	970,153	-
Current portion of accrued compensated absences	-	1,454,172
Current portion of bonds payable	4,797,571	-
Unearned revenue	6,474,404	-
Total current liabilities	<u>22,205,491</u>	<u>1,524,019</u>
Noncurrent liabilities:		
Accrued compensated absences	-	1,313,738
Net OPEB liability	-	10,114,334
Bonds payable (net of unamortized discount)	89,887,168	-
Working capital deposits	1,609,881	-
Total noncurrent liabilities	<u>91,497,049</u>	<u>11,428,072</u>
Total liabilities	<u>113,702,540</u>	<u>12,952,091</u>
Deferred Inflows of Resources		
Deferred inflows - OPEB	-	1,317,314
Total deferred inflows of resources	<u>-</u>	<u>1,317,314</u>
Net Position		
Net investment in capital assets	77,134,593	2,666,770
Restricted:		
Debt service	4,821,546	-
Contingency reserve	769,445	-
Unrestricted	<u>66,895,552</u>	<u>(2,788,537)</u>
Total Net Position	<u>149,621,136</u>	<u>\$ (121,767)</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	<u>(121,767)</u>	
Net Position of the business-type activities	<u>\$ 149,499,369</u>	

See notes to the financial statements

GULF COAST AUTHORITY**PROPRIETARY FUNDS***Statement of Revenue, Expenses, and Changes in Fund Net Position**For the year ended December 31, 2019*

	Enterprise Fund	Internal Service Fund
Operating revenues		
Charges for sales and services		
Services to industries	\$ 65,792,014	\$ -
Services to municipalities	4,111,071	-
Intragovernmental	-	4,028,014
Other	1,249,125	738,732
Total operating revenues	<u>71,152,210</u>	<u>4,766,746</u>
Operating expenses		
Costs of sales and services	50,253,488	1,969,066
Administration	3,822,593	3,303,397
Depreciation	9,036,816	405,677
Total operating expenses	<u>63,112,897</u>	<u>5,678,140</u>
Operating income (loss)	<u>8,039,313</u>	<u>(911,394)</u>
Nonoperating revenues (expenses)		
Investment income (loss)	3,465,721	261,799
Interest expense	(3,585,948)	-
Gain (loss) on disposal of capital assets	(157,500)	44,800
Insurance proceeds	4,197	-
Total nonoperating expenses	<u>(273,530)</u>	<u>306,599</u>
Income (loss) before contributions and transfers	7,765,783	(604,795)
Capital contributions	1,262,238	-
Changes in Net Position	9,028,021	(604,795)
Beginning Net Position	<u>140,593,115</u>	<u>483,028</u>
Ending Net Position	<u>\$ 149,621,136</u>	<u>\$ (121,767)</u>
Change in Net Position of enterprise fund	\$ 9,028,021	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	<u>(604,795)</u>	
Change in net position of business-type activities	<u>\$ 8,423,226</u>	

See notes to the financial statements

GULF COAST AUTHORITY
PROPRIETARY FUNDS
Statement of Cash Flows
For the year ended December 31, 2019

	Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 70,573,563	\$ 738,732
Receipts from intragovernmental users	-	4,028,014
Payments to suppliers	(29,476,104)	(4,453,291)
Payments to employees	(21,606,445)	(15,477)
Payments to intragovernmental suppliers	(1,988,348)	-
Net cash provided by operating activities	<u>17,502,666</u>	<u>297,978</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(25,099,121)	(807,825)
Proceeds from sale of capital assets	-	44,800
Retirement of bonds	(4,070,000)	-
Interest paid on capital related debt	(4,087,041)	-
Capital contributions received from participants	1,262,238	-
Net cash provided (used) by capital and related financing activities	<u>(31,993,924)</u>	<u>(763,025)</u>
Cash Flows from Investing Activities		
Maturity (purchase) of investments	(317,082)	447,455
Interest received (paid)	3,465,720	261,799
Net cash used by investing activities	<u>3,148,638</u>	<u>709,254</u>
Net increase (decrease) in cash and cash equivalents	(11,342,620)	244,207
Beginning cash and cash equivalents	<u>72,255,652</u>	<u>1,978,522</u>
Ending cash and cash equivalents	<u>\$ 60,913,032</u>	<u>\$ 2,222,729</u>
Ending cash and cash equivalents		
Unrestricted cash and cash equivalents	\$ 19,230,789	\$ 2,222,729
Restricted cash and cash equivalents	41,682,243	-
	<u>\$ 60,913,032</u>	<u>\$ 2,222,729</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ 8,039,313	\$ (911,394)
Adjustment to reconcile operating income to net cash provided by operating activities		
Depreciation	9,036,816	405,677
Changes in Operating Assets and Liabilities		
(Increase) decrease in assets:		
Accounts receivable, net	(1,656,625)	-
Prepays	(49,410)	(72)
Increase (decrease) in liabilities:		
Wages payable	99,585	113,896
Accounts payable	955,009	(21,038)
Net OPEB liability and related amounts	-	710,909
Unearned revenue	1,048,053	-
Working capital deposits	29,925	-
Net cash provided by operating activities	<u>\$ 17,502,666</u>	<u>\$ 297,978</u>

See notes to the financial statements

GULF COAST AUTHORITY*Statement of Fiduciary Net Position**Fiduciary Funds**December 31, 2019*

	Other Pension and Post-Employment Benefit Trust Funds	<u>Custodial Fund</u> Employee Flexible Spending Agency Fund
Assets		
Cash and cash equivalents	\$ -	\$ 312,145
Investments, at fair value:		
Stable Value/Cash Management	15,433,711	-
Bonds	4,456,242	-
Guaranteed Lifetime Income	8,136,976	-
Balanced/Asset Allocation	7,330,725	-
U.S. Stock	12,720,775	-
International/Global Stock	2,504,166	-
Specialty	411,010	-
Domestic Equities	4,668,343	-
Fixed Income	4,004,760	-
Private Equity	65,542	-
Total Assets	\$ 59,732,250	\$ 312,145
Net Position		
Restricted for:		
Pensions	\$ 50,993,605	\$ -
Other post-employment benefits	8,738,645	-
Individuals	-	312,145
Total Net Position	\$ 59,732,250	\$ 312,145

See notes to the financial statements

GULF COAST AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION
Fiduciary Funds
For the year ended December 31, 2019

	<u>Other Pension and Post-Employment Benefit Trust Funds</u>	<u>Custodial Fund Employee Flexible Spending Agency Fund</u>
Additions		
Contributions:		
Members	\$ 619,596	\$ -
Employers	1,608,910	124,741
Total contributions	<u>2,228,506</u>	<u>124,741</u>
Investment earnings:		
Net increase/(decrease) in fair value of investments	8,429,211	566
Net investment earnings	<u>8,429,211</u>	<u>566</u>
Other additions:		
Roll-ins	6,955	-
Loan repayments	318,377	-
Beneficiary transfers	224,456	-
Forfeiture credits	188,691	-
Miscellaneous credits	50,777	-
Total other additions	<u>789,256</u>	<u>-</u>
Total additions	<u>11,446,973</u>	<u>125,307</u>
Deductions:		
Benefit payments	4,079,357	117,771
Beneficiary transfers	224,456	-
Loan issuances	464,321	-
Forfeiture debits	188,691	-
Administrative expense	69,531	-
Total deductions	<u>5,026,356</u>	<u>117,771</u>
Change in Net Position	6,420,617	7,536
Beginning Net Position, as Restated	<u>53,311,633</u>	<u>304,609</u>
Ending Net Position	<u>\$ 59,732,250</u>	<u>\$ 312,145</u>

See notes to the financial statements

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GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Gulf Coast Authority (the "Authority") is a separate self-supporting governmental unit, a political subdivision and special district of the state of Texas. The Authority 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 Authority 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 Authority and the specific purposes for which the Corporation was created."

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

B. Government-wide and Fund Financial Statements

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

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

GULF COAST 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.

The Authority reports the following proprietary fund types:

Enterprise Fund. The Authority reports one enterprise fund which 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, Fulshear Wastewater Treatment Plant, Campbell Bayou Facility Division, Central Laboratory Division, East Battleground Facility 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"). 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.

Additionally, the Authority reports the following fiduciary fund types:

Pension and Other Post-Employment Benefit Trust Funds. These funds were established to accumulate money needed to pay pension and other post-employment benefits to the Authority's retirees and beneficiaries covered by the *Gulf Coast Authority 401(a) Money Purchase Plan* and the *Gulf Coast Authority Other Post-Employment Benefit Trust*. The funds are administered by the International City Managers Association Retirement Corporation.

Custodial Fund. This fund was established to hold employee contributions to the employee's flexible spending accounts. Contributions are made from biweekly payroll deductions. Employees can spend their full annual contributions at any time during the year, so the Authority has contributed \$300,000 to the fund to cover payments made during the year that exceed the year-to-date contributions. The fund is administered by UnitedHealth care.

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

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

I. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Equity

1. Cash, Cash Equivalents and Investments

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

The Authority reports all investments at fair-value, except for investment positions in external investment pools, such as Texas CLASS, which are reported at amortized cost. The Texas CLASS Board of Trustees, which is comprised of active members of the pool and elected by the participants guided by the Advisory Board, oversees the management of Texas CLASS. The State Comptroller of Public Accounts oversees TexPool. Texas TERM is directed by an advisory board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services. Federated Investors is the full-service provider to the pools managing the assets providing participant services, and arranging for all custody and other functions in support of the pool's operations under contract with the Comptroller.

The Authority's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

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

2. Interfund Receivables/Payables

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

3. Inventories

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

4. Prepayments

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

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

I. Summary of Significant Accounting Policies (continued)

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

5. Capital Assets

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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Depreciation expense is reported in the government-wide statement of activities and the proprietary fund statement of revenues, expenses, and changes in fund net position.

Capital assets are defined as items of property that:

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

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

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

6. Compensated Absences

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

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

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

I. Summary of Significant Accounting Policies (continued)

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

7. Net Position Flow Assumption

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

8. Intragovernmental Transactions

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

9. Use of Estimates

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

10. Implementation of New Standards

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities and criteria for identifying fiduciary activities with a focus generally on (1) whether an Authority controls the assets of the fiduciary activities and (2) the beneficiaries with whom a fiduciary relationship exists. Additional criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Authority had two types of activities that met the criteria to be reported as a fiduciary fund in the basic financial statements: (1) the Pension and Other Post-Employee Benefit Trust Funds and (2) the Custodial Fund. A restatement to the beginning net position was required due to the inclusion of the Gulf Coast Authority 401(a) Money Purchase Plan and Trust.

	Gulf Coast Authority 401(a) Money Purchase Plan and Trust	Gulf Coast Authority Other Post-Employment Benefit Trust	Total Pension and Other Post- Employment Benefit Trust Funds
Balance as of December 31, 2018	\$ -	\$ 6,890,538	\$ 6,890,538
Restated due to implementation of new standards	46,421,095	-	46,421,095
Beginning Net Position, as Restated	<u>\$ 46,421,095</u>	<u>\$ 6,890,538</u>	<u>\$ 53,311,633</u>

GULF COAST 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 and the Odessa South Regional Facility Division, the Board establishes rates for the treatment of waste received from the facilities customers. Although the Bayport Area Facility Division and the Odessa South Regional Facility Division budgets are presented annually to all the participants of those facilities for their review, the financial plan does not become a legal document. Additionally, the financial plan of the Blackhawk Regional Wastewater Treatment Facility Division, Campbell Bayou Facility Division, 40-Acre Facility Division and Washburn Tunnel Facility Division are approved by the industries or municipalities that the facilities serve; however, the financial plan is only a management tool and does not become a legal document. These non-appropriated financial plans are prepared for management control and are not presented in these financial statements.

III. Detailed Notes on All Funds

A. Deposits and Investments

As of December 31, 2019, the Authority had the following investments:

<u>Investment Type</u>	<u>Fair Value / Amortized Cost</u>	<u>Percentage of Portfolio</u>	<u>Weighted Average Maturity (Days)</u>
U.S. Agencies			
FNMA	\$ 4,976,209	4%	1,673
FHLMC	2,981,926	3%	916
FHLB	24,954	0%	272
U.S. Treasury Notes	43,217,415	40%	691
Certificates of Deposit	1,742,102	2%	306
Municipal Securities	3,161,193	3%	597
Commercial Paper	2,741,161	2%	138
State Pools			
Texpool	514,928	0%	35
Texas TERM	45,584,183	41%	29
Texas CLASS	5,832,934	5%	52
Total fair value	<u>\$ 110,777,005</u>	<u>100%</u>	
Portfolio weighted average maturity			410
Reconciliation to Statement of Net Position			
Total Investments Above	\$ 110,777,005		
Demand Deposits	<u>11,203,716</u>		
Total Cash, Cash Equivalents, and Marketable Securities	<u>\$ 121,980,721</u>		

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The Authority's investments fair value measurements are as follows as December 31, 2019:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
U.S. Agencies	\$ 7,983,089	\$ -	\$ 7,983,089	\$ -
U.S. Treasury Notes	43,217,415	43,217,415	-	-
Certificates of Deposit	1,742,102	-	1,742,102	-
Municipal Securities	3,161,193	-	3,161,193	-
Commercial Paper	2,741,161	-	2,741,161	-
	<u>\$ 58,844,960</u>	<u>\$ 43,217,415</u>	<u>\$ 15,627,545</u>	<u>-</u>

**Reconciliation to Statement of
Net Position**

Total Investments Above	\$ 58,844,960
Demand Deposits	11,203,716
State Pools	<u>51,932,045</u>
Total Cash, Cash Equivalents, and Marketable Securities	<u>\$ 121,980,721</u>

All investments values using Level 2 Inputs are based on a widely available market of similar securities.

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

Credit risk. State law and the Authority's investment policy limits investments to obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent. Further, commercial paper must be rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies. As of December 31, 2019, the Authority's investments were in compliance with State law and the Authority's investment policy as noted in the table on the following page.

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

Custodial credit risk - deposits. In the case of deposits, the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective market value of at least 102 percent. As of December 31, 2019, the bank balances were covered by \$250,000 of FDIC insurance and the remaining was covered by pledged securities or swept into overnight money market mutual funds.

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

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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

Investment Type	Fair Value / Amortized Cost	Credit Rating	
		Standard & Poor's	Moody's
U.S. Agencies			
FNMA	\$ 4,976,209	AA+	-
FHLMC	2,981,926	AA+	-
FHLB	24,954	AA+	-
U.S. Treasuries	43,217,415	AA+	-
Municipal Securities	1,329,245	AA	-
Municipal Securities	394,325	AA+	-
Municipal Securities	405,724	AAA	-
Municipal Securities	582,452	AA-	-
Municipal Securities	449,447	-	Aa1
Commercial Paper	1,831,232	A-1	-
Commercial Paper	909,929	A-1+	-
State Pools			
Texpool	514,928	AAAm	-
Texas TERM	45,584,183	AAAm	-
Texas CLASS	5,832,934	AAAm	-
Total fair value	<u>\$ 109,034,903</u>		

**Reconciliation to Statement of
Net Position**

Total Investments Above	\$ 109,034,903
Demand Deposits	11,203,716
Certificates of Deposit	<u>1,742,102</u>
Total Cash, Cash Equivalents, and Marketable Securities	<u>\$ 121,980,721</u>

Investment income for the year ended December 31, 2019 is comprised of the following:

Interest and Dividends	\$ 3,250,571
Realized gains (losses)	(107,806)
Unrealized gains (losses)	<u>584,755</u>
	<u>\$ 3,727,520</u>

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

B. Receivables

Receivables at year-end consist of the following:

	<u>Business Type Activities</u>
	<u>Current</u>
Accounts receivable	\$ 8,441,442
Accrued revenue	4,744,495
Allowance for doubtful accounts	(206,388)
Other receivables	104,454
	<u>\$ 13,097,920</u>

C. Restricted Assets

Restricted assets as reported on the Statement of Net Position as of December 31, 2019, are as follows:

Restricted Assets:	
Cash and cash equivalents	\$ 41,682,243
Marketable securities	809,776
Accrued interest	335
	<u>\$ 42,492,354</u>
Assets restricted for:	
Debt service ¹	\$ 5,791,699
Capital projects	35,931,210
Contingency reserve	769,445
	<u>\$ 42,492,354</u>

¹Difference between assets restricted for debt service and net position restricted for debt service is accrued interest of \$970,153

Bayport Area System

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

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

C. Restricted Assets (continued)

Bayport Area System (continued)

Balance of reserve fund as of December 31, 2019	\$	5,791,699
Average annual debt service	\$	5,438,341
Balance of reserve fund over/(under) average annual debt service	\$	353,358

As of December 31, 2019, \$35,416,282 and \$514,928 in remaining unspent capital project funds from the Bayport Area System Revenue Bonds and the Washburn Tunnel Facility, respectively, is reported as restricted assets on the Statement of Net Position.

Blackhawk Regional Wastewater Treatment

The Regional Waste Disposal Facility Contract between the participants of the Blackhawk Regional Wastewater Treatment Facility and the Authority establishes a contingency reserve to cover ordinary and extraordinary repairs, capital replacement costs, improvements or betterments of the plant. The reserve is increased on a yearly basis by an amount equal to 1% of the participant's share of the operating expenditures. During the year ended December 31, 2019, the increase to the reserve was \$52,795 from the participants. The restricted assets as reported on the Statement of Net Position as of December 31, 2019 was \$769,445.

D. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications/ Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 5,174,541	\$ -	\$ -	\$ -	\$ 5,174,541
Construction in progress	19,422,622	23,240,319	-	(13,777,071)	28,885,870
Total capital assets not being depreciated	<u>24,597,163</u>	<u>23,240,319</u>	<u>-</u>	<u>(13,777,071)</u>	<u>34,060,411</u>
Capital assets being depreciated:					
Waste treatment facilities and equipment	282,380,989	1,774,919	(1,957,220)	13,316,321	295,515,009
Office buildings	1,297,971	-	(40,743)	460,750	1,717,978
Administrative furniture and equipment	7,635,900	814,798	(399,951)	-	8,050,747
Total capital assets being depreciated	<u>291,314,860</u>	<u>2,589,717</u>	<u>(2,397,914)</u>	<u>13,777,071</u>	<u>305,283,734</u>
Less accumulated depreciation for:					
Waste treatment facilities and equipment	(186,796,057)	(8,983,656)	1,798,472	-	(193,981,241)
Office buildings	(1,032,323)	(38,471)	40,743	-	(1,030,051)
Administrative furniture and equipment	(6,185,346)	(420,366)	399,949	-	(6,205,763)
Total accumulated depreciation	<u>(194,013,727)</u>	<u>(9,442,493)</u>	<u>2,239,164</u>	<u>-</u>	<u>(201,217,055)</u>
Total capital assets being depreciated, net	<u>97,301,133</u>	<u>(6,852,776)</u>	<u>(158,750)</u>	<u>13,777,071</u>	<u>104,066,679</u>
Capital Assets, net	<u>\$ 121,898,296</u>	<u>\$ 16,387,543</u>	<u>\$ (158,750)</u>	<u>\$ -</u>	<u>\$ 138,127,090</u>

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

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

Business-type	
General services	\$ 53,160
Wastewater treatment	8,955,048
Solid waste disposal	28,608
In addition, depreciation on capital assets held by the Authority's internal service fund is charged to the various functions based on their usage of assets	<u>405,677</u>
Total depreciation expense	<u>\$ 9,442,493</u>

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Commitment</u>
Washburn Tunnel			
Spare 12470 Volt Breaker	100,000	71,884	28,116
Polymer Feed System	225,000	40,774	184,226
Odessa South			
Blower Gallery Interior Walls Repair	230,000	146,620	83,380
East Battleground			
East Battleground Wastewater Treatment Plant	2,051,120	1,639,052	412,068
Campbell Bayou Facility			
Cells Expansion at Campbell Bayou	707,700	683,107	24,593
Bayport Facility			
Operations Ammonia Measurement and Control	80,000	47,053	32,947
Portable Water Line Loop	100,000	58,243	41,757
First Step Tank Off Gas Valve Access Platforms	250,000	191,106	58,894
Flood Mitigation Evaluation	250,000	11,236	238,764
2nd Step Basin One Support Concrete Repair	910,000	905,139	4,861
Belt Press Building and Equipment Corrosion Repair	1,250,000	103,902	1,146,098
Plant Electrical Improvement	1,280,000	1,067,212	212,788
In Plant Piping Project	2,095,700	1,751,734	343,966
DTB Pumps Upgrade	3,300,000	1,654,026	1,645,974
Biosan Pipeline Assessment and Upgrade	25,750,000	4,349,335	21,400,665
Organic Capacity Evaluation and Upgrade	27,472,480	15,280,616	12,191,864
Central Laboratory			
HVAC Upgrade	308,595	13,307	295,288
Data Processing Services			
Munis ERP Software	1,075,200	871,524	203,676
Totals	<u>\$ 67,435,795</u>	<u>\$ 28,885,870</u>	<u>\$ 38,549,925</u>

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

E. Long-Term Debt

Bayport Area System Revenue Bonds

The bonds outstanding at December 31, 2019, consist of: (a) Revenue Bonds, Series 2013, maturing on October 1, 2033, with interest rates of three percent to five percent, originally issued at \$43,375,000; (b) Revenue Bonds, Series 2015, maturing October 1, 2033, with an interest rate of two percent to five percent, originally issued at \$25,770,000; and (c) Revenue Bonds, Series 2018 maturing October 1, 2042, with an interest rate of three and a half to five percent, originally issued at \$33,770,000. The annual requirements to amortize all outstanding Bayport Area System Revenue Bonds as of year-end, including interest payments, are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 4,255,000	\$ 3,880,613	\$ 8,135,613
2021	4,455,000	3,677,363	8,132,363
2022	4,680,000	3,454,613	8,134,613
2023	4,910,000	3,220,613	8,130,613
2024	5,155,000	2,975,113	8,130,113
2025	3,635,000	2,717,363	6,352,363
2026	3,790,000	2,560,113	6,350,113
2027	3,950,000	2,395,813	6,345,813
2028	4,155,000	2,198,313	6,353,313
2029	4,350,000	1,990,563	6,340,563
2030	4,575,000	1,773,063	6,348,063
2031	4,800,000	1,544,313	6,344,313
2032	5,025,000	1,326,037	6,351,037
2033	5,250,000	1,097,269	6,347,269
2034	3,705,000	884,775	4,589,775
2035	3,840,000	752,769	4,592,769
2036	1,970,000	615,950	2,585,950
2037	2,050,000	537,150	2,587,150
2038	2,130,000	455,150	2,585,150
2039	2,215,000	369,950	2,584,950
2040	2,305,000	281,350	2,586,350
2041	2,395,000	191,150	2,586,150
2042	2,490,000	97,438	2,587,438
Total	<u>\$ 86,085,000</u>	<u>\$ 38,996,844</u>	<u>\$ 125,081,844</u>

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

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

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, 2019, for the Series Bayport Area System Revenue Bonds is computed in the following schedule:

Net revenues of the system for the year ended December 31, 2019	\$ 4,029,106
Add-Items not includable in current expenses of the System:	
Bond interest expense	3,585,948
Depreciation	4,713,913
Management fee	1,287,900
	<u>13,616,867</u>
Pledged revenues	<u>\$ 13,616,867</u>
Average annual debt service for bonds	<u>\$ 5,438,341</u>
Debt service coverage average annual debt service	2.50
Actual debt service for bonds	<u>\$ 8,144,963</u>
Debt service coverage actual debt service	1.67

"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.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

E. Long-Term Debt (continued)

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due In More Than One Year
Business-type activities						
Accrued compensated absences	\$ 2,654,014	\$1,474,847	\$(1,360,951)	\$ 2,767,910	\$ 1,454,172	\$ 1,313,738
Bonds Payable:						
Series 2013	33,190,000	-	(3,155,000)	30,035,000	3,305,000	26,730,000
Series 2015	23,195,000	-	(915,000)	22,280,000	950,000	21,330,000
Series 2018	33,770,000	-	-	33,770,000	-	33,770,000
Plus Premium	9,142,309	-	(542,570)	8,599,739	542,571	8,057,168
Long term liabilities	\$101,951,323	\$1,474,847	\$(5,973,521)	\$97,452,649	\$ 6,251,743	\$ 91,200,906

Long-term liabilities for the internal service funds are included as part of the above totals for business-type activities as the internal service funds serve the enterprise fund.

F. 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 AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

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

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

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

Industrial pollution projects private activity bonds	\$ 224,200,000
Industrial development projects	325,000,000
Total private activity bonds	<u><u>\$ 549,200,000</u></u>

G. 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 AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information

A. Defined Contribution Pension Plan

The Authority's Board of Directors adopted a resolution establishing the Gulf Coast Authority 401(a) Money Purchase Plan, a defined contribution money purchase plan and trust agreement (the "Plan") effective January 1, 1990. In a defined contribution pension plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. The Plan is a qualified pension plan under Section 401 (a) of the Internal Revenue Code with International City Management Association Retirement Corporation (ICMA RC) serving as the Plan administrator. The Plan qualifies as a fiduciary activity under GASB 84, Fiduciary Activities, due to the Authority's control over the funds of the Plan. Control by the Authority was determined as a portion of the funds are not fully vested until certain requirements are met. At December 31, 2019 the total plan assets were \$50,993,605. These assets were allocated as follows:

<u>Asset Category</u>	<u>Balance</u>	<u>Percent of Assets</u>
Stable Value/Money Market Funds	\$ 15,433,711	30%
Bond Funds	4,456,242	9%
Guaranteed Lifetime Income	8,136,976	16%
Balanced Funds	7,330,725	14%
U.S. Stock Funds	12,720,775	25%
International Stock Funds	2,504,166	5%
Specialty	411,010	1%
Total Assets	<u>\$ 50,993,605</u>	<u>100.00%</u>

The Authority's contribution for the year ended December 31, 2019 was \$1,245,591 which represents the required 10 percent of covered payroll. The employees' contribution was \$622,796 which equals 5 percent of covered payroll and there were no additional voluntary contributions. The Authority recognized pension expense of \$1,245,591 during the year. As of December 31, 2019 there were 163 active participants, 81 inactive participants are retired or terminated participants with balances in the plan.

Plan Provisions

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

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

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. The Plan does not qualify as a fiduciary activity under GASB 84, Fiduciary Activities, as the Authority does not have control over the funds deposited into the deferred compensation 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. The Plan does not qualify as a fiduciary activity under GASB 84, Fiduciary Activities, as the Authority does not have control over the funds deposited into the RHS plan.

D. Other Post-Employment Benefits

Plan description

The Gulf Coast 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). Employees hired on or after January 1, 2019 must also have reached age 60. 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. 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

For employees hired before January 1, 2019, it is the Authority's current administrative policy to pay all but \$70.00 (which is paid by the retiree) of the monthly premium for each pre-Medicare retiree under age 65. For employees hired on or after that date, the retiree will be responsible for paying a percentage of the monthly premium. The Authority pays supplemental health insurance for each retiree eligible for Medicare at a cost ranging from \$164 to \$275 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 maximum coverage of \$50,000 for employees hired before January 1, 2019 and \$20,000 for employees hired after that date.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

D. Other Post-Employment Benefits (continued)

Funding policy (continued)

The Plan uses the cash basis of accounting; therefore, contributions, benefits and refunds related to the Plan are recognized when they are made to the Plan or received from the Plan. No benefits were paid out of the GCAOPEBT in 2019. Instead, costs were paid on a “pay-as-you-go” basis from the Authority’s internal service fund.

At December 31, 2019, measurement date, the following employees were covered by the benefit terms:

<u>Membership</u>	
Retirees and beneficiaries	65
Inactive, nonretired members	0
Active members	<u>148</u>
Total	<u><u>213</u></u>

Contributions

The contribution requirements of plan members and the Authority are established and amended by the Board of Directors. The required contribution is based on projected pay-as-you go financing requirements. For the year 2019, the Authority contributed a total of \$557,999 to the plan for benefit payments.

Net OPEB Liability

Alliabilities were measured as of December 31, 2019 and projected forward using standard roll-forward techniques.

Actuarial Assumptions

Valuation date	January 1, 2018
Actuarial cost method	Individual Entry Age
Single Discount Rate	5.00%, per annum
Inflation	2.50%, per annum
Salary Increases	3.00%, per annum
Demographic Assumptions	Current valuation relies heavily upon the demographic assumptions for disability, termination and retirement as used by the prior plan actuary. The per capita claims costs and how these costs are expected to escalate in the future were set by HUB international.
Mortality	Sex distinct RP-2014h mortality table with mortality improvement scale MP-2018 for annuitants and non-annuitants
Health Care Trend Rate	Pre-65: Initial rate of 5.31% fluctuating between 5.01% and 5.70% for 24 years until reaching an ultimate rate of 5.01% Post-65: Initial rate of 5.52% fluctuating between 4.92% and 5.52% for 24 years until reaching an ultimate rate of 4.92%
Participation Rates	100% of participants eligible for retiree welfare coverage upon retirement are assumed to elect coverage No retirees are assumed to drop coverage once electing as a retiree
Other Information	Trend Includes an implicit inflation rate of 2.5%, per annum and the impact of the "Cadillac Tax" (PPACA) as modified by the Consolidated Appropriations Act of 2016 which pushed the effective date to January 1, 2022

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

D. Other Post-Employment Benefits (continued)

Discount Rate

The single discount rate as of December 31, 2019, for GASB 75 accounting purposes is 5.00% which is based upon the below information:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	40%	5.60%
Foreign Equity	15%	8.00%
Fixed Income	40%	3.40%
Cash	2%	1.90%
Other	3%	5.80%
Total	<u>100%</u>	<u>5.00%</u>

Changes in Net OPEB Liability

	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a)-(b)</u>
Balance at December 31, 2018	\$ 18,088,339	\$ 6,890,538	\$ 11,197,801
Service cost	766,029	-	766,029
Interest	890,437	-	890,437
Changes of assumptions	(596,408)	-	(596,408)
Contributions - employer	-	557,999	(557,999)
Net investment income	-	1,332,894	(1,332,894)
Benefit payments	(295,418)	-	(295,418)
Administrative expense	-	(42,786.00)	42,786
Net changes	<u>764,640</u>	<u>1,848,107</u>	<u>(1,083,467)</u>
Balance at December 31, 2019	<u>\$ 18,852,979</u>	<u>\$ 8,738,645</u>	<u>\$ 10,114,334</u>

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

D. Other Post-Employment Benefits (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Authority, calculated using the discount rate as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher than the current rate:

<u>1% Decrease (4.00%)</u>	<u>Discount Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
\$ 12,808,122	\$ 10,114,334	\$ 7,916,781

The following presents the net OPEB liability of the Authority, calculated using the healthcare cost trend rate, as well as what the Authority's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate assumption:

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
\$ 7,581,306	\$ 10,114,334	\$ 13,302,831

OPEB Plan Fiduciary Net Position

The following is the allocation of the assets held by the OPEB Trust Program for GCA:

Assets	
Investments:	
Domestic equities	\$ 4,668,343
Fixed income	4,004,760
Private equity	65,542
Total investments	<u>8,738,645</u>
Total assets	<u><u>\$ 8,738,645</u></u>
Net position restricted for OPEB	<u><u>\$ 8,738,645</u></u>

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

D. Other Post-Employment Benefits (continued)

OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2019, the Authority recognized OPEB expense of \$1,564,326. At December 31, 2019, the Authority reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in assumption changes	-	(659,712)
Differences between expected and actual experience	2,873,357	(511,207)
Net Difference between projected and actual earnings on OPEB plan investments	-	(146,395)
	<u>\$ 2,873,357</u>	<u>\$ (1,317,314)</u>

The amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	
2020	\$ 364,305
2021	364,305
2022	364,307
2023	190,796
2024	357,532
2025	(85,202)
	<u>\$ 1,556,043</u>

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 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 \$391,039.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

E. Risk Management (continued)

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. Contingencies

Regulations

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

Landfill Closure and Post-Closure Costs

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

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

IV. Other Information (continued)

G. Contingencies (continued)

Landfill Closure and Post-Closure Costs (continued)

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

The estimated total cost of closure and post-closure for the current site at year end is \$7,509,600. Of this amount, \$2,778,552 and \$1,501,920 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 88.39%, and \$3,229,128 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 \$2,854,226. The total accrued closure and post-closure care costs at year end for the entire site are \$7,134,698. The remaining accrued costs to be recognized are \$374,902. The rate of fill for the Y-cell has slowed down resulting in a longer projected life. At the current rate of fill the life of the Y-cell has been estimated to be another five years as of 2019.

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

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

Legal Matters

During the normal course of business, the Authority becomes a party to disputes and various legal matters. The ultimate outcome of pending or potential disputes, lawsuits, or arbitration cannot be estimated with reasonable accuracy. However, management believes that the ultimate liability, if any, would not have a material effect on the financial condition of the Authority. As of December 31, 2019, the Authority had no outstanding litigation.

H. 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.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

I. Deficit Net Position of Internal Service Funds

As of December 31, 2019, the Authority reported deficits in total net position of \$235,227 for the Compensated Absences fund and \$6,222,373 for the Employee's Health Care fund. The deficits were caused by the accrual of long-term benefits for current employees and retirees. The deficits will be eliminated in the future with funds from the Enterprise Fund to the extent that investment income and employee contributions to the Employee's Health Care fund does not cover future costs.

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REQUIRED SUPPLEMENTAL INFORMATION

GULF COAST AUTHORITY
REQUIRED OTHER POST EMPLOYMENT BENEFIT SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (Unaudited)
Gulf Coast Authority Other Post Employment Benefits Trust
For the Last Two Years

	Year Ending December 31,	
	2018	2019
Total OPEB Liability		
Service cost	\$ 424,295	\$ 766,029
Interest on the total OPEB liability	926,731	890,437
Difference in expected and actual experience	(923,598)	-
Change of assumptions	4,022,699	(596,408)
Benefit payments, including refunds of employee contributions	(200,210)	(295,418)
Net Change in Total OPEB Liability	4,249,917	764,640
Total OPEB Liability - Beginning	13,838,422	18,088,339
Total OPEB Liability - Ending (a)	<u>\$ 18,088,339</u>	<u>\$ 18,852,979</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 576,917	\$ 557,999
Net investment income	(378,381)	1,332,894
Administrative expense	-	(42,786)
Net Change in Plan Fiduciary Net Position	198,536	1,848,107
Plan Fiduciary Net Position - Beginning	6,692,002	6,890,538
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,890,538</u>	<u>\$ 8,738,645</u>
Net OPEB Liability - Ending (a) - (b)	\$ 11,197,801	\$ 10,114,334
Plan Fiduciary Net Position as a Percentage of		
Total OPEB Liability	38.09%	46.35%
Covered Payroll	\$ 15,086,318	\$ 15,569,170
Net OPEB Liability as a Percentage of Covered Payroll	74.22%	64.96%

Notes to Schedule:

Benefit Changes. Since the prior valuation, there have been no benefit changes to the OPEB plan.

Assumption Changes. In 2019, the discount rate was increased from 4.76% to 5.00%, which resulted in a decrease in the Total OPEB liability of \$596,408. Note the discount rate as of January 1, 2018 was 7.00%.

In 2018 the mortality table was updated to the RP-2014h sex distinct headcount weighted mortality table set adjusted to 2006 with generational mortality improvement scale MP-2018.

The 2018 valuation reflects updated per capita costs as well as an update to how these costs were expected to increase in future years.

GULF COAST AUTHORITY**REQUIRED OTHER POST EMPLOYMENT BENEFIT SUPPLEMENTARY INFORMATION****SCHEDULE OF EMPLOYER CONTRIBUTIONS (Unaudited)****Gulf Coast Authority Other Post Employment Benefits Trust****For the Last Two Years**

	For the Year Ended December 31,	
	2018	2019
Actuarially determined contribution	\$ 941,305	\$ 1,050,066
Contributions in relation to the actuarially determined contribution	777,127	853,417
Contribution deficiency (excess)	<u>\$ 164,178</u>	<u>\$ 196,649</u>
Covered payroll	\$ 15,086,318	\$ 15,569,170
Contributions as a percentage of payroll	5.15%	5.48%
Expected rate of return as of the beginning of the period	7.00%	7.00%

Notes to Schedule**Valuation date:**

Actuarially determined contribution rates are based upon a valuation date of January 1, 2018 with a measurement date as of the end of the fiscal year shown.

Methods and Assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal (as a level percentage of salary)
Amortization method	Level dollar / Open Amortization Period
Asset valuation method	Market value of assets
Inflation	2.50 percent
Healthcare cost trend rates (pre-65 / post-65) (1)	5.60% / 5.13% initial medical trend rate for retirees' ultimate rate of 5.01% / 4.92% in the year 2044
Salary increases	2.50%, including inflation rate of 2.50%
Investment rate of return	7.00 percent, net of OPEB plan investment expense
Average retirement age	62.17
Mortality	In 2018, assumption based upon RP-2014h tables with generational mortality improvement scale MP-2018

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OTHER SUPPLEMENTARY INFORMATION

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COMBINING INFORMATION AND STATEMENTS

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General Services Division

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

Bayport Area System Facility Division

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

Blackhawk Regional Wastewater Treatment Facility Division

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

Fulshear Wastewater Treatment Facility Division

This division accounts for the activities related to developing a project plan, feasibility evaluations, and cost estimates for the potential construction of facilities to be owned and operated by the Authority for the treatment of the City of Fulshear's wastewater. This division was created in 2019 to allow the Authority and the City to jointly investigate the potential of participation in the acquisition, construction, or development of such facilities. A joint development agreement provides for all costs to the Authority to be covered by the City.

Campbell Bayou Facility Division

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

Central Laboratory Division

This division accounts for the operations of the Authority's Central Laboratory. This facility provides laboratory analysis for all of the Authority's treatment facilities and some industrial and municipal 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 external customers.

East Battleground Facility Division

This division accounts for the activities related to developing a project plan, feasibility evaluations, and cost estimates for the potential construction of facilities to be owned and operated by the Authority for the treatment of industrial participants' wastewater. This division was created in 2017 to allow the Authority and the participants to jointly investigate the potential of participation in the acquisition, construction, or development of such facilities. A joint development agreement provides for all costs to the Authority to be covered by the participants.

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.

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 City of Odessa in accordance with the rate order approved by the Board of Directors. In addition, this division accounts for the revenues and expenses of the operations of a trucked in wastewater receiving and pumping station as well as the sale of treated wastewater for reuse.

Vince Bayou Division

This division accounts for the revenues and expenses of the operations of a trucked in wastewater receiving 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.

GULF COAST AUTHORITY

ENTERPRISE FUND (continued)

December 31, 2019

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 Authority and the specifics for which the Corporation was created.”

GULF COAST AUTHORITY
Combining Information By Division -
Net Position
Enterprise Fund
December 31, 2019

	General Services Division	Bayport Area System Facility Division	Blackhawk Regional Wastewater Treatment Facility Division
Assets			
Current Assets:			
Cash and cash equivalents	\$ 2,815,572	\$ 9,041,324	\$ 140,815
Marketable securities	7,527,125	24,509,102	377,182
Receivables, net	295,125	7,330,316	546,986
Due from other divisions	453,806	-	-
Prepays	15,843	308,980	42,550
Restricted assets			
Cash and cash equivalents	-	40,959,990	207,325
Marketable securities	-	247,656	562,120
Accrued interest	-	335	-
Total current assets	11,107,471	82,397,703	1,876,978
Noncurrent Assets:			
Capital assets			
Land	53,800	907,489	200,000
Construction in progress	-	25,419,602	-
Plant and equipment	2,406,018	154,672,341	26,018,779
Less accumulated depreciation	(1,668,353)	(94,210,800)	(15,313,496)
Total capital assets (net of accumulated depreciation)	791,465	86,788,632	10,905,283
Total noncurrent assets	791,465	86,788,632	10,905,283
Total assets	11,898,936	169,186,335	12,782,261
Deferred Outflows of Resources			
Deferred loss on refunding	-	427,802	-
Liabilities			
Current liabilities:			
Accounts payable	470,398	5,414,164	239,309
Wages payable	680,696	-	-
Due to other divisions	-	-	-
Accrued bond interest	-	970,153	-
Current portion of bonds payable	-	4,797,571	-
Unearned revenue	-	-	-
Total current liabilities	1,151,094	11,181,888	239,309
Noncurrent liabilities:			
Bonds payable (net of unamortized discount and deferred amount on refunding)	-	89,887,168	-
Working capital deposits	-	-	881,875
Total noncurrent liabilities	-	89,887,168	881,875
Total liabilities	1,151,094	101,069,056	1,121,184
Net Position			
Net investment in capital assets	791,465	27,947,977	10,905,283
Restricted for:			
Debt service	-	4,821,546	-
Contingency reserve	-	-	769,445
Unrestricted	9,956,377	35,775,558	(13,651)
Total Net Position	\$ 10,747,842	\$ 68,545,081	\$ 11,661,077

Fulshear Waste water Treatment Plant	Campbell Bayou Facility Division			Central Laboratory Division	East Battleground Facility Division	40-Acre Facility Division
	Industrial Solid Waste Facility	Closure/Post Closure				
\$ 24	\$ 14,572	\$ 30,563	\$ 3,112,017	\$ 56,463	\$ 1,700	
66	38,968	82,866	8,432,991	153,087	-	
-	51,275	53,065	19,231	-	785,694	
-	-	-	-	-	-	
-	6,956	1,946	11,621	-	25,845	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
90	111,771	168,440	11,575,860	209,550	813,239	
-	671,966	-	-	-	1,427,965	
-	683,107	-	13,307	1,639,052	-	
-	5,568,663	-	9,238,122	-	35,575,497	
-	(5,514,668)	-	(5,157,421)	-	(25,543,183)	
-	1,409,068	-	4,094,008	1,639,052	11,460,279	
-	1,409,068	-	4,094,008	1,639,052	11,460,279	
90	1,520,839	168,440	15,669,868	1,848,602	12,273,518	
-	-	-	-	-	-	
-	67,392	22,008	163,780	72,235	361,729	
-	-	-	-	-	-	
-	-	-	-	-	453,806	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	12,447	-	120,631	321,258	
-	67,392	34,455	163,780	192,866	1,136,793	
-	-	-	-	-	-	
-	251,018	-	-	-	-	
-	251,018	-	-	-	-	
-	318,410	34,455	163,780	192,866	1,136,793	
-	1,409,068	-	4,094,008	1,639,052	11,460,279	
-	-	-	-	-	-	
-	-	-	-	-	-	
90	(206,639)	133,985	11,412,080	16,684	(323,554)	
\$ 90	\$ 1,202,429	\$ 133,985	\$ 15,506,088	\$ 1,655,736	\$ 11,136,725	

GULF COAST AUTHORITY
Combining Information By Division -
Net Position
Enterprise Fund
December 31, 2019

	Municipal Operations Division	Odessa South Regional Facility Division	Vince Bayou Division
Assets			
Current Assets:			
Cash and cash equivalents	\$ 138,253	\$ 837,636	\$ 1,557,602
Marketable securities	374,845	2,270,536	4,223,121
Receivables, net	61,522	1,571,197	339,623
Due from other divisions	-	-	-
Prepays	66	21,382	2,980
Restricted assets			
Cash and cash equivalents	-	-	-
Marketable securities	-	-	-
Accrued interest	-	-	-
Total current assets	574,686	4,700,751	6,123,326
Noncurrent Assets:			
Capital assets			
Land	-	76,161	100,611
Construction in progress	-	146,620	-
Plant and equipment	-	15,726,401	1,958,977
Less accumulated depreciation	-	(14,433,339)	(1,471,193)
Total capital assets (net of accumulated depreciation)	-	1,515,843	588,395
Total noncurrent assets	-	1,515,843	588,395
Total assets	574,686	6,216,594	6,711,721
Deferred Outflows of Resources			
Deferred loss on refunding	-	-	-
Liabilities			
Current liabilities:			
Accounts payable	23,317	521,317	21,271
Wages payable	-	-	-
Due to other divisions	-	-	-
Accrued bond interest	-	-	-
Current portion of bonds payable	-	-	-
Unearned revenue	-	897,426	-
Total current liabilities	23,317	1,418,743	21,271
Noncurrent liabilities:			
Bonds payable (net of unamortized discount and deferred amount on refunding)	-	-	-
Working capital deposits	-	456,353	-
Total noncurrent liabilities	-	456,353	-
Total liabilities	23,317	1,875,096	21,271
Net Position			
Net investment in capital assets	-	1,515,843	588,395
Restricted for:			
Debt service	-	-	-
Contingency reserve	-	-	-
Unrestricted	551,369	2,825,655	6,102,055
Total Net Position	\$ 551,369	\$ 4,341,498	\$ 6,690,450

Washburn Tunnel Facility Division	Washburn Tunnel Pipeline Services Division	Component Unit GCIDA Division	Eliminations	Total
\$ 1,270,006	\$ -	\$ 214,242	\$ -	\$ 19,230,789
3,437,940	-	580,873	-	52,008,702
2,042,886	-	1,000	-	13,097,920
-	-	-	(453,806)	-
167,620	-	-	-	605,789
514,928	-	-	-	41,682,243
-	-	-	-	809,776
-	-	-	-	335
<u>7,433,380</u>	<u>-</u>	<u>796,115</u>	<u>(453,806)</u>	<u>127,435,554</u>
1,736,549	-	-	-	5,174,541
112,658	-	-	-	28,014,346
46,739,582	16,647	-	-	297,921,027
(32,320,494)	(16,647)	-	-	(195,649,594)
<u>16,268,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,460,320</u>
<u>16,268,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,460,320</u>
<u>23,701,675</u>	<u>-</u>	<u>796,115</u>	<u>(453,806)</u>	<u>262,895,874</u>
-	-	-	-	427,802
1,905,747	-	-	-	9,282,667
-	-	-	-	680,696
-	-	-	(453,806)	-
-	-	-	-	970,153
-	-	-	-	4,797,571
<u>5,122,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,474,404</u>
<u>7,028,389</u>	<u>-</u>	<u>-</u>	<u>(453,806)</u>	<u>22,205,491</u>
-	-	-	-	89,887,168
<u>20,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,609,881</u>
<u>20,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,497,049</u>
<u>7,049,024</u>	<u>-</u>	<u>-</u>	<u>(453,806)</u>	<u>113,702,540</u>
16,783,223	-	-	-	77,134,593
-	-	-	-	4,821,546
-	-	-	-	769,445
(130,572)	-	796,115	-	66,895,552
<u>\$ 16,652,651</u>	<u>\$ -</u>	<u>\$ 796,115</u>	<u>\$ -</u>	<u>\$ 149,621,136</u>

GULF COAST AUTHORITY
Combining Information by Division -
Revenue, Expenses, and Changes in Net Position
Enterprise Fund
For the year ended December 31, 2019

	General Services Division	Bayport Area System Facility Division	Blackhawk Regional Wastewater Treatment Facility Division
Operating revenues			
Charges for sales and services			
Services to industries	\$ 2,016,870	\$ 37,615,251	\$ -
Services to municipalities	-	41,532	3,763,037
Intragovernmental	5,944,136	-	-
Other	235,745	297,073	53,623
Total operating revenues	8,196,751	37,953,856	3,816,660
Operating expenses			
Costs of sales and services	6,203,547	26,818,095	3,336,865
Administration	702,854	963,368	128,782
Depreciation	53,160	4,713,913	734,191
Total operating expenses	6,959,561	32,495,376	4,199,838
Operating income (loss)	1,237,190	5,458,480	(383,178)
Nonoperating revenues (expenses)			
Investment income (loss)	323,438	2,305,021	33,419
Interest expense	-	(3,585,948)	-
Gain (loss) on disposal of capital assets	-	(148,447)	(4,469)
Insurance Proceeds	-	-	-
Total nonoperating revenues (expenses)	323,438	(1,429,374)	28,950
Income (loss) before contributions and transfers	1,560,628	4,029,106	(354,228)
Capital Contributions	-	-	-
Transfers in	-	-	-
Transfers out	(9,949)	-	-
Changes in Net Position	1,550,679	4,029,106	(354,228)
Beginning Net Position	9,197,163	64,515,975	12,015,305
Ending Net Position	\$ 10,747,842	\$ 68,545,081	\$ 11,661,077

Fulshear Wastewater Treatment Plant	Campbell Bayou Facility Division			Central Laboratory Division	East Battleground Facility Division	40-Acre Facility Division
	Industrial Solid Waste Facility	Closure/Post Closure				
\$ -	\$ 414,522	\$ 500,710	\$ 98,954	\$ (5,502)	\$ 4,685,926	
30,000	-	-	12,411	-	-	
-	-	-	7,855,874	-	48,500	
-	27	-	415	-	495	
<u>30,000</u>	<u>414,549</u>	<u>500,710</u>	<u>7,967,654</u>	<u>(5,502)</u>	<u>4,734,921</u>	
30,024	330,268	423,912	5,169,570	4,447	4,133,673	
-	71,219	72,647	110,549	-	479,527	
-	28,608	-	434,573	-	1,549,809	
<u>30,024</u>	<u>430,095</u>	<u>496,559</u>	<u>5,714,692</u>	<u>4,447</u>	<u>6,163,009</u>	
(24)	(15,546)	4,151	2,252,962	(9,949)	(1,428,088)	
114	5,614	1,389	326,204	13,619	(6,638)	
-	-	-	-	-	-	
-	250	-	(5,834)	-	-	
-	-	-	-	-	4,197	
<u>114</u>	<u>5,864</u>	<u>1,389</u>	<u>320,370</u>	<u>13,619</u>	<u>(2,441)</u>	
90	(9,682)	5,540	2,573,332	3,670	(1,430,529)	
-	-	-	-	1,149,580	-	
-	-	-	-	9,949	-	
-	-	-	-	-	-	
<u>90</u>	<u>(9,682)</u>	<u>5,540</u>	<u>2,573,332</u>	<u>1,163,199</u>	<u>(1,430,529)</u>	
-	1,212,111	128,445	12,932,756	492,537	12,567,254	
<u>\$ 90</u>	<u>\$ 1,202,429</u>	<u>\$ 133,985</u>	<u>\$ 15,506,088</u>	<u>\$ 1,655,736</u>	<u>\$ 11,136,725</u>	

GULF COAST AUTHORITY
Combining Information by Division -
Revenue, Expenses, and Changes in Net Position
Enterprise Fund
For the year ended December 31, 2019

	Municipal Operations Division	Odessa South Regional Facility Division	Vince Bayou Division
Operating revenues			
Charges for sales and services			
Services to industries	\$ -	\$ 6,146,603	\$ 1,802,360
Services to municipalities	264,091	-	-
Intragovernmental	-	-	-
Other	-	642,078	5,255
Total operating revenues	<u>264,091</u>	<u>6,788,681</u>	<u>1,807,615</u>
Operating expenses			
Costs of sales and services	258,457	5,173,616	698,378
Administration	176	516,497	50,394
Depreciation	-	194,077	92,830
Total operating expenses	<u>258,633</u>	<u>5,884,190</u>	<u>841,602</u>
Operating income (loss)	<u>5,458</u>	<u>904,491</u>	<u>966,013</u>
Nonoperating revenues (expenses)			
Investment income (loss)	15,925	104,039	167,287
Interest expense	-	-	-
Gain (loss) on disposal of capital assets	-	-	-
Insurance Proceeds	-	-	-
Total nonoperating revenues (expenses)	<u>15,925</u>	<u>104,039</u>	<u>167,287</u>
Income (loss) before contributions and transfers	21,383	1,008,530	1,133,300
Capital Contributions	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Changes in Net Position	21,383	1,008,530	1,133,300
Beginning Net Position	<u>529,986</u>	<u>3,332,968</u>	<u>5,557,150</u>
Ending Net Position	<u>\$ 551,369</u>	<u>\$ 4,341,498</u>	<u>\$ 6,690,450</u>

Washburn Tunnel Facility Division	Washburn Tunnel Pipeline Facility Division	Component Unit GCIDA Division	Eliminations	Total
\$ 12,515,320	\$ -	\$ 1,000	\$ -	\$ 65,792,014
-	-	-	-	4,111,071
116,516	-	-	(13,965,026)	-
14,414	-	-	-	1,249,125
<u>12,646,250</u>	<u>-</u>	<u>1,000</u>	<u>(13,965,026)</u>	<u>71,152,210</u>
11,637,662	-	-	(13,965,026)	50,253,488
725,754	-	826	-	3,822,593
1,235,655	-	-	-	9,036,816
<u>13,599,071</u>	<u>-</u>	<u>826</u>	<u>(13,965,026)</u>	<u>63,112,897</u>
(952,821)	-	174	-	8,039,313
151,620	-	24,670	-	3,465,721
-	-	-	-	(3,585,948)
1,000	-	-	-	(157,500)
-	-	-	-	4,197
<u>152,620</u>	<u>-</u>	<u>24,670</u>	<u>-</u>	<u>(273,530)</u>
(800,201)	-	24,844	-	7,765,783
112,658	-	-	-	1,262,238
-	-	-	-	9,949
-	-	-	-	(9,949)
<u>(687,543)</u>	<u>-</u>	<u>24,844</u>	<u>-</u>	<u>9,028,021</u>
17,340,194	-	771,271	-	140,593,115
<u>\$ 16,652,651</u>	<u>\$ -</u>	<u>\$ 796,115</u>	<u>\$ -</u>	<u>\$ 149,621,136</u>

GULF COAST AUTHORITY
Combining Information by Division - Cash Flows
Enterprise Fund
For the year ended December 31, 2019

	General Services Division	Bayport Area System Facility Division	Blackhawk Regional Wastewater Treatment Facility Division
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 2,089,027	\$ 38,114,152	\$ 3,842,353
Receipts from intragovernmental users	5,944,136	-	-
Payments to suppliers	(1,401,744)	(12,615,799)	(2,035,424)
Payments to employees	(5,241,738)	(5,386,856)	(860,157)
Payments to intragovernmental suppliers	(555,741)	(8,438,539)	(504,384)
Net cash provided (used) by operating activities	<u>833,940</u>	<u>11,672,958</u>	<u>442,388</u>
Cash Flows from Noncapital Financing Activities			
Intragovernmental transfers in	-	-	-
Intragovernmental transfers (out)	(9,949)	-	-
Net cash provided (used) by noncapital financing activities	<u>(9,949)</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(495,458)	(21,624,207)	(326,658)
Retirement of bonds	-	(4,070,000)	-
Interest paid on capital related debt	-	(4,087,041)	-
Capital contributions received from participants	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(495,458)</u>	<u>(29,781,248)</u>	<u>(326,658)</u>
Cash Flows from Investing Activities			
Maturity (purchase) of investments	(149,987)	1,990,371	(68,759)
Interest received (paid)	323,438	2,305,021	33,419
Net cash provided (used) by investing activities	<u>173,451</u>	<u>4,295,392</u>	<u>(35,340)</u>
Net increase (decrease) in cash and cash equivalents	501,984	(13,812,898)	80,390
Beginning cash and cash equivalents	2,313,588	63,814,212	267,750
Ending cash and cash equivalents	<u>\$ 2,815,572</u>	<u>\$ 50,001,314</u>	<u>\$ 348,140</u>
Ending cash and cash equivalents			
Unrestricted cash and cash equivalents	\$ 2,815,572	\$ 9,041,324	\$ 140,815
Restricted cash and cash equivalents	-	40,959,990	207,325
	<u>\$ 2,815,572</u>	<u>\$ 50,001,314</u>	<u>\$ 348,140</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 1,237,190	\$ 5,458,480	\$ (383,178)
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	53,160	4,713,913	734,191
Changes in Operating Assets and Liabilities:			
(Increase) decrease in assets			
Accounts receivable, net	(163,588)	160,296	2,456
Due from other funds/divisions	(453,806)	-	-
Prepays	(6,035)	(8,442)	(4,965)
Increase (decrease) in liabilities:			
Wages payable	99,585	-	-
Accounts payable	67,434	1,348,711	70,647
Due to other funds/divisions	-	-	-
Unearned revenue	-	-	(6,688)
Working capital deposits	-	-	29,925
Net cash provided (used) by operating activities	<u>\$ 833,940</u>	<u>\$ 11,672,958</u>	<u>\$ 442,388</u>

Fulshear Waste water Treatment Plant	Campbell Bayou Facility Divisor			Central Laboratory Division	East	
	Industrial Solid Waste Facility	Closure/Post Closure			Battleground Facility Division	40-Acre Facility Division
\$ 30,000	\$ 363,274	\$ 506,344	\$ 103,764	\$ (244,480)	\$ 4,369,611	
-	-	-	7,855,874	-	48,500	
(30,024)	(175,181)	(200,296)	(2,037,956)	(4,447)	(1,401,133)	
-	(109,577)	(196,039)	(2,476,203)	-	(1,525,870)	
-	(114,535)	(108,119)	(1,051,782)	-	(1,400,538)	
<u>(24)</u>	<u>(36,019)</u>	<u>1,890</u>	<u>2,393,697</u>	<u>(248,927)</u>	<u>90,570</u>	
-	-	-	-	9,949	-	
-	-	-	-	-	-	
-	-	-	-	9,949	-	
-	(13,421)	-	(45,972)	(1,231,936)	(110,526)	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	1,149,580	-	
-	(13,421)	-	(45,972)	(82,356)	(110,526)	
(66)	35,454	1,501	(1,639,724)	243,098	20,370	
114	5,614	1,389	326,204	13,619	(6,639)	
<u>48</u>	<u>41,068</u>	<u>2,890</u>	<u>(1,313,520)</u>	<u>256,717</u>	<u>13,731</u>	
24	(8,372)	4,780	1,034,205	(64,617)	(6,225)	
-	22,944	25,783	2,077,812	121,080	7,925	
<u>\$ 24</u>	<u>\$ 14,572</u>	<u>\$ 30,563</u>	<u>\$ 3,112,017</u>	<u>\$ 56,463</u>	<u>\$ 1,700</u>	
\$ 24	\$ 14,572	\$ 30,563	\$ 3,112,017	\$ 56,463	\$ 1,700	
-	-	-	-	-	-	
<u>\$ 24</u>	<u>\$ 14,572</u>	<u>\$ 30,563</u>	<u>\$ 3,112,017</u>	<u>\$ 56,463</u>	<u>\$ 1,700</u>	
\$ (24)	\$ (15,546)	\$ 4,151	\$ 2,252,962	\$ (9,949)	\$ (1,428,088)	
-	28,608	-	434,573	-	1,549,809	
-	(51,275)	5,634	(8,016)	-	(307,289)	
-	-	-	-	-	-	
-	(1,592)	626	(2,409)	-	(4,115)	
-	-	-	-	-	-	
-	3,786	(8,521)	(283,413)	-	(164,032)	
-	-	-	-	-	453,806	
-	-	-	-	(238,978)	(9,521)	
-	-	-	-	-	-	
<u>\$ (24)</u>	<u>\$ (36,019)</u>	<u>\$ 1,890</u>	<u>\$ 2,393,697</u>	<u>\$ (248,927)</u>	<u>\$ 90,570</u>	

GULF COAST AUTHORITY
Combining Information by Division - Cash Flows
Enterprise Fund
For the year ended December 31, 2019

	Municipal Operations Division	Odessa South Regional Facility Division	Vince Bayou Division
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 256,510	\$ 5,780,260	\$ 1,792,056
Receipts from intragovernmental users	-	-	-
Payments to suppliers	(167,331)	(3,481,009)	(213,103)
Payments to employees	(76,289)	(1,477,456)	(312,293)
Payments to intragovernmental suppliers	(12,643)	(720,175)	(349,948)
Net cash provided (used) by operating activities	<u>247</u>	<u>101,620</u>	<u>916,712</u>
Cash Flows from Noncapital Financing Activities			
Intragovernmental transfers in	-	-	-
Intragovernmental transfers (out)	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	-	(555,157)	-
Retirement of bonds	-	-	-
Interest paid on capital related debt	-	-	-
Capital contributions received from participants	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(555,157)</u>	<u>-</u>
Cash Flows from Investing Activities			
Maturity (purchase) of investments	5,762	377,622	(625,789)
Interest received (paid)	15,925	104,039	167,287
Net cash provided (used) by investing activities	<u>21,687</u>	<u>481,661</u>	<u>(458,502)</u>
Net increase (decrease) in cash and cash equivalents	21,934	28,124	458,210
Beginning cash and cash equivalents	116,319	809,512	1,099,392
Ending cash and cash equivalents	<u>\$ 138,253</u>	<u>\$ 837,636</u>	<u>\$ 1,557,602</u>
Ending cash and cash equivalents			
Unrestricted cash and cash equivalents	\$ 138,253	\$ 837,636	\$ 1,557,602
Restricted cash and cash equivalents	-	-	-
	<u>\$ 138,253</u>	<u>\$ 837,636</u>	<u>\$ 1,557,602</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 5,458	\$ 904,491	\$ 966,013
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	-	194,077	92,830
Changes in Operating Assets and Liabilities:			
(Increase) decrease in assets			
Accounts receivable, net	(7,581)	(1,046,167)	(15,559)
Due from other funds/divisions	-	-	-
Prepays	(35)	(4,948)	337
Increase (decrease) in liabilities:			
Wages payable	-	-	-
Accounts payable	2,405	16,421	(126,909)
Due to other funds/divisions	-	-	-
Unearned revenue	-	37,746	-
Working capital deposits	-	-	-
Net cash provided (used) by operating activities	<u>\$ 247</u>	<u>\$ 101,620</u>	<u>\$ 916,712</u>

Washburn Tunnel Facility Division	Washburn Tunnel Pipeline Facility Division	Component Unit GCIDA Division	Eliminations	Total
\$ 13,570,692	\$ -	\$ -	\$ -	\$ 70,573,563
116,516	-	-	(13,965,026)	-
(5,711,831)	-	(826)	-	(29,476,104)
(3,943,967)	-	-	-	(21,606,445)
(2,696,970)	-	-	13,965,026	(1,988,348)
<u>1,334,440</u>	<u>-</u>	<u>(826)</u>	<u>-</u>	<u>17,502,666</u>
-	-	-	-	9,949
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,949)</u>
-	-	-	-	-
(695,786)	-	-	-	(25,099,121)
-	-	-	-	(4,070,000)
-	-	-	-	(4,087,041)
<u>112,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,262,238</u>
<u>(583,128)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,993,924)</u>
(516,797)	-	9,862	-	(317,082)
<u>151,620</u>	<u>-</u>	<u>24,670</u>	<u>-</u>	<u>3,465,720</u>
<u>(365,177)</u>	<u>-</u>	<u>34,532</u>	<u>-</u>	<u>3,148,638</u>
386,135	-	33,706	-	(11,342,620)
<u>1,398,799</u>	<u>-</u>	<u>180,536</u>	<u>-</u>	<u>72,255,652</u>
<u>\$ 1,784,934</u>	<u>\$ -</u>	<u>\$ 214,242</u>	<u>\$ -</u>	<u>\$ 60,913,032</u>
\$ 1,270,006	\$ -	\$ 214,242	\$ -	\$ 19,230,789
<u>514,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,682,243</u>
<u>\$ 1,784,934</u>	<u>\$ -</u>	<u>\$ 214,242</u>	<u>\$ -</u>	<u>\$ 60,913,032</u>
\$ (952,821)	\$ -	\$ 174	\$ -	\$ 8,039,313
1,235,655	-	-	-	9,036,816
(224,536)	-	(1,000)	-	(1,656,625)
-	-	-	-	(453,806)
<u>(17,832)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,410)</u>
-	-	-	-	99,585
28,480	-	-	-	955,009
-	-	-	-	453,806
1,265,494	-	-	-	1,048,053
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,925</u>
<u>\$ 1,334,440</u>	<u>\$ -</u>	<u>\$ (826)</u>	<u>\$ -</u>	<u>\$ 17,502,666</u>

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Casualty Insurance Risk Reserve Fund

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

Compensated Absences Fund

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

Data Processing Fund

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

Employees' Health Care Fund

This fund accounts for the accumulation of resources to pay for the medical and associated benefits for the Authority's employees, participating dependents, and eligible retirees. The Enterprise Funds make payments to the Health Care Fund based on current premium costs from benefit providers.

Equipment Services Fund

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

Pretreatment Legislation Fund

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

GULF COAST AUTHORITY
Combining Statement of Net Position
Internal Service Funds
December 31, 2019

	<u>Casualty Insurance Risk Reserve</u>	<u>Compensated Absences</u>	<u>Data Processing</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 105,365	\$ 682,425	\$ 121,410
Marketable securities	285,674	1,850,258	329,178
Prepays	-	-	216
Total current assets	<u>391,039</u>	<u>2,532,683</u>	<u>450,804</u>
Noncurrent Assets:			
Capital assets:			
Construction in progress	-	-	871,524
Plant and equipment	-	-	786,078
Less accumulated depreciation	-	-	(696,842)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>-</u>	<u>960,760</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>960,760</u>
Total assets	<u>391,039</u>	<u>2,532,683</u>	<u>1,411,564</u>
Deferred Outflows of Resources			
Deferred outflows - OPEB	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities			
Current liabilities:			
Accounts payable	-	-	70,967
Current portion of accrued compensated absences	-	1,454,172	-
Total current liabilities	<u>-</u>	<u>1,454,172</u>	<u>70,967</u>
Noncurrent liabilities:			
Accrued compensated absences	-	1,313,738	-
Net OPEB liability	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>1,313,738</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>2,767,910</u>	<u>70,967</u>
Deferred Inflows of Resources			
Deferred inflows - OPEB	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Net investment in capital assets	-	-	960,760
Unrestricted	391,039	(235,227)	379,837
Total Net Position	<u>\$ 391,039</u>	<u>\$ (235,227)</u>	<u>\$ 1,340,597</u>

<u>Employees' Health Care</u>	<u>Equipment Service</u>	<u>Pretreatment Legislation</u>	<u>Total</u>
\$ 530,487	\$ 520,695	\$ 262,347	\$ 2,222,729
1,438,311	1,411,760	711,301	6,026,482
358,000	84	-	358,300
<u>2,326,798</u>	<u>1,932,539</u>	<u>973,648</u>	<u>8,607,511</u>
-	-	-	871,524
-	6,576,629	-	7,362,707
-	(4,870,619)	-	(5,567,461)
-	1,706,010	-	2,666,770
-	1,706,010	-	2,666,770
<u>2,326,798</u>	<u>3,638,549</u>	<u>973,648</u>	<u>11,274,281</u>
<u>2,873,357</u>	-	-	<u>2,873,357</u>
<u>2,873,357</u>	-	-	<u>2,873,357</u>
(9,120)	-	8,000	69,847
-	-	-	1,454,172
<u>(9,120)</u>	-	<u>8,000</u>	<u>1,524,019</u>
-	-	-	1,313,738
10,114,334	-	-	10,114,334
10,114,334	-	-	11,428,072
10,105,214	-	8,000	12,952,091
1,317,314	-	-	1,317,314
1,317,314	-	-	1,317,314
-	1,706,010	-	2,666,770
(6,222,373)	1,932,539	965,648	(2,788,537)
<u>\$ (6,222,373)</u>	<u>\$ 3,638,549</u>	<u>\$ 965,648</u>	<u>\$ (121,767)</u>

GULF COAST AUTHORITY
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the year ended December 31, 2019

	Casualty Insurance Risk Reserve	Compensated Absences	Data Processing
Operating revenues			
Charges for sales and services:			
Intragovernmental	\$ -	\$ -	\$ 771,000
Other	-	-	-
Total operating revenues	-	-	771,000
Operating expenses			
Costs of sales and services	-	129,373	702,941
Administration	-	-	416
Depreciation	-	-	69,671
Total operating expenses	-	129,373	773,028
Operating income (loss)	-	(129,373)	(2,028)
Nonoperating revenues (expenses)			
Investment income (loss)	12,130	83,541	11,711
Gain (loss) on disposal of capital assets	-	-	-
Total nonoperating revenues (expenses)	12,130	83,541	11,711
Changes in Net Position	12,130	(45,832)	9,683
Beginning Net Position, as restated	378,909	(189,395)	1,330,914
Ending Net Position	\$ 391,039	\$ (235,227)	\$ 1,340,597

Employees' Health Care	Equipment Service	Pre treatment Legislation	Total
\$ 2,746,063	\$ 510,951	\$ -	\$ 4,028,014
582,732	-	156,000	738,732
<u>3,328,795</u>	<u>510,951</u>	<u>156,000</u>	<u>4,766,746</u>
1,023,767	16,985	96,000	1,969,066
3,302,734	247	-	3,303,397
-	336,006	-	405,677
<u>4,326,501</u>	<u>353,238</u>	<u>96,000</u>	<u>5,678,140</u>
<u>(997,706)</u>	<u>157,713</u>	<u>60,000</u>	<u>(911,394)</u>
60,885	63,776	29,756	261,799
-	44,800	-	44,800
<u>60,885</u>	<u>108,576</u>	<u>29,756</u>	<u>306,599</u>
(936,821)	266,289	89,756	(604,795)
<u>(5,285,552)</u>	<u>3,372,260</u>	<u>875,892</u>	<u>483,028</u>
<u>\$ (6,222,373)</u>	<u>\$ 3,638,549</u>	<u>\$ 965,648</u>	<u>\$ (121,767)</u>

GULF COAST AUTHORITY
Combining Statement of Cash Flows
Internal Service Funds
For the year ended December 31, 2019

	Casualty Insurance Risk Reserve	Compensated Absences	Data Processing
Cash Flows from Operating Activities			
Receipts from customers and users	\$ -	\$ -	\$ -
Receipts from intragovernmental users	-	-	771,000
Payments to suppliers	-	-	(722,896)
Payments to employees	-	(15,477)	-
Net cash provided (used) by operating activities	<u>-</u>	<u>(15,477)</u>	<u>48,104</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	-	-	(76,706)
Proceeds from sale of capital assets	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(76,706)</u>
Cash Flows from Investing Activities			
Maturity (purchase) of investments	4,541	37,452	28,875
Interest received	12,130	83,541	11,711
Net cash provided by (used for) investing activities	<u>16,671</u>	<u>120,993</u>	<u>40,586</u>
Net increase (decrease) in cash and cash equivalents	16,671	105,516	11,984
Beginning cash and cash equivalents	88,694	576,909	109,426
Ending cash and cash equivalents	<u>\$ 105,365</u>	<u>\$ 682,425</u>	<u>\$ 121,410</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ -	\$ (129,373)	\$ (2,028)
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	-	-	69,671
Changes in Operating Assets and Liabilities			
(Increase) decrease in assets			
Prepays	-	-	(67)
Increase (decrease) liabilities			
Wages payable	-	113,896	-
Accounts payable	-	-	(19,472)
Net OPEB liability and related amounts	-	-	-
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ (15,477)</u>	<u>\$ 48,104</u>

<u>Employees' Health Care</u>	<u>Equipment Service</u>	<u>Pre treatment Legislation</u>	<u>Total</u>
\$ 582,732	\$ -	\$ 156,000	\$ 738,732
2,746,063	510,951	-	4,028,014
(3,625,158)	(17,237)	(88,000)	(4,453,291)
-	-	-	(15,477)
<u>(296,363)</u>	<u>493,714</u>	<u>68,000</u>	<u>297,978</u>
-	(731,119)	-	(807,825)
-	44,800	-	44,800
-	<u>(686,319)</u>	-	<u>(763,025)</u>
249,996	167,026	(40,435)	447,455
60,885	63,776	29,756	261,799
<u>310,881</u>	<u>230,802</u>	<u>(10,679)</u>	<u>709,254</u>
14,518	38,197	57,321	244,207
515,969	482,498	205,026	1,978,522
<u>\$ 530,487</u>	<u>\$ 520,695</u>	<u>\$ 262,347</u>	<u>\$ 2,222,729</u>
\$ (997,706)	\$ 157,713	\$ 60,000	\$ (911,394)
-	336,006	-	405,677
-	(5)	-	(72)
-	-	-	113,896
(9,566)	-	8,000	(21,038)
710,909	-	-	710,909
<u>\$ (296,363)</u>	<u>\$ 493,714</u>	<u>\$ 68,000</u>	<u>\$ 297,978</u>

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GULF COAST AUTHORITY
PENSION AND OTHER POST-EMPLOYMENT
BENEFIT TRUST FUNDS
December 31, 2019

Gulf Coast Authority 401(a) Money Purchase Plan and Trust Fund

This fund is used to accumulate money needed to pay benefits to the Authority's retirees and beneficiaries covered by the *Gulf Coast Authority 401(a) Money Purchase Plan*. The fund is administered by the International City Managers Association Retirement Corporation (ICMA).

Gulf Coast Authority Other Post-Employment Benefit Trust Fund

This fund is used to accumulate money needed to pay benefits to the Authority's retirees and beneficiaries covered by the *Gulf Coast Authority Other Post-Employment Benefit Trust Fund*. The fund is administered by the International City Managers Association Retirement Corporation (ICMA).

GULF COAST AUTHORITY*Combining Statement of Fiduciary Net Position**Pension and Other Post-Employment Benefit Trust Funds**December 31, 2019*

	Gulf Coast Authority 401(a) Money Purchase Plan and Trust	Gulf Coast Authority Other Post-Employment Benefit Trust	Total Pension and Other Post- Employment Benefit Trust Funds
Assets			
Investments, at fair value:			
Stable Value/Cash Management	\$ 15,433,711	\$ -	\$ 15,433,711
Bonds	4,456,242	-	4,456,242
Guaranteed Lifetime Income	8,136,976	-	8,136,976
Balanced/Asset Allocation	7,330,725	-	7,330,725
U.S. Stock	12,720,775	-	12,720,775
International/Global Stock	2,504,166	-	2,504,166
Specialty	411,010	-	411,010
Domestic Equities	-	4,668,343	4,668,343
Fixed Income	-	4,004,760	4,004,760
Private Equity	-	65,542	65,542
Total Assets	\$ 50,993,605	\$ 8,738,645	\$ 59,732,250
Net Position			
Restricted for:			
Pensions	\$ 50,993,605	\$ -	\$ 50,993,605
Other post-employment benefits	-	8,738,645	8,738,645
Total Net Position	\$ 50,993,605	\$ 8,738,645	\$ 59,732,250

GULF COAST AUTHORITY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Pension and Other Post-Employment Benefit Trust Funds

For the year ended December 31, 2019

	Gulf Coast Authority 401(a) Money Purchase Plan and Trust	Gulf Coast Authority Other Post-Employment Benefit Trust	Total Pension and Other Post- Employment Benefit Trust Funds
Additions			
Contributions:			
Members	\$ 619,596	\$ -	\$ 619,596
Employers	1,050,911	557,999	1,608,910
Total contributions	<u>1,670,507</u>	<u>557,999</u>	<u>2,228,506</u>
Investment earnings:			
Net increase/(decrease) in fair value of investments	7,096,317	1,332,894	8,429,211
Net investment earnings	<u>7,096,317</u>	<u>1,332,894</u>	<u>8,429,211</u>
Other additions:			
Roll-ins	6,955	-	6,955
Loan repayments	318,377	-	318,377
Beneficiary transfers	224,456	-	224,456
Forfeiture credits	188,691	-	188,691
Miscellaneous credits	50,777	-	50,777
Total other additions	<u>789,256</u>	<u>-</u>	<u>789,256</u>
Total additions	<u>9,556,080</u>	<u>1,890,893</u>	<u>11,446,973</u>
Deductions:			
Benefit payments	4,079,357	-	4,079,357
Beneficiary transfers	224,456	-	224,456
Loan issuances	464,321	-	464,321
Forfeiture debits	188,691	-	188,691
Administrative expense	26,745	42,786	69,531
Total deductions	<u>4,983,570</u>	<u>42,786</u>	<u>5,026,356</u>
Change in Net Position	4,572,510	1,848,107	6,420,617
Beginning Net Position, as Restated	<u>46,421,095</u>	<u>6,890,538</u>	<u>53,311,633</u>
Ending Net Position	<u>\$ 50,993,605</u>	<u>\$ 8,738,645</u>	<u>\$ 59,732,250</u>

GULF COAST AUTHORITY*Industrial Projects - Private Activity Revenue**Bonds Issued and Outstanding**December 31, 2019*

	<u>Series</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>
Exxon Pollution Control Project Revenue Refunding Bonds	1989	10/01/89	2024	**
Exxon Project Pollution Control Revenue Refunding Bonds	1995	11/29/95	2020	**
ExxonMobil Project Environmental Facilities Revenue Bonds	2000	05/31/00	2030	**
ExxonMobil Environmental Fac Rev Bonds Series 2001A	2001A	04/23/01	2030	**
ExxonMobil Environmental Fac Rev Bonds Series 2001B	2001B	04/23/01	2025	**
ExxonMobil Project Environmental Facilities Revenue Bonds Series 2002	2002	02/01/02	2025	**
Exxon Mobil Environmental Facilities Revenue Bonds	2003	04/01/03	2025	**
Waste Management of Texas, Inc. Solid Waste Disposal Revenue Bonds	2003B	04/01/03	2028	0.850%
American Acryl L.P. Environmental Facilities Revenue Bonds	2003	05/01/03	2038	**
Waste Management of Texas, Inc. and Western Waste Industries Project	2004A	03/01/04	2019	3.530%*
Totals				

* Rate as of 12/31/13, adjusted rate bonds

** Variable rate

<u>Purpose</u>	<u>Total</u>	<u>Amount Retired</u>	<u>Amount Outstanding</u>
Air Pollution Control, Water Pollution Facilities	\$ 24,700,000	\$ -	\$ 24,700,000
Air Pollution Control, Water Pollution Facilities	52,500,000	-	52,500,000
Environmental Improvement	25,000,000	-	25,000,000
Environmental Improvement	25,000,000	-	25,000,000
Environmental Improvement	25,000,000	-	25,000,000
Environmental Improvement	25,000,000	-	25,000,000
Environmental Improvement	25,000,000	-	25,000,000
Solid Waste Disposal	10,000,000	-	10,000,000
Environmental Improvement	19,000,000	7,000,000	12,000,000
Solid Waste Disposal	35,000,000	35,000,000	-
	<u>\$ 266,200,000</u>	<u>\$ 42,000,000</u>	<u>\$ 224,200,000</u>

GULF COAST AUTHORITY

Gulf Coast Industrial Development Authority - Industrial

Development Revenue Bonds Issued and Outstanding

December 31, 2019

	<u>Series</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>
PetroUnited Terminals, Inc. Project	1989	11/01/89	2019	**
CITGO Petroleum Environmental Facilities Revenue Bonds	1998	08/01/98	2028	8.000%
CITGO Petroleum Corporation Project	2004	05/01/04	2032	**
ExxonMobil Project Revenue Bonds	2012	11/01/12	2041	**
Totals				

** Variable rate bond

<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Amount Outstanding</u>
\$ 12,400,000	\$ 12,400,000	\$ -
100,000,000	75,000,000	25,000,000
25,000,000	-	25,000,000
<u>275,000,000</u>	<u>-</u>	<u>275,000,000</u>
<u>\$ 412,400,000</u>	<u>\$ 87,400,000</u>	<u>\$ 325,000,000</u>

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STATISTICAL SECTION

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

	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the Authority’s financial performance and well-being have changed over time.	90
Revenue Capacity	
These schedules contain information to help the reader assess the Authority’s most significant local revenue source – fees from the customers of its largest facility – Bayport.	95
Debt Capacity	
This schedule presents information to help the reader assess the affordability of the Authority’s current levels of outstanding debt and the Authority’s ability to issue additional debt in the future.	96
Demographic and Economic Information	
These schedules offer the reader an indicator to help the reader understand the environment within which the Authority operates. Other demographic and economic indicators such as per capita or population statics are irrelevant to the Authority as the Authority’s revenue base is completely from industrial, municipal and special districts.	99
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the Authority’s financial report relates to the services the Authority provides and the activities it performs.	101

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Primary government				
Net investment in capital assets	\$ 65,499,281	\$ 61,948,931	\$ 59,278,920	\$ 51,956,683
Restricted	5,285,912	5,560,832	5,673,882	5,731,659
Unrestricted	<u>22,615,118</u>	<u>22,443,235</u>	<u>23,073,089</u>	<u>34,552,737</u>
Total primary government Net Position	<u>\$ 93,400,311</u>	<u>\$ 89,952,998</u>	<u>\$ 88,025,891</u>	<u>\$ 92,241,079</u>

Note: The Authority implemented GASB Statement No. 75 in 2018.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 52,785,531	\$ 62,566,534	\$ 65,537,570	\$ 68,936,131	\$ 73,391,834	\$ 79,801,363
3,983,207	5,547,022	4,852,486	4,982,459	5,382,927	5,590,991
<u>38,958,377</u>	<u>50,087,934</u>	<u>55,469,080</u>	<u>62,236,675</u>	<u>62,301,382</u>	<u>64,107,015</u>
<u>\$ 95,727,115</u>	<u>\$ 118,201,490</u>	<u>\$ 125,859,136</u>	<u>\$ 136,155,265</u>	<u>\$ 141,076,143</u>	<u>\$ 149,499,369</u>

GULF COAST AUTHORITY

CHANGE IN NET POSITION

Last Ten Years (1)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses				
Business-type activities:				
General services	\$ 3,273,402	\$ 2,834,832	\$ 2,200,954	\$ 1,867,558
Wastewater treatment	55,229,866	51,085,936	52,545,181	55,913,550
Solid waste disposal	1,301,995	927,107	1,101,793	826,055
Total primary government expenses	<u>59,805,263</u>	<u>54,847,875</u>	<u>55,847,928</u>	<u>58,607,163</u>
Program Revenues				
Business-type activities:				
Charges for services:				
General services	2,093,096	1,897,049	2,964,156	1,499,139
Wastewater treatment	51,439,683	49,041,872	52,713,336	54,957,532
Solid waste disposal	1,074,327	890,613	957,530	783,755
Operating grants and contributions	385,507	-	-	10,338
Capital grants and contributions	663,106	912,927	2,909,000	4,865,128
Total primary government revenues	<u>55,655,719</u>	<u>52,742,461</u>	<u>59,544,022</u>	<u>62,115,892</u>
Total primary government net (expense) revenues	<u>(4,149,544)</u>	<u>(2,105,414)</u>	<u>3,696,094</u>	<u>3,508,729</u>
General Revenues and Other Changes in Net Position				
Business-type activities:				
Investment earnings (loss)	807,340	702,231	712,353	519,094
Miscellaneous	-	-	-	-
Extraordinary item - Hurricane Ike repairs	(14,540)	-	-	-
Total primary government	<u>792,800</u>	<u>702,231</u>	<u>712,353</u>	<u>519,094</u>
Total primary government Changes in Net Position	<u>\$ (3,356,744)</u>	<u>\$ (1,403,183)</u>	<u>\$ 4,408,447</u>	<u>\$ 4,027,823</u>

Note: The Authority implemented GASB Statement No. 75 in 2018.

2014	2015	2016	2017	2018	2019
\$ 1,158,663	\$ 922,949	\$ 1,342,428	\$ 1,292,295	\$ 762,797	\$ 1,249,518
55,037,733	57,103,537	57,389,738	59,162,361	63,292,202	65,539,309
853,672	904,667	947,022	1,005,039	968,693	934,112
<u>57,050,068</u>	<u>58,931,153</u>	<u>59,679,188</u>	<u>61,459,695</u>	<u>65,023,692</u>	<u>67,722,939</u>
1,555,047	1,809,874	2,075,707	1,821,844	2,046,831	2,182,082
56,958,781	60,227,895	60,683,240	64,771,316	68,929,692	67,937,673
826,806	888,028	925,322	976,600	925,920	915,259
-	-	-	-	-	-
<u>7,064,990</u>	<u>8,406,698</u>	<u>2,870,910</u>	<u>3,511,433</u>	<u>821,594</u>	<u>1,379,434</u>
<u>66,405,624</u>	<u>71,332,495</u>	<u>66,555,179</u>	<u>71,081,193</u>	<u>72,724,037</u>	<u>72,414,448</u>
<u>9,355,556</u>	<u>12,401,342</u>	<u>6,875,991</u>	<u>9,621,498</u>	<u>7,700,345</u>	<u>4,691,509</u>
(12,355)	315,871	781,655	674,631	2,134,690	3,727,520
-	-	-	-	-	4,197
-	-	-	-	-	-
<u>(12,355)</u>	<u>315,871</u>	<u>781,655</u>	<u>674,631</u>	<u>2,134,690</u>	<u>3,731,717</u>
<u>\$ 9,343,201</u>	<u>\$ 12,717,213</u>	<u>\$ 7,657,646</u>	<u>\$ 10,296,129</u>	<u>\$ 9,835,035</u>	<u>\$ 8,423,226</u>

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

Customer	2019			2010		
	Total Sales	Rank	% of Total Sales	Total Sales	Rank	% of Total Sales
Lyondell Chemical Company	\$ 5,963,053	1	15.5%	\$ 4,950,195	1	18.2%
Celanese LTD	4,995,082	2	13.0%	3,737,114	2	13.8%
Kaneka North America	4,313,460	3	11.2%	2,606,460	4	9.6%
Albemarle Corporation	3,705,256	4	9.7%	3,164,009	3	11.6%
Kuraray America	2,455,283	5	6.4%	949,724	6	3.5%
Carpenter Company	1,526,910	6	4.0%	-	n/a	-
Intergulf Corp	1,405,887	7	3.7%	872,383	8	3.2%
Dixie Chemical Company, Inc.	1,239,530	8	3.2%	1,279,450	5	4.7%
American Acryl, LP	949,850	9	2.5%	-	n/a	-
Noltex, LLC	921,479	10	2.4%	-	n/a	-
Baker Petrolite, LLC	-	n/a	-	895,141	7	3.3%
Sun Products	-	n/a	-	613,749	9	2.3%
Lubrizol Corporation	-	n/a	-	572,536	10	2.1%
Subtotal	<u>27,475,790</u>		<u>71.62%</u>	<u>19,640,761</u>		<u>72.31%</u>
Other customers	<u>10,888,875</u>		<u>28.38%</u>	<u>7,522,389</u>		<u>27.69%</u>
Total	<u>\$ 38,364,665</u>		<u>100.00%</u>	<u>\$ 27,163,150</u>		<u>100.00%</u>

Source: GCA General Ledger for Current Year and Nine Years Ago

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net Income (loss)	\$ (1,038,507)	\$ (479,508)	\$ 3,372,235	\$ 620,770
Add items not includable in current expenses:				
Bond interest expense	1,814,644	1,666,275	1,424,400	2,182,607
Depreciation	4,783,144	4,716,215	4,567,156	4,533,646
Management fees	<u>650,004</u>	<u>698,748</u>	<u>798,804</u>	<u>898,800</u>
Pledge revenues	6,209,285	6,601,730	10,162,595	8,235,823
Average annual debt service on outstanding bonds	<u>\$ 3,381,864</u>	<u>\$ 3,265,465</u>	<u>\$ 3,231,758</u>	<u>\$ 3,113,717</u>
Actual debt service on outstanding bonds	<u>\$ 4,864,917</u>	<u>\$ 4,864,644</u>	<u>\$ 4,856,275</u>	<u>\$ 3,669,950</u>
Coverage by pledged revenues of average annual debt service on outstanding bonds	1.84	2.02	3.14	2.65
Coverage by pledged revenues of actual debt service on outstanding bonds	1.28	1.36	2.09	2.24

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 3,877,727	\$ 4,679,665	\$ 5,007,053	\$ 7,524,313	\$ 6,877,577	\$ 4,029,106
1,879,274	2,788,107	2,704,239	2,573,376	3,755,094	3,585,948
4,395,904	4,478,265	4,950,344	4,135,186	4,160,631	4,713,913
998,004	1,047,900	1,077,900	1,177,896	1,237,896	1,287,900
11,150,909	12,993,937	13,739,536	15,410,771	16,031,198	13,616,867
<u>\$ 3,254,134</u>	<u>\$ 4,845,390</u>	<u>\$ 4,748,064</u>	<u>\$ 4,640,346</u>	<u>\$ 5,329,072</u>	<u>\$ 5,438,341</u>
<u>\$ 5,573,038</u>	<u>\$ 5,469,828</u>	<u>\$ 6,694,588</u>	<u>\$ 6,686,988</u>	<u>\$ 7,326,006</u>	<u>\$ 8,144,963</u>

3.43	2.68	2.89	3.32	3.01	2.50
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2.00	2.38	2.05	2.30	2.19	1.67
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GULF COAST AUTHORITY
RATIO OF OUTSTANDING DEBT BYTYPE
Last Ten Years
(dollars in thousands)

<i>Fiscal Year</i>	Business-Type Activities					Total Primary Government	Total Operating Revenue	Percent of Total Revenue
	<i>Revenue Bonds</i>	<i>Refunding Bonds</i>	<i>Promissory Note</i>	<i>Capital Lease</i>	<i>Unamortized Premium</i>			
2010	20,145	14,255	399	54	1,023	35,876	54,723	65.56%
2011	19,705	11,505	-	-	694	31,904	51,241	62.26%
2012	19,460	9,630	-	-	594	29,684	57,144	51.95%
2013 (1)	27,490	20,670	-	-	6,270	54,430	57,240	95.09%
2014	24,665	20,120	-	-	5,594	50,379	59,340	84.90%
2015 (2)	47,485	20,120	-	-	8,310	75,915	62,926	120.64%
2016	45,840	18,155	-	-	7,859	71,854	63,684	112.83%
2017	44,150	16,115	-	-	7,408	67,673	67,570	100.15%
2018 (3)	76,170	13,985	-	-	9,142	99,297	71,902	138.10%
2019	74,340	11,745	-	-	8,600	94,685	71,152	133.07%

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

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

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

(3) In 2018 the Authority issued the Gulf Coast Waste Disposal Authority Bayport Area System Revenue Bonds, Series 2018.

GULF COAST AUTHORITY
ACTIVE INDUSTRIAL AND MUNICIPAL CUSTOMERS
Last Ten Years

<u>Fiscal Year</u>	<u>Business-Type Activities</u>
2010	148
2011	156
2012	154
2013	156
2014	176
2015	199
2016	203
2017	203
2018	221
2019	249

Source: Facility operating records.

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

<u>Year</u>	<u>General Services</u>	<u>Wastewater Treatment</u>	<u>Solid Waste Disposal</u>	<u>Total</u>
2010	31	118	3	152
2011	27	119	2	148
2012	25	115	2	142
2013	26	115	2	143
2014	29	119	2	150
2015	29	119	2	150
2016	34	121	2	157
2017	33	120	2	155
2018	33	125	1	159
2019	33	126	2	161

Source: Human Resources

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Function/Program										
Wastewater Treatment										
Wastewater treated (MGD)*	41.350	41.900	45.752	47.638	47.638	46.080	44.353	46.040	47.630	46.990
Permitted capacity (MGD)	85.700	85.700	86.950	91.950	91.250	91.950	88.050	84.950	84.950	87.450
Solid Waste Disposal										
Nonhazardous waste										
received (cubic yards)	1,072	668	1,706	2,123	1,005	1,674	2,761	1,078	1,505	2,732
Permitted capacity (cubic yards)	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000

*MGD = million gallons per day

Source: Facility operations records

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Function/Program										
General Services:										
Administrative Building	1	1	1	1	1	1	1	1	1	1
Wastewater Treatment:										
Aeration basins	22	22	22	22	18	16	15	15	15	15
Aeration tanks	5	5	5	5	10	12	13	13	13	13
Aerobic digester basins	12	12	12	12	13	13	12	12	12	12
Anaerobic basins	1	1	1	1			1	1	1	1
Belt presses	10	10	10	10	11	11	11	11	11	11
Clarifiers	17	17	17	17	19	19	20	20	21	21
Equalization basins	5	5	5	5	8	8	8	8	8	8
Facultative basins	2	2	2	2	1	1	2	2	2	2
Gravity filters	5	5	5	5	8	8	8	8	8	8
Disinfect areas	5	5	5	5	7	7	5	5	5	5
Sewerage acceptance units	2	2	2	2	3	3	3	3	3	3
Sludge surface disposal basins	3	3	3	3	3	3	3	3	3	3
Solid Waste Disposal:										
Land treatment units	2	2	2	2	2	2	1	1	1	1
Hazardous waste disposal cells	6	6	6	6	8	8	8	8	5	5
Non-hazardous waste disposal cells	4	4	4	4	4	4	4	4	4	4
	<u>102</u>	<u>102</u>	<u>102</u>	<u>102</u>	<u>116</u>	<u>116</u>	<u>115</u>	<u>115</u>	<u>113</u>	<u>113</u>

Source: Various Facilities

TEXAS SUPPLEMENTARY INFORMATION SECTION

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GULF COAST AUTHORITY
TSI-1 SERVICES AND RATES
Year ended December 31, 2019

1. Services provided by the District:
 - A. Wastewater treatment (Industrial and Municipal)
 - B. Solid waste disposal (Industrial)
 - C. Water reuse (Industrial)
 - D. Trucked-in waste receiving
 - E. Laboratory services

GULF COAST AUTHORITY
TSI-2. SCHEDULE OF EXPENSES
Year Ended December 31, 2019

Personnel services *	21,861,164
Materials and supplies	9,143,776
Utilities	4,627,066
Repairs and maintenance	5,485,717
Professional services	2,602,874
Contractual services	8,043,258
General and administrative	2,102,865
Major repairs	1,007,086
Interest and amortization	3,585,948
Depreciation	9,105,685
Other	<u>157,500</u>
	<u><u>67,722,939</u></u>

* Number of persons employed by the Authority: 161 Full-Time

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

GULF COAST AUTHORITY
TSI-3 SCHEDULE OF TEMPORARY INVESTMENTS
December 31, 2019

	<u>Identification or Certificate Number</u>	<u>Effective Yield</u>	<u>Maturity Date</u>	<u>Balance at End of Year (Fair Value)</u>
Texas CLASS	N/A	1.88%	N/A	\$ 5,832,934
Texas TERM	N/A	1.66%	N/A	45,584,183
Texpool	N/A	1.62%	N/A	514,928
Certificate of Deposit	05580ACF9	2.25%	07/17/20	250,463
Certificate of Deposit	14042E4Y3	2.25%	07/22/20	250,474
Certificate of Deposit	32082BEB1	1.80%	10/30/20	248,771
Certificate of Deposit	38148J3R0	2.25%	12/09/20	247,656
Certificate of Deposit	40434AC72	2.33%	11/17/20	247,504
Certificate of Deposit	51210SKZ9	1.90%	01/22/21	248,745
Certificate of Deposit	55266CQE9	1.80%	01/15/21	<u>248,489</u>
Total temporary investments				<u>\$ 53,674,146</u>

GULF COAST AUTHORITY
TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEAR
(All Bonded Debt Services) - By Years
December 31, 2019

Due During the Year Ending	Annual Requirements for All Series			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
2020	\$ 4,255,000	\$ 1,940,307	\$ 1,940,306	\$ 8,135,613
2021	4,455,000	1,838,682	1,838,681	8,132,363
2022	4,680,000	1,727,307	1,727,306	8,134,613
2023	4,910,000	1,610,307	1,610,306	8,130,613
2024	5,155,000	1,487,557	1,487,556	8,130,113
2025	3,635,000	1,358,682	1,358,681	6,352,363
2026	3,790,000	1,280,057	1,280,056	6,350,113
2027	3,950,000	1,197,907	1,197,906	6,345,813
2028	4,155,000	1,099,157	1,099,156	6,353,313
2029	4,350,000	995,282	995,281	6,340,563
2030	4,575,000	886,532	886,531	6,348,063
2031	4,800,000	772,157	772,156	6,344,313
2032	5,025,000	663,019	663,018	6,351,037
2033	5,250,000	548,635	548,634	6,347,269
2034	3,705,000	442,388	442,387	4,589,775
2035	3,840,000	376,385	376,384	4,592,769
2036	1,970,000	307,975	307,975	2,585,950
2037	2,050,000	268,575	268,575	2,587,150
2038	2,130,000	227,575	227,575	2,585,150
2039	2,215,000	184,975	184,975	2,584,950
2040	2,305,000	140,675	140,675	2,586,350
2041	2,395,000	95,575	95,575	2,586,150
2042	2,490,000	48,719	48,719	2,587,438
	<u>\$ 86,085,000</u>	<u>\$ 19,498,430</u>	<u>\$ 19,498,414</u>	<u>\$ 125,081,844</u>

GULF COAST AUTHORITY**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEAR***(All Bonded Debt Services) - By Years**December 31, 2019*

Due During the Year Ending	Series, 2013			Total
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	
2020	\$ 3,305,000	\$ 692,269	\$ 692,269	\$ 4,689,538
2021	3,465,000	609,644	609,644	4,684,288
2022	3,640,000	523,019	523,019	4,686,038
2023	3,235,000	432,019	432,019	4,099,038
2024	3,395,000	351,144	351,144	4,097,288
2025	1,225,000	266,269	266,269	1,757,538
2026	1,260,000	247,894	247,894	1,755,788
2027	1,300,000	228,994	228,994	1,757,988
2028	1,365,000	196,494	196,494	1,757,988
2029	1,430,000	162,369	162,369	1,754,738
2030	1,505,000	126,619	126,619	1,758,238
2031	1,580,000	88,994	88,994	1,757,988
2032	1,635,000	60,356	60,356	1,755,712
2033	1,695,000	30,722	30,722	1,756,444
	<u>\$ 30,035,000</u>	<u>\$ 4,016,806</u>	<u>\$ 4,016,806</u>	<u>\$ 38,068,612</u>

GULF COAST AUTHORITY

TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEAR

(All Bonded Debt Services) - By Years

December 31, 2019

Due During the Year Ending	Series, 2015			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
2020	\$ 950,000	\$ 526,125	\$ 526,125	\$ 2,002,250
2021	990,000	507,125	507,125	2,004,250
2022	1,040,000	482,375	482,375	2,004,750
2023	1,090,000	456,375	456,375	2,002,750
2024	1,145,000	429,125	429,125	2,003,250
2025	1,205,000	400,500	400,500	2,006,000
2026	1,265,000	370,375	370,375	2,005,750
2027	1,325,000	338,750	338,750	2,002,500
2028	1,395,000	305,625	305,625	2,006,250
2029	1,460,000	270,750	270,750	2,001,500
2030	1,535,000	234,250	234,250	2,003,500
2031	1,610,000	195,875	195,875	2,001,750
2032	1,695,000	155,625	155,625	2,006,250
2033	1,775,000	113,250	113,250	2,001,500
2034	1,865,000	68,875	68,875	2,002,750
2035	1,935,000	35,072	35,072	2,005,144
	<u>\$ 22,280,000</u>	<u>\$ 4,890,072</u>	<u>\$ 4,890,072</u>	<u>\$ 32,060,144</u>

GULF COAST AUTHORITY
TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEAR
(All Bonded Debt Services) - By Years
December 31, 2019

Due During the Year Ending	Series, 2018			Total
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	
2020	\$ -	\$ 721,913	\$ 721,912	\$ 1,443,825
2021	-	721,913	721,912	1,443,825
2022	-	721,913	721,912	1,443,825
2023	585,000	721,913	721,912	2,028,825
2024	615,000	707,288	707,287	2,029,575
2025	1,205,000	691,913	691,912	2,588,825
2026	1,265,000	661,788	661,787	2,588,575
2027	1,325,000	630,163	630,162	2,585,325
2028	1,395,000	597,038	597,037	2,589,075
2029	1,460,000	562,163	562,162	2,584,325
2030	1,535,000	525,663	525,662	2,586,325
2031	1,610,000	487,288	487,287	2,584,575
2032	1,695,000	447,038	447,037	2,589,075
2033	1,780,000	404,663	404,662	2,589,325
2034	1,840,000	373,513	373,512	2,587,025
2035	1,905,000	341,313	341,312	2,587,625
2036	1,970,000	307,975	307,975	2,585,950
2037	2,050,000	268,575	268,575	2,587,150
2038	2,130,000	227,575	227,575	2,585,150
2039	2,215,000	184,975	184,975	2,584,950
2040	2,305,000	140,675	140,675	2,586,350
2041	2,395,000	95,575	95,575	2,586,150
2042	2,490,000	48,719	48,719	2,587,438
	<u>\$ 33,770,000</u>	<u>\$ 10,591,552</u>	<u>\$ 10,591,536</u>	<u>\$ 54,953,088</u>

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GULF COAST AUTHORITY
TSI-6 CHANGES IN LONG-TERM BONDED DEBT
Year ended December 31, 2019

Revenue Bonds	Interest Rate	Bonds Outstanding 1/1/19	Requirements 2019			Total	Bonds Outstanding 12/31/19
			Principal Due 10/01	Interest Due 04/01	Interest Due 10/01		
Series 2013 Revenue and Refunding Bonds	3.0-5.0	\$ 33,190,000	\$ 3,155,000	\$ 771,144	\$ 771,144	\$ 4,697,288	\$ 30,035,000
Series 2015 Revenue Bonds	2.0-5.0	\$ 23,195,000	\$ 915,000	\$ 544,425	\$ 544,425	\$ 2,003,850	\$ 22,280,000
Series 2018 Revenue Bonds	3.5-5.0	\$ 33,770,000	\$ -	\$ 721,913	\$ 721,912	\$ 1,443,825	\$ 33,770,000
		<u>\$ 90,155,000</u>	<u>\$ 4,070,000</u>	<u>\$ 2,037,482</u>	<u>\$ 2,037,481</u>	<u>\$ 8,144,963</u>	<u>\$ 86,085,000</u>

Paying Agent's Name & City

The Bank of New York Mellon

Debt Service Reserve Fund cash and investments balances as of December 31, 2019 \$ 5,791,699

Average Annual Debt Service payment (Principal and Interest) for remaining term of all debt \$ 5,438,341

GULF COAST AUTHORITY
TSI-7 SCHEDULE OF REVENUES AND EXPENSES
Enterprise Funds
For Five Years ended December 31, 2019

	Amounts				
	2019	2018	2017	2016	2015
Operating revenues					
Charges for sales and services					
Services to industries	\$65,792,014	\$67,775,496	\$62,969,599	\$59,992,734	\$59,573,997
Services to municipalities	4,111,071	3,050,025	2,816,964	2,705,221	2,769,723
Other	1,249,125	1,076,922	1,783,197	986,314	582,083
Total revenues	71,152,210	71,902,443	67,569,760	63,684,269	62,925,803
Expenditures					
Cost of sales and services	50,253,488	48,707,216	46,852,819	44,339,421	45,011,260
Administrative	3,822,593	4,023,496	3,577,296	3,694,670	3,618,295
Depreciation	9,036,816	8,193,222	8,448,619	9,493,602	8,310,028
Total expenditures	63,112,897	60,923,934	58,878,734	57,527,693	56,939,583
Operating income (loss)	8,039,313	10,978,509	8,691,026	6,156,576	5,986,220
Non-Operating Revenues (Expenses)					
Interest income	3,465,721	1,995,599	629,283	687,156	277,784
Interest expense	(3,585,948)	(3,755,074)	(2,573,376)	(2,704,239)	(2,788,107)
Gain (loss) on disposal of capital asset	(157,500)	(40,923)	(589)	(77,768)	79,437
Insurance proceeds	4,197	57,366	814	-	-
Total non-operating revenues (expenses)	(273,530)	(1,743,032)	(1,943,868)	(2,094,851)	(2,430,886)
Income (loss) before contributions	7,765,783	9,235,457	6,747,158	4,061,725	3,555,334
Capital Contributions, net	1,262,238	764,228	3,510,619	2,870,910	8,312,075
Change in Net Position	<u>\$ 9,028,021</u>	<u>\$ 9,999,685</u>	<u>\$ 10,257,777</u>	<u>\$ 6,932,635</u>	<u>\$ 11,867,409</u>
Total active industrial and municipal participants	<u>249</u>	<u>221</u>	<u>203</u>	<u>203</u>	<u>199</u>

Percent of Total Revenues				
2019	2018	2017	2016	2015
92.4%	94.3%	93.3%	94.4%	94.8%
5.8%	4.2%	4.2%	4.2%	4.4%
1.8%	1.5%	2.5%	1.4%	0.8%
100.0%	100.0%	100.0%	100.0%	100.0%
70.6%	67.7%	69.3%	69.6%	71.5%
5.4%	5.6%	5.3%	5.8%	5.8%
12.7%	11.4%	12.5%	14.9%	13.2%
88.7%	84.7%	87.1%	90.3%	90.5%
11.3%	15.3%	12.9%	9.7%	9.5%
4.9%	2.8%	0.9%	1.1%	0.4%
-5.0%	-5.2%	-3.8%	-4.2%	-4.4%
-0.2%	-0.1%		-0.1%	0.1%
	0.1%			
-0.3%	-2.4%	-2.9%	-3.2%	-3.9%
11.0%	12.9%	10.0%	6.5%	5.6%
1.8%	1.1%	5.2%	4.5%	13.2%
12.8%	14.0%	15.2%	11.0%	18.8%

GULF COAST AUTHORITY

TSL-8 BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL

Year ended December 31, 2019

Complete District Mailing Address:	<u>910 Bay Area Boulevard, Houston, Texas 77058</u>
District Business Telephone Number:	<u>(281) 488-4115</u>
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	<u>8/19</u>
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution - TWC Section 49.060)	<u>\$7,200</u>

Board Members	Term of Office or Date Hired *	Elected/ Appointed	Fees of office paid 12/31/19	Expenses reimbursed 12/31/19	Title at Year End
Franklin D.R. Jones, Jr.	09/01/15 - 08/31/20	Appointed (2)	\$ 5,550	\$ 7,163	Chairman
Rita E. Standridge	09/01/16 - 08/31/20	Appointed (3)	3,600	690	Vice Chair
W. Chris Peden	09/01/16 - 08/31/20	Appointed (2)	3,150	702	Secretary
Kevin M. Scott	02/08/18 - 08/31/20	Appointed (1)	5,100	4,521	Treasurer
J. Mark Schultz	09/01/16 - 08/31/20	Appointed (2)	6,000	10,884	Member
Billy J. Enochs	09/01/19 - 08/31/20	Appointed (3)	1,650	451	Member
Lamont E. Meaux	09/01/14 - 08/31/20	Appointed (1)	2,100	2,582	Member
Gloria A. Matt	05/09/19 - 08/31/20	Appointed (1)	1,950	889	Member

Key Administrative Personnel:

Lori Traweek	07/29/17	N/A	\$ 316,498	\$ 11,678	Chief Executive Officer
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Consultants:

Olson and Olson	01/01/80	N/A	\$ 99,643	\$ -	General Counsel
Whitley Penn, LLP	10/01/06	N/A	\$ 77,922	\$ -	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