

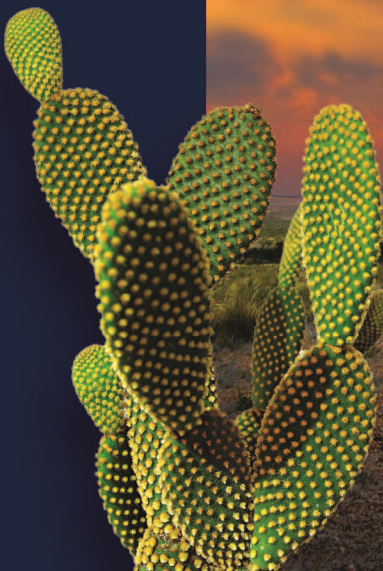


Gulf Coast Authority
Protecting the Waters of Texas

Gulf Coast Authority, Texas

Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022



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

**For the Year Ended
December 31, 2022**

Prepared by:

Carrie Latimer, DFCP
Financial Director

Thuy Doan
Financial Administrator

Jessica Blasky
Accountant

Alexa Macias-Castro
Accountant

Kathy Gibbs
Senior Accounting Clerk

Veronica Rocha
Accounting Clerk

Please visit us at our website: www.gcatx.org



GULF COAST AUTHORITY
TABLE OF CONTENTS

	<u>Page</u>
Introductory Section	
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	viii
Organizational Chart	ix
Board of Directors	x
Committee/Board Assignments	xi
Senior Staff and Consultants	xii
Financial Section	
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Proprietary Funds:	
Statement of Net Position	15
Statement of Revenues, Expenses and Changes in Fund Net Position	16
Statement of Cash Flows	17
Fiduciary Funds:	
Statement of Fiduciary Net Position	18
Statement of Changes in Fiduciary Net Position	19
Notes to Financial Statements	21
Required Supplemental Information:	
Required Other Post-Employment Benefits Supplementary Information	
Schedule of Changes in Net OPEB Liability and Related Ratios	51
Schedule of Employer Contributions	52
Other Supplementary Information:	
Combining Information and Statements:	
Enterprise Funds:	
Combining Information by Division - Net Position	58
Combining Information by Division - Revenues, Expenses, and Changes in Net Position	62
Combining Information by Division - Cash Flows	66
Internal Service Funds:	
Combining Statement of Net Position	72
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	74
Combining Statement of Cash Flows	76
Pension and Other Post-Employment Benefit Funds:	
Combining Statement of Fiduciary Net Position	80
Combining Statement of Changes in Fiduciary Net Position	81
Industrial Projects - Private Activity Revenue Bonds Issued and Outstanding	82
Gulf Coast Industrial Development Authority - Industrial Development Revenue Bonds Issued and Outstanding	84

GULF COAST AUTHORITY
TABLE OF CONTENTS (continued)

	<u>Page</u>
Statistical Section	
Net Position by Component - Last Ten Years	88
Changes in Net Position - Last Ten Years	90
Bayport Major Customers - Current Year and Nine Years Ago	93
Bayport Area Revenue Bonds Debt Service Coverage of the Pledged Revenues - Last Ten Years	94
Ratio of Outstanding Debt by Type - Last Ten Years	96
Active Industrial and Municipal Customers - Last Ten Years	97
Full-Time Equivalent Authority Employees by Function/Program - Last Ten Years	98
Operating Indicators by Function/Program - Last Ten Years	99
Capital Asset Statistics by Function/Program - Last Ten Years	100
Texas Supplementary Information Section	
TSI-1 Services and Rates	105
TSI-2 Government-Wide Schedule of Expenses	106
TSI-3 Schedule of Temporary Investments	107
TSI-4 Analysis of Taxes Levied and Receivable	N/A
TSI-5 Long-Term Debt Service Requirements by Year	108
TSI-6 Changes in Long-Term Bonded Debt	113
TSI-7 Schedule of Revenues and Expenses	114
TSI-8 Board Members and Administrative Personnel	116

INTRODUCTORY SECTION





Gulf Coast Authority

910 Bay Area Boulevard • Houston, Texas 77058
Phone: 281.488.4115 • Fax: 281.488.3331 • www.gcatx.org

April 10, 2023

Board of Directors, Participants, Customers, and Stakeholders of Gulf Coast Authority:

The Texas Water Code, Chapter 49, requires the Gulf Coast Authority (Authority) to 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 Annual Comprehensive Financial Report of the Gulf Coast Authority for the fiscal year ended December 31, 2022.

In addition, the Texas Water Code, Chapter 49, requires that the Authority submit a copy of the Annual Comprehensive Financial Report 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 Annual Comprehensive Financial Report have been filed with the County Clerks' offices in the three counties of the Authority's statutory district. The Authority's statutory district is within the State of Texas and includes Harris, Galveston, and Chambers Counties. A copy of the Annual Comprehensive Financial Report 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 Annual Comprehensive Financial Report. To provide a reasonable basis for making these representations, the 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 Annual Comprehensive Financial Report 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, 2022, 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. Based upon the audit, Whitley Penn concluded that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the fiscal year ended December 31, 2022, 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 requires 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 independent auditors' report.

Profile of the Authority

Gulf Coast Authority (GCA) is a political subdivision of the State of Texas created in 1969 by the Texas Legislature to clean-up Galveston Bay. Since that time, our ability to provide reliable, cost-effective regional wastewater and water services has been expanded across the State of Texas. 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; operation of industrial water reuse systems; involvement in community environmental projects; and national conduit bond financing of projects. In 1979, the Texas Legislature amended the Authority's Act to enable GCA to enter into cooperative agreements with other local, state, and federal governments to operate and maintain waste and wastewater disposal systems in adjacent counties outside the district, and again in 1990 outside of the boundaries of the district and outside adjacent counties. In 2013, GCA's statute was further updated to provide for the construction and operation of water systems with a focus on water reuse. In 2017, the Authority was officially renamed from Gulf Coast Waste Disposal Authority to Gulf Coast Authority. Finally, in 2021, the Authority's statutory authority was extended to provide conduit bond financing services nationwide, as well as the ability to provide bond financing services to support the PACE program.

Ultimately, GCA is a key component in creating and sustaining jobs and economic growth by providing essential centralized industrial and municipal wastewater and water services so that our customers can focus their attention and efforts on their core business purposes while ensuring their environmental compliance. Additionally, GCA and/or GCIDA may act as a national conduit financing entity for the issuance of bonds for qualified projects, including PACE bond financing.

A nine-member Board of Directors consisting of the Chairman and eight other members from Harris, Galveston, and Chambers Counties provides oversight of the Authority. A list of the Board of Directors and their respective appointing bodies are included in this introductory section. The Board of Directors is responsible 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; overseeing the day-to-day operations of the Authority; and hiring all personnel to accomplish the mission of the Authority.

In accordance with the Texas Water Code, Chapter 49, the Authority's Board of Directors adopts annual budgets for the General Fund, Bayport Industrial Wastewater Treatment Facility (Bayport Facility), Central Laboratory, Odessa South Industrial Wastewater Treatment Facility (Odessa South Facility), and the Vince Bayou Receiving Station Facility (Vince Bayou Facility). Participants approve the annual budgets for the Blackhawk Regional Wastewater Treatment Facility (Blackhawk Facility), Campbell Bayou Solid Waste Management Facility (Campbell Bayou Facility), 40-Acre Industrial Wastewater Treatment Facility (40-Acre Facility), RailPort Facility, and Washburn Tunnel Wastewater Treatment Facility (Washburn Tunnel Facility). Annual budgets are not legal spending limits but rather management tools for evaluating program efficiency and effective use of resources. Accordingly, these financial plans are non-appropriated budgets.

During 2022, the Authority operated four industrial wastewater treatment plants, one municipal sewage treatment plant, an industrial solid waste landfill, and two receiving stations for the collection of trucked-in wastewater. In addition, the Authority operated a Central Laboratory, which has consolidated most of the Authority's analytical services.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood from the broader perspective of the specific environment within which the Gulf Coast Authority operates.

Harris, Galveston, and Chambers Counties form the original jurisdictional area for the Authority. This area is within the Houston-The Woodlands-Sugar Land 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 workforce, 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. In addition, NASA's Johnson Space Center is located in the region and provides for advances in space and aeronautics technology with its highly-trained workforce. 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 44% of the nation's capacity for producing the primary chemicals used by downstream chemical operations. The industry consists of more than 600 plants and employs more than 39,700. Over 90% of the Authority's operating revenues come from this industry sector.

According to the U.S. Census Bureau, the region's population grew from 6.1 million to 7.1 million (16.3%) between 2010 and 2020. The Texas Workforce Commission reports the unemployment rate for the Houston MSA at 3.9% as of December 31, 2022, down 19% from a year ago due to the continued recovery from the COVID-19 pandemic. It also reports that there are currently 3.36 million jobs, an increase of 179,000. According to the Greater Houston Partnership (GHP), the Houston area could add 60,000 jobs during 2023.

Ector and Midland Counties make-up a secondary operational area for the Authority, added in 1997. This area is located within the Midland-Odessa Combined Statistical Area (CSA), which is made up of two MSAs (Midland MSA and Odessa MSA).

The region's economy is heavily dependent on the petroleum industry and includes the Permian Basin, which is the source of the West Texas Intermediate crude oil benchmark and the top producer of oil and gas in the United States. The region is also a major distribution center for international goods, and several companies have large distribution centers there.

The region also has a base in technology, manufacturing, and medicine. Odessa has become a hub for the critical manufacturing needs of the region's energy industry with its infrastructure and skilled workforce.

According to the Odessa Development Corporation (ODC), the region's estimated population was 343,000 in 2020, with growth expected to continue in the future. The Texas Workforce Commission reports the unemployment rate on December 31, 2022, as 2.6% and 3.8% for the Midland MSA and Odessa MSA, respectively. The ODC projects that employment growth will add over 37,400 new jobs over the next 20 years.

Ellis County is another secondary operational area for the Authority, approved in 2021. In addition, the Authority expects a new facility to be designed, built, and operational by 2024 in Midlothian, Texas. This area is located within the Dallas-Fort Worth-Arlington MSA.

The Dallas area depends heavily on professional and business services, financial activities, and the information sector; Fort Worth is more dependent on trade, transportation, utilities, mining, logging, construction, and manufacturing.

According to the 2020 Census, the Dallas-Fort Worth population was almost 7.7 million, a 20.4% increase from 2010. The area is expected to surpass the Chicago region as the third-largest metropolitan area in the U.S. by 2040. The Texas Workforce Commission reports the unemployment rate on December 31, 2022, as 3.2%. According to the Dallas Regional Chamber, the area had the highest year-over-year job growth at 5.9% as of December 2022 and added more jobs in the past five years (562,500 jobs) than the next two highest metro areas combined. The metro area added 234,700 jobs during 2022, and the Dallas and Fort Worth areas are expected to add 311,000 and 112,000 additional jobs, respectively, through 2027.

Long-term Financial Planning

The Authority maintains a 5-year Capital Improvement Projects Plan (CIP Plan) as part of its annual budget process. The CIP Plan includes over \$171.8 million in planned additions to existing facilities. The Bayport Facility accounts for almost \$130.1 million of the total, with additions to maintain reliability and compliance with air and water permits. Other additions include \$12.8 million at the Blackhawk Facility; \$13.2 million at the Washburn Tunnel Facility; \$1.4 million at the 40-Acre Facility; \$4.0 million at the Odessa South Facility; \$4.0 million at the Campbell Bayou Facility; \$4.4 million at the Central Laboratory Facility, and \$1.9 million at the Vince Bayou Facility. In addition, the 5-Year Capital Plan includes \$24.2 million for the construction of the RailPort Facility. Funding for these projects will be provided by the issuance of revenue bonds, the contribution of capital from the participants, and/or accumulated reserves.

Major Initiatives

In 2021, the Authority underwent an extensive formal planning process culminating in the creation of the GCA Strategic Plan 2022-2026. This planning process was initiated by the Board of Directors and led by the CEO/GM. A Staff Strategic Planning Committee was comprised of senior leadership, facility management, and economic development teams. The committee members served as ambassadors to collect and share input with all GCA employees. The Strategic Plan supports five initiatives over the next five years, including: 1) Maintain and Better Our People and Business Practices; 2) Manage and Develop Our Regional Facilities; 3) Strengthen Our Relations and Partnerships; 4) Become a Leader in Providing Our Financial Services; and 5) Educate and Engage Our Stakeholders. The GCA Strategic Plan 2022-2026 was approved by the Board of Directors in December 2021.

In 2022, as part of the implementation of the GCA Strategic Plan 2022-2026, the Authority implemented the following:

- GCA Strategic Plan 2022-2026 Printing and Distribution;
- GCA Policies Review (Scheduled and ~25 Reviewed and Updated);
- GCA Employee One-Time Extraordinary Inflation and COLA Adjustments;
- GCA Annual Leadership Training;
- GCA Employee Engagement and Ombudsman Position Creation;
- Transition of Central Lab Manager Position (Retiree to New Hire);
- Transition of Technical Director Position (Retiree to Internal Promotion);
- GCA ERP Implementation (Project Manager Selected, SOW Developed, and RFP Released);
- GCA RailPort Facility in North Texas Continued Development (First GCA Facility in More Than 25 Years) with Expected Operation in 2024;
- Completion of GCA Bayport Facility Tank 2005 Addition;
- Completion of New Technical Services Trailer Onsite at Bayport Facility;
- Two Bond Issuances for Bayport Facility;
- GCA Conferences, Membership, Sponsorships, etc. (Master List Creation and Review);
- GCA Participation in the Development of Texas Produced Waters Consortium Report to the 88th Legislature;
- GCIDA Reformation of Formation of Certificate and Bylaws;
- GCIDA Logo and Website Creation;
- GCIDA Approval of Two Bond Inducements; and
- GCA Staff Participation in Numerous Leadership Roles Locally, Statewide, and Nationally (Co-Chair of Texas Water 2023).

Finally, the Board of Directors, staff, and consultants continue to monitor local, state, and federal regulations which impact the Authority's ability to expand and continue operations. Currently, those issues include but are not limited to the following: emerging contaminants, water use and reuse; job retention; and 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

In 2022, several of the Authority's facilities received a Peak Performance Award for their permit compliance achievements during the 2021 operational year by the National Association of Clean Water Agencies:

- Odessa South Facility – Gold;
- Washburn Tunnel Facility – Gold;
- Bayport Facility – Silver;
- Blackhawk Facility – Silver; and
- 40-Acre Facility – Silver.

Also, in 2022:

- Water Environment Association of Texas (WEAT) honored the Bayport Facility as the Industrial Wastewater Treatment Plant of the Year for consistently outstanding performance;
- Texas Water Conservation Association Risk Management Fund (TWCA RMF) awarded the Authority the Outstanding Safety Record in Liability in 2021 for the 3rd consecutive year in recognition of the Authority's investment in its safety program and risk management;
- Water Environment Federation (WEF) selected the Authority for its annual Water Heroes Award for performance above and beyond the usual call of duty during an emergency. The Authority was selected based on employees' efforts to maintain wastewater services during Winter Storm Uri in February 2021; and
- WEF also recognized longtime and retired employee, Leonard Levine, GCA Technical Director, with the W. Wesley Eckenfelder Industrial Water Quality Lifetime Achievement Award.

Finally, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to Gulf Coast Authority for its annual comprehensive financial report for the fiscal year ended December 31, 2021. This was the 35th consecutive year that the Authority received this prestigious award. In order to be awarded a Certificate of Achievement, the Authority had to publish an easily readable and efficiently organized annual comprehensive financial report. The report must satisfy both generally accepted accounting principles, applicable legal requirements, and published criteria.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Conclusion

The preparation of this report could only have been accomplished on a timely basis with the efficient and dedicated services of the entire staff of the Leadership Team, especially the Accounting and Finance Department and our independent auditor. We want 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 responsive manner and the Audit and Budget Committee for its role in reviewing the audit.

Respectfully submitted,



Elizabeth Fazio Hale
General Manager/CEO



Carrie Latimer
Financial Director





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Gulf Coast Authority
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

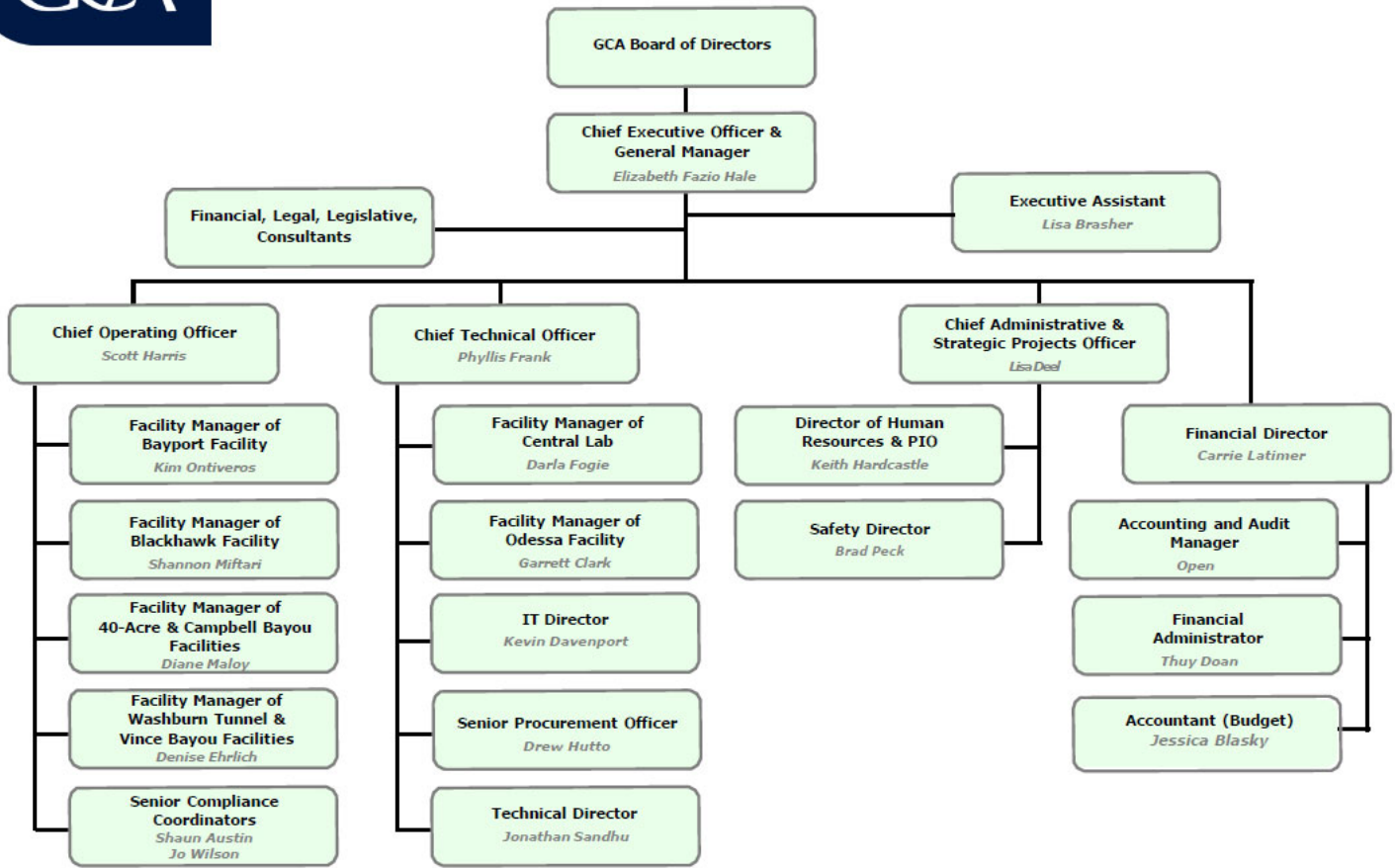
December 31, 2021

Christopher P. Morill

Executive Director/CEO



Gulf Coast Authority Organizational Chart



*This org chart excludes other administrative and/or assistant positions who might also report to Senior Management.

Revised January 15, 2023

GULF COAST AUTHORITY
BOARD OF DIRECTORS

Chairman

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

Appointed by County Commissioners Court

Vice Chairman

Kevin Scott
Representing Galveston County

Appointed by Governor

Treasurer

J. Mark Schultz
Representing Chambers County

Appointed by County Commissioners Court

Secretary

Billy J. Enochs
Representing Galveston County

Appointed by Consortium of Mayors

Directors

Robert Swanson
Representing Harris County

Appointed by Consortium of Mayors

Jacqueline Peden
Representing Galveston County

Appointed by County Commissioners Court

Stephanie Farner
Representing Chambers County

Appointed by Consortium of Mayors

Amber Batson
Representing Harris County

Appointed by Governor

Lamont E. Meaux
Representing Chambers County

Appointed by Governor

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

INDUSTRIAL DEVELOPMENT BOARD

Kevin Scott, President

Elizabeth Fazio Hale, Vice President

Carrie Latimer, Secretary

Phyllis Frank

Robert Swanson

GOVERNANCE AND NOMINATING COMMITTEE

Billy J. Enochs, Chair

Amber Batson

Stephanie Farner

Mark Schultz

AUDIT & BUDGET COMMITTEE

Robert Swanson, Chair

Billy J. Enochs

Lamont E. Meaux

Kevin Scott

ECONOMIC DEVELOPMENT COMMITTEE

Amber Batson, Chair

Billy J. Enochs

Stephanie Farner

Jacqueline Peden

Mark Schultz

LEGISLATIVE COMMITTEE

Mark Schultz, Chair

Lamont E. Meaux

Jacqueline Peden

Kevin Scott

Robert Swanson

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

Revised February 9, 2023

GULF COAST AUTHORITY
SENIOR STAFF AND CONSULTANTS

Chief Executive Officer/General Manager

Elizabeth Fazio Hale, J.D., LL.M.

Chief Operating Officer

Scott Harris

Chief Technical Officer

Phyllis Frank

Chief Administrative and Strategic Projects Officer

Lisa Deel

Financial Director

Carrie Latimer, DFCP

General Counsel

Olson & Olson, LLP
Houston, Texas

Bond Counsel

McCall, Parkhurst & Horton
Dallas, Texas

Financial Advisor

Estrada Hinojosa & Company, Inc.
Austin, Texas

Auditors

Whitley Penn, LLP
Houston, Texas

General Office

Gulf Coast Authority
910 Bay Area Boulevard
Houston, Texas 77058

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the business type activities, the major fund, and the aggregate remaining fund information of the Gulf Coast Authority (the "Authority") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the major fund, and the aggregate remaining fund information of the Gulf Coast Authority, as of December 31, 2022, 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 ("GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our ethical responsibilities, in accordance with the relevant ethical requirement relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with GAAP; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

To the Audit Committee and Board of Directors
Gulf Coast Authority

Supplementary 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.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Houston, Texas
April 10, 2023



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, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have provided in our letter of transmittal, starting on page i of this report.

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

Financial Highlights

- The Authority's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$170.6 million. Of this amount, \$86.3 million represents net investment in capital assets; \$5.9 million is restricted net position and the remaining \$78.4 million represents unrestricted net position.
- The Authority's total net position increased by \$9.0 million from \$161.7 million at the end of the prior year to an ending net position of \$170.6 million at December 31, 2021. The increase is primarily due to charges for services received in the amount of \$90.2 million.
- Expenses for the Authority were \$79.6 million and were less than the revenues by \$9.0 million.

Overview of the Financial Statements

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

The statement of net 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: enterprise funds 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 Facility Division, Blackhawk Facility Division, Campbell Bayou Facility Division, Central Laboratory Division, East Battleground Facility Division, 40-Acre Facility Division, Odessa South Facility Division, Vince Bayou Facility Division, Washburn Tunnel Facility Division, Washburn Tunnel Pipeline Services Division, RailPort Facility 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, computer and network services, 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 starting page 15 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 starting on page 18 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)

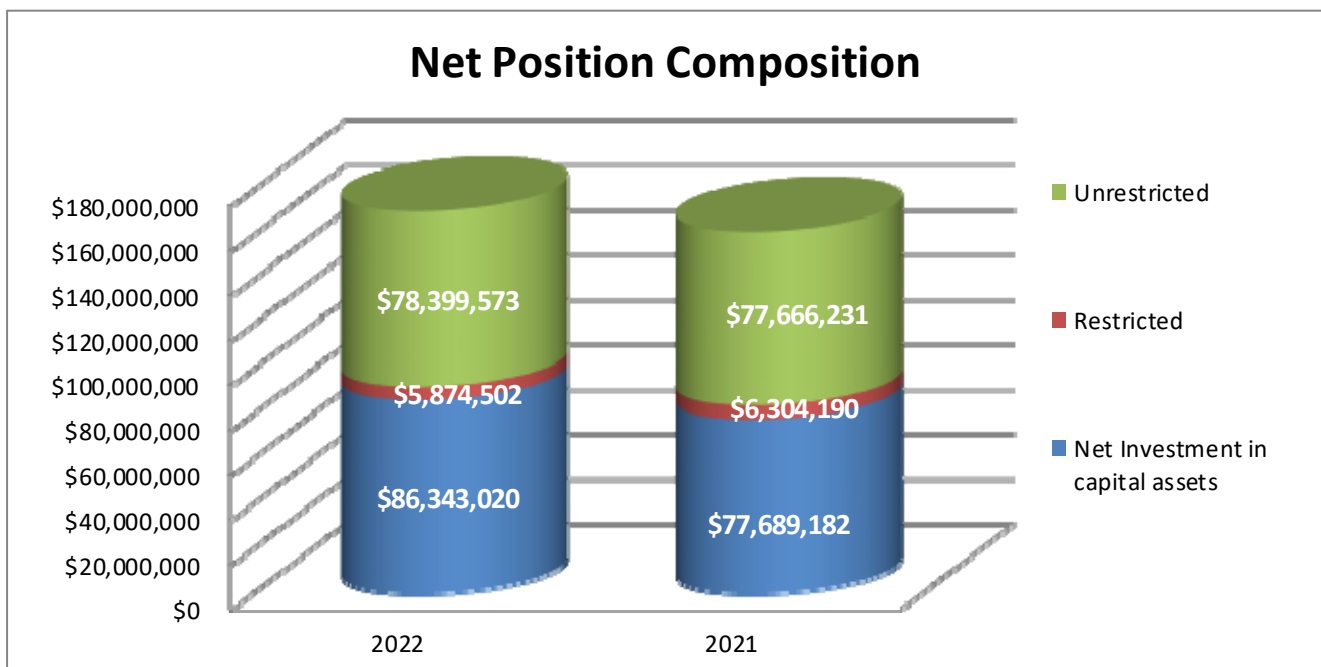
Government-wide Financial Analysis

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 \$170.6 million at the close of the 2022 year.

Net Position
December 31, 2022 with comparative totals for December 31, 2021

	2022	2021	Increase / (Decrease)	
			\$	%
Current and other assets	\$ 130,124,537	\$ 114,349,153	\$ 15,775,384	13.80%
Capital assets	168,049,047	164,757,152	3,291,895	2.00%
Total Assets	298,173,584	279,106,305	19,067,279	6.83%
Total Deferred Outflows of Resources	2,387,991	1,971,690	416,301	21.11%
Long term liabilities	101,049,590	96,903,443	4,146,147	4.28%
Other liabilities	23,638,331	19,125,876	4,512,455	23.59%
Total Liabilities	124,687,921	116,029,319	8,658,602	7.46%
Total Deferred Inflows of Resources	5,256,559	3,389,073	1,867,486	55.10%
Net Position:				
Net Investment in capital assets	86,343,020	77,689,182	8,653,838	11.14%
Restricted	5,874,502	6,304,190	(429,688)	-6.82%
Unrestricted	78,399,573	77,666,231	733,342	0.94%
Total Net Position	\$ 170,617,095	\$ 161,659,603	\$ 8,957,492	5.54%

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)

The majority of the Authority's net position consists of \$86.3 million of net investment in capital assets. This amount represents the Authority's 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 11.1% increase in net position invested in capital assets is primarily due to additions to capital assets of \$14.3 million. This was offset by the approximately \$11.0 million recognized in 2022 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, a contingency reserve, and capital projects. At year end, unrestricted net position was \$78.4 million, representing a 0.9% increase from 2021. Unrestricted net position may be used to meet the Authority's ongoing liabilities.

Current and other assets increased \$15.8 million in 2022. This increase is due to an increase in marketable securities resulting from the issuance of bonds in the current year.

The \$8.7 million (7.5%) increase in total liabilities is due to the issuance of bonds in the current year.

Total net position increased by \$9.0 million in 2022. The components of the changes are as follows:

	2022	2021	Increase / (Decrease)	
			\$	%
Revenues:				
Program Revenues				
Charges for services	\$ 90,185,950	\$ 78,684,258	\$ 11,501,692	14.6%
Capital grants and contributions	-	162,700	(162,700)	-100.0%
Total Program Revenues	90,185,950	78,846,958	11,338,992	14.4%
Unrestricted investment earnings (loss)	(1,651,227)	(426,276)	(1,224,951)	287.4%
Insurance proceeds	-	129,155	(129,155)	-100.0%
Total Revenues	88,534,723	78,549,837	9,984,886	12.7%
Expenses:				
General services	1,890,668	1,839,119	51,549	2.8%
Wastewater treatment	76,750,419	70,068,723	6,681,696	9.5%
Solid waste disposal	936,144	904,461	31,683	3.5%
Total Expenses	79,577,231	72,812,303	6,764,928	9.3%
Change in Net Position	8,957,492	5,737,534	3,219,958	56.1%
Beginning Net Position	161,659,603	155,922,069	5,737,534	3.7%
Ending Net Position	\$ 170,617,095	\$ 161,659,603	\$ 8,957,492	5.5%

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

Charges for services increased by \$11.5 million due primarily due to a rate increase at the Bayport Facility Division in 2022. Unrestricted investment earnings decreased by \$1.2 million due to less favorable investment performance during 2022. Total expenses increased by \$6.8 million during 2022 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, 2022, totaled \$168.0 million (net of accumulated depreciation/amortization). These investments include land, buildings, waste treatment facilities and equipment, administrative furniture and equipment, construction in progress, and right-to-use assets. The total increase in the Authority's capital assets for the current year was 2.0%. Depreciation/amortization expense for the year was \$11.0 million. Construction in progress decreased \$15.3 million. Capital assets (net of depreciation/amortization) as of December 31, 2022 with comparative totals for **December 31, 2021** are as follows:

	2022	2021	Increase/(Decrease)	
			\$	%
Land	\$ 5,174,541	\$ 5,174,541	\$ -	-
Buildings	636,676	637,861	(1,185)	-
Waste treatment facilities and equipment	112,719,685	94,227,700	18,491,985	19.6%
Administrative furniture and equipment	2,069,080	1,933,465	135,615	7.0%
Construction in progress	47,240,250	62,505,165	(15,264,915)	-24.4%
Right-to-use assets	208,815	278,420	(69,605)	100.0%
	<u>\$ 168,049,047</u>	<u>\$ 164,757,152</u>	<u>\$ 3,291,895</u>	<u>2.0%</u>

Major capital asset outlays during the year 2022 included the following:

<u>Capital Outlay Description</u>	<u>Capital Outlay</u>
RailPort Wastewater Treatment Plant	
Wastewater Treatment Plant - Engineering	\$ 2,284,965
Plant improvements at the Bayport Facility:	
Clean Stream Channel Upgrades	435,464
Belt Press 830 & 840 Rebuild	640,007
Belt Press Building & Equipment Corrosion Repair	1,018,354
Biosan Pipeline Assessment and Upgrade	2,137,927
First and Second Steps Recirculated Pumps and Piping	3,451,842
	<u>\$ 9,968,559</u>

Additional information on the Authority's capital assets can be found in Note III D 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 \$80 million in debt outstanding compared to \$77 million last year. The increase is due to the issuance and refunding of 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

In early 2020, the world experienced an onset of COVID-19 which led to the worst economic downturn since the 1920s. However, in 2021 Houston set a record for job growth, recovering almost 90% of jobs lost during the pandemic, according to the Greater Houston Partnership. Houston continued its record-setting recovery in 2022 by adding 179,000 jobs, the highest number since the early 1980s when records were first kept. The Partnership forecasts that job growth could exceed 60,000 during 2023.

According to the Texas Workforce Commission, the unemployment rate as of December 31, 2022 for the Houston Area was 3.9%. Though a 19% decrease from the prior year, that is higher than the national rate of 3.3% and the Texas rate of 3.6%.

The Board of Directors approved a rate increase for the Bayport Facility Division for fiscal year 2023 that increases projected revenue by 17%.

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 Financial Director, 910 Bay Area Boulevard, Houston, Texas 77058.

BASIC FINANCIAL STATEMENTS



GULF COAST AUTHORITY
STATEMENT OF NET POSITION
December 31, 2022

	Business Type Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 32,497,155
Marketable securities	63,764,037
Receivables, net	14,889,498
Prepays	1,331,122
Restricted assets:	
Cash and cash equivalents	17,075,799
Marketable securities	566,926
Noncurrent assets:	
Capital assets not being depreciated:	
Land	5,174,541
Construction in progress	47,240,250
Capital assets net of accumulated depreciation/amortization:	
Plant and equipment	115,634,256
Total Assets	298,173,584
Deferred Outflows of Resources	
Deferred outflows - OPEB	2,387,991
Total Deferred Outflows of Resources	2,387,991
Liabilities	
Current liabilities:	
Accounts payable	9,738,915
Wages payable	1,152,392
Accrued bond interest	916,506
Unearned revenue	11,830,518
Noncurrent liabilities:	
Due within one year	7,368,060
Due in more than one year	83,088,183
Net OPEB liability	8,675,968
Working capital deposits	1,917,379
Total Liabilities	124,687,921
Deferred Inflows of Resources	
Deferred gain on refunding	2,469,342
Deferred inflows - OPEB	2,787,217
Total Deferred Inflows of Resources	5,256,559
Net Position	
Net investment in capital assets	86,343,020
Restricted:	
Debt service	5,018,744
Contingency reserve	855,758
Unrestricted	78,399,573
Total Net Position	\$ 170,617,095

GULF COAST AUTHORITY
STATEMENT ACTIVITIES - BUSINESS TYPE ACTIVITIES
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues	Net Revenue (Expense) and Changes in Net Position
		Charges for Services	
General services	\$ 1,890,668	\$ 2,223,244	\$ 332,576
Wastewater treatment	76,750,419	87,036,603	10,286,184
Solid waste disposal	936,144	926,103	(10,041)
	<u>\$ 79,577,231</u>	<u>\$ 90,185,950</u>	<u>10,608,719</u>
		Unrestricted investment earning	(1,651,227)
		Total General Revenues	<u>(1,651,227)</u>
		Change in Net Position	8,957,492
		Beginning Net Position	<u>161,659,603</u>
		Ending Net Position	<u>\$ 170,617,095</u>

GULF COAST AUTHORITY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2022

	Enterprise	Internal
	Fund	Service
	Fund	Fund
Assets		
Current Assets:		
Cash and cash equivalents	\$ 29,729,802	\$ 2,767,353
Marketable securities	58,332,225	5,431,812
Receivables, net	14,881,358	8,140
Prepays	624,697	706,425
Restricted assets:		
Cash and cash equivalents	17,075,799	-
Marketable securities	566,926	-
Total Current Assets	121,210,807	8,913,730
Noncurrent Assets:		
Capital assets:		
Land	5,174,541	-
Construction in progress	46,365,926	874,324
Plant and equipment	337,730,966	7,100,762
Right-to-use assets	278,420	-
Less accumulated depreciation/amortization	(224,339,018)	(5,136,874)
Total capital assets (net of accumulated depreciation)	165,210,835	2,838,212
Total Noncurrent Assets	165,210,835	2,838,212
Total Assets	\$ 286,421,642	\$ 11,751,942
Deferred Outflows of Resources		
Deferred outflows - OPEB	\$ -	\$ 2,387,991
Total Deferred Outflows of Resources	\$ -	\$ 2,387,991
Liabilities		
Current Liabilities:		
Accounts payable	\$ 9,691,154	\$ 47,761
Wages payable	1,152,392	-
Accrued bond interest	916,506	-
Current portion of accrued compensated absences	-	1,731,362
Current portion of lease payable	68,439	-
Current portion of bonds payable	5,568,259	-
Unearned revenue	11,830,518	-
Total Current Liabilities	29,227,268	1,779,123
Noncurrent Liabilities:		
Accrued compensated absences	-	748,217
Net OPEB liability	-	8,675,968
Lease payable	143,728	-
Bonds payable (net of unamortized premium)	82,196,238	-
Working capital deposits	1,917,379	-
Total Noncurrent Liabilities	84,257,345	9,424,185
Total Liabilities	113,484,613	11,203,308
Deferred Inflows of Resources		
Deferred gain on refunding	\$ 2,469,342	\$ -
Deferred inflows - OPEB	-	2,787,217
Total Deferred Inflows of Resources	2,469,342	2,787,217
Net Position		
Net investment in capital assets	83,504,808	2,838,212
Restricted:		
Debt service	5,018,744	-
Contingency reserve	855,758	-
Unrestricted	81,088,377	(2,688,804)
Total Net Position	170,467,687	\$ 149,408
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	149,408	
Net Position of the business-type activities	\$ 170,617,095	

GULF COAST AUTHORITY
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2022

	Enterprise Fund	Internal Service Fund
Operating Revenues		
Charges for sales and services		
Services to industries	\$ 82,485,565	\$ -
Services to municipalities	6,102,036	-
Intragovernmental	-	5,122,420
Other	1,598,349	795,556
Total Operating Revenues	<u>90,185,950</u>	<u>5,917,976</u>
Operating Expenses		
Costs of sales and services	61,731,088	1,262,044
Administration	4,063,505	4,136,169
Depreciation	10,641,872	381,939
Total Operating Expenses	<u>76,436,465</u>	<u>5,780,152</u>
Operating income (loss)	<u>13,749,485</u>	<u>137,824</u>
Nonoperating Revenues (Expenses)		
Investment income (loss)	(1,486,254)	(164,973)
Interest expense	(3,378,795)	-
Gain (loss) on disposal of capital assets	(2,870)	103,075
Total Nonoperating Revenues (Expenses)	<u>(4,867,919)</u>	<u>(61,898)</u>
Changes in Net Position	8,881,566	75,926
Beginning Net Position	<u>161,586,121</u>	<u>73,482</u>
Ending Net Position	<u>\$ 170,467,687</u>	<u>\$ 149,408</u>
Change in Net Position of enterprise fund	\$ 8,881,566	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise fund	<u>75,926</u>	
Change in net position of business-type activities	<u>\$ 8,957,492</u>	

GULF COAST AUTHORITY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended December 31, 2022

	Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 93,336,626	\$ 795,556
Receipts from intragovernmental users	-	5,132,728
Payments to suppliers	(35,194,133)	(5,770,743)
Payments to employees	(25,607,114)	(231,484)
Payments to intragovernmental suppliers	(3,136,641)	-
Net Cash Provided (used) by Operating Activities	29,398,738	(73,943)
Cash Flows from Capital and Related Financing Activities		
Financing Activities		
Acquisition and construction of capital assets	(13,783,742)	(534,858)
Proceeds from sale of capital assets	-	103,075
Proceeds from sale of revenue bonds	10,728,411	-
Principal paid on capital related debt	(4,680,000)	-
Interest paid on capital related debt	(3,774,370)	-
Principal payments on lease obligations	(66,253)	-
Interest payments on lease obligations	(8,069)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(11,584,023)	(431,783)
Cash Flows from Investing Activities		
Maturity (purchase) of investments	1,829,938	1,216,863
Interest received (paid)	8,609	(164,973)
Net Cash Provided (Used) by Investing Activities	1,838,547	1,051,890
Net Increase (Decrease) in Cash and Cash Equivalents		
	19,653,262	546,164
Beginning Cash and Cash Equivalents	27,152,339	2,221,189
Ending Cash and Cash Equivalents	\$ 46,805,601	\$ 2,767,353
Ending Cash and Cash Equivalents		
Unrestricted cash and cash equivalents	\$ 29,729,802	\$ 2,767,353
Restricted cash and cash equivalents	17,075,799	-
	\$ 46,805,601	\$ 2,767,353
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ 13,749,485	\$ 137,824
Adjustment to reconcile operating income to net cash provided by operating activities		
Depreciation	10,641,872	381,939
Changes in Operating Assets and Liabilities		
(Increase) decrease in assets:		
Accounts receivable, net	143,325	10,308
Due from other funds	(49,101)	-
Prepays	76,952	(348,208)
Increase (decrease) in liabilities:		
Wages payable	62,332	(71,157)
Accounts payable	1,717,421	(85,798)
Due to other funds	49,101	-
Net OPEB liability and related amounts	-	(98,851)
Unearned revenue	2,765,673	-
Working capital deposits	241,678	-
Net Cash Provided by Operating Activities	\$ 29,398,738	\$ (73,943)

GULF COAST AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
December 31, 2022

	Other Pension and Post-Employment Benefit Trust Funds	Custodial Fund Employee Flexible Spending Agency Fund
Assets		
Cash and cash equivalents	\$ -	\$ 337,700
Investments, at fair value:		
Stable Value/Cash Management	17,599,575	-
Bonds	3,169,440	-
Guaranteed Lifetime Income	6,538,936	-
Balanced/Asset Allocation	8,523,075	-
U.S. Stock	11,825,939	-
International/Global Stock	2,559,664	-
Specialty	283,712	-
Domestic Equities	5,827,932	-
Fixed Income	3,746,364	-
Private Equity	1,067,617	-
Other	1,340,281	-
Total Assets	\$ 62,482,535	\$ 337,700
Net Position		
Restricted for:		
Pensions	\$ 51,064,174	\$ -
Other post-employment benefits	11,418,361	-
Individuals	-	337,700
Total Net Position	\$ 62,482,535	\$ 337,700

GULF COAST AUTHORITY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS

For the Year Ended December 31, 2022

	<u>Other Pension and Post-Employment Benefit Trust Funds</u>	<u>Custodial Fund Employee Flexible Spending Agency Fund</u>
Additions		
Contributions:		
Employers	\$ 2,955,968	\$ 123,456
Total Contributions	<u>2,955,968</u>	<u>123,456</u>
Investment earnings:		
Net increase/(decrease) in fair value of investments	(9,526,742)	1,075
Net investment earnings	<u>(9,526,742)</u>	<u>1,075</u>
Other Additions:		
Interest and dividends	248,561	-
Miscellaneous credits	795,503	-
Total Other Additions	<u>1,044,064</u>	<u>-</u>
Total Additions	<u>(5,526,710)</u>	<u>124,531</u>
Deductions:		
Benefit payments	4,340,996	-
Beneficiary transfers	-	116,525
Forfeiture debits	73,348	-
Administrative expense	36,277	-
Total Deductions	<u>4,450,621</u>	<u>116,525</u>
Change in Net Position	(9,977,331)	8,006
Beginning Net Position	72,459,866	329,694
Ending Net Position	<u>\$ 62,482,535</u>	<u>\$ 337,700</u>



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 five-member GCIDA Board of Directors and may, for cause or at will, remove the Corporation's five-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 Bylaws and 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.

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.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

I. Summary of Significant Accounting Policies (continued)

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

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 Facility Division, Blackhawk Facility Division, Campbell Bayou Facility Division, Central Laboratory Division, East Battleground Facility Division, 40-Acre Facility Division, Odessa South Facility Division, Vince Bayou Facility Division, Washburn Tunnel Facility Division, Washburn Tunnel Pipeline Services Division, RailPort Facility 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 computer and network services; and for consulting on 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 MissionSquare Retirement.

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 UnitedHealthcare.

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. The Authority reports fiduciary activities in accordance with 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
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 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 Facility Division, Central Laboratory Division, Odessa South Facility Division, and Vince Bayou Division make up this category.

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 Range 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 (except for intangible right-to-use lease assets) and depreciated/amortized 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. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate asset class. Depreciation/amortization 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/amortization 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
Right-to-use leased 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. Leases

The Authority is a lessee for a noncancellable lease of equipment. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Authority recognizes lease liabilities with an initial, individual value of \$100,000 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

I. Summary of Significant Accounting Policies (continued)

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

6. Leases (continued)

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

7. Compensated Absences

Vacation is granted in varying amounts depending upon length of service. Employees must take two weeks of vacation each year after the second 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.

8. 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.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

I. Summary of Significant Accounting Policies (continued)

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

9. 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 Computer & Network Services Fund, and payments in lieu of insurance premiums to the Employees' Health Care Fund.

10. 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.

11. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has one item that qualifies for reporting in this category, the deferred amounts related to OPEB. The deferred amounts related to OPEB relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category. It is the deferred charge on refunding reported in the statement of net position and deferred amounts related to OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

12. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the Fiduciary Net Position of the MissionSquare Retirement Plan and additions to/deductions from MissionSquare Retirement's Fiduciary Net Position have been determined on the same basis as they are reported by MissionSquare Retirement. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 Facility Division and the Odessa South Facility Division, the Board establishes rates for the treatment of waste received from the facilities customers. Although the Bayport Facility Division and the Odessa South 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 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

The table below presents the Authority's investments as of December 31, 2022, classified by credit rating from a national rating agency As of December 31, 2022:

<u>Investment Type</u>	<u>Fair Value / Amortized Cost</u>	<u>Percentage of Portfolio</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating Standard & Poor's</u>
U.S. Agencies				
FNMA	\$ 4,133,916	5%	490	AA+
FHLMC	12,789,526	14%	444	AA+
U.S. Treasury Notes	41,315,556	46%	722	AA+
National Agency Bonds	3,450,778	4%	585	AAA+
Municipal Securities	2,641,187	3%	432	A to AAA
State Pools:				
TexPool	525,871	1%	17	AAAm
Texas Range	18,418,636	20%	26	AAAm
Texas CLASS	5,985,387	7%	33	AAAm
Total fair value	<u>\$ 89,260,857</u>	<u>100%</u>		
Portfolio weighted average maturity			464	
Reconciliation to Statement of Net Position				
Total Investments Above	\$ 89,260,857			
Demand Deposits	<u>24,643,060</u>			
Total Cash, Cash Equivalents, and Marketable Securities	<u>\$ 113,903,917</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, 2022:

<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	\$ 16,923,442	\$ -	\$ 16,923,442	\$ -
U.S. Treasury Notes	41,315,556	41,315,556	-	-
National Agency Bonds	3,450,778	-	3,450,778	-
Municipal Securities	2,641,187	-	2,641,187	-
	<u>\$ 64,330,963</u>	<u>\$ 41,315,556</u>	<u>\$ 23,015,407</u>	<u>\$ -</u>

**Reconciliation to Statement of
Net Position**

Total Investments Above	\$ 64,330,963
Demand Deposits	24,643,060
State Pools	<u>24,929,894</u>
Total Cash, Cash Equivalents, and Marketable Securities	<u>\$ 113,903,917</u>

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

Credit risk. State law and the Authority's investment policy limits investments to obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent. Further, commercial paper must be rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies. As of December 31, 2022, 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, 2022, 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)

Fair value of investments. The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments classified as Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs. Securities classified as Level 3 have limited trade information, these securities are priced or using the last trade price or estimated using recent trade prices.

Investment income for the year ended December 31, 2022 is comprised of the following:

Interest and Dividends	\$ 943,549
Realized gains (losses)	(534,778)
Unrealized gains (losses)	(2,059,998)
	<u>\$ (1,651,227)</u>

B. Receivables

Receivables at year-end consist of the following:

	Business Type
	Activities
	Current
Accounts receivable	\$ 8,903,622
Unbilled receivables	14,667
Accrued revenue	6,119,884
Other receivables	57,713
Gross receivables	<u>15,095,886</u>
Less: allowance for doubtful accounts	(206,388)
Net receivables	<u>\$ 14,889,498</u>

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

C. Restricted Assets

Restricted assets as reported on the Statement of Net Position as of December 31, 2022, are as follows:

Restricted Assets:		
Cash and cash equivalents	\$	17,075,799
Marketable securities		566,926
	\$	<u>17,642,725</u>
Assets restricted for:		
Debt service ¹	\$	5,935,250
Capital projects		10,851,717
Contingency reserve		855,758
	\$	<u>17,642,725</u>

¹Difference between assets restricted for debt service and net position restricted for debt service is accrued interest of \$916,506

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.

Balance of reserve fund as of December 31, 2022	\$	5,935,250
Average annual debt service	\$	5,663,618
Balance of reserve fund over/(under) average annual debt service	\$	271,632

Blackhawk Regional Wastewater Treatment

The Regional Waste Disposal Facility Contract between the participants of the Blackhawk 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, 2022, the increase to the reserve was \$855,758 from the participants. The restricted assets as reported on the Statement of Net Position as of December 31, 2022 was \$855,758.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

D. Capital Assets

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

	Beginning Balance, as Restated	Increases	Decreases	Reclassifications/ Transfers	Ending Balance
Capital assets not being depreciated/amortized:					
Land	\$ 5,174,541	\$ -	\$ -	\$ -	\$ 5,174,541
Construction in progress	62,505,165	12,189,722	-	(27,454,637)	47,240,250
Total capital assets not being depreciated/amortized	<u>67,679,706</u>	<u>12,189,722</u>	<u>-</u>	<u>(27,454,637)</u>	<u>52,414,791</u>
Capital assets being depreciated/amortized:					
Waste treatment facilities and equipment	306,795,350	1,531,389	(634,476)	27,454,637	335,146,900
Office buildings	1,714,689	51,614	-	-	1,766,303
Administrative furniture and equipment	8,096,873	545,851	(724,199)	-	7,918,525
Right-to-use assets	278,420	-	-	-	278,420
Total capital assets being depreciated/amortized	<u>316,885,332</u>	<u>2,128,854</u>	<u>(1,358,675)</u>	<u>27,454,637</u>	<u>345,110,148</u>
Less accumulated depreciation/amortization for:					
Waste treatment facilities and equipment	(212,567,650)	(10,491,171)	631,606	-	(222,427,215)
Office buildings	(1,076,828)	(52,799)	-	-	(1,129,627)
Administrative furniture and equipment	(6,163,408)	(410,236)	724,199	-	(5,849,445)
Right-to-use assets	-	(69,605)	-	-	(69,605)
Total accumulated depreciation/amortization	<u>(219,807,886)</u>	<u>(11,023,811)</u>	<u>1,355,805</u>	<u>-</u>	<u>(229,475,892)</u>
Total capital assets being depreciated/amortized, net	<u>97,077,446</u>	<u>(8,894,957)</u>	<u>(2,870)</u>	<u>27,454,637</u>	<u>115,634,256</u>
Capital Assets, net	<u>\$ 164,757,152</u>	<u>\$ 3,294,765</u>	<u>\$ (2,870)</u>	<u>\$ -</u>	<u>\$ 168,049,047</u>

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

Business-type Activities:

General services	\$ 81,098
Wastewater treatment	10,550,642
Solid waste disposal	10,132
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>381,939</u>
Total depreciation expense	<u>\$ 11,023,811</u>

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Blackhawk Facility			
Partial Rebuild of Belt Press #1	\$ 80,000	\$ 63,725	\$ 16,275
Belt Press #1 Control Panel Upgrade	80,000	1,127	78,873
Sandfilter #3 Refurbished	240,000	93,184	146,816
East Battleground Facility			
East Battleground Wastewater Treatment Plant	2,051,120	1,759,188	291,932
RailPort Facility			
RailPort Wastewater Treatment Plant	4,320,401	2,975,210	1,345,191
Campbell Bayou Facility			
Cells Expansion at Campbell Bayou	707,700	683,107	24,593
Bayport Facility			
2ND Step Basin Overhaul and Air Line Concrete	100,000	10,728	89,272
Fence Repairs and Replacement	120,000	16,957	103,043
Fiber Optic Upgrade	150,000	67,905	82,095
RTO 2601 Spare Process Fan	175,000	110,250	64,750
Spare MLS Pump	300,000	159,463	140,537
Lyondell New User Line	287,000	268,888	18,112
Backup Power Supply	500,000	79,938	420,062
RAS Piping Integrity	500,000	101,338	398,662
INEOS Styrolution New User Line	541,000	339,084	201,916
Flood Mitigation Evaluation	600,000	603,728	(3,728)
PLC Upgrades - Belt Presses	850,000	413,217	436,783
Belt Press 830 & 840 Rebuild	1,425,000	787,168	637,832
Belt Press Building and Equipment Corrosion Repair	3,425,000	3,335,081	89,919
Clean Stream Channel Upgrade	3,700,000	527,130	3,172,870
DTB Pumps Upgrade	4,170,000	4,024,763	145,237
1st & 2nd Step Recirculated Pumps & Piping	8,400,000	4,048,534	4,351,466
Biosan Pipeline Assessment and Upgrade	26,375,000	25,856,395	518,605
Central Laboratory			
Generator Project	700,000	32,282	667,718
ADA Compliance Review	80,000	7,536	72,464
Computer & Network Services			
Munis ERP Software	1,075,200	874,324	200,876
Totals	\$ 60,952,421	\$ 47,240,250	\$ 13,712,171

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, 2022, consist of: (a) Revenue Bonds, Series 2015, maturing October 1, 2035, with an interest rate of two percent to five percent, originally issued at \$25,770,000; and (b) 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; and (c) Revenue Bonds, Series 2022A maturing October 1, 2042, with an interest rate of five percent, originally issued at \$9,425,000; and (d) Revenue Refunding Bonds, Series 2022B maturing October 1, 2033, with an interest rate of five percent, originally issued at \$17,625,000. The annual requirements to amortize all outstanding Bayport Area System Revenue Bonds as of year-end, including interest payments, are as follows:

Years	Principal	Interest	Total
2023	\$ 5,025,000	\$ 3,666,025	\$ 8,691,025
2024	5,275,000	3,414,775	8,689,775
2025	3,760,000	3,151,025	6,911,025
2026	3,945,000	2,963,025	6,908,025
2027	4,135,000	2,765,775	6,900,775
2028	4,355,000	2,559,025	6,914,025
2029	4,555,000	2,341,275	6,896,275
2030	4,790,000	2,113,525	6,903,525
2031	5,025,000	1,874,025	6,899,025
2032	5,290,000	1,622,775	6,912,775
2033	5,545,000	1,358,275	6,903,275
2034	4,200,000	1,107,725	5,307,725
2035	4,360,000	950,969	5,310,969
2036	2,515,000	788,150	3,303,150
2037	2,615,000	687,550	3,302,550
2038	2,720,000	582,950	3,302,950
2039	2,830,000	474,150	3,304,150
2040	2,940,000	360,950	3,300,950
2041	3,060,000	245,350	3,305,350
2042	3,180,000	125,038	3,305,038
Total	\$ 80,120,000	\$ 33,152,357	\$ 113,272,357

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

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

E. Long-Term Debt (continued)

Bayport Area System Revenue Bonds (continued)

The "Pledged Revenues" are defined as the "Net Revenues of the System" and any additional revenues, income receipts, deposits, or other resources which the Authority may at its option include. The "Net Revenues of the System" are defined as the "Gross Revenues of the System" less the "Current Expenses of the System."

The "Gross Revenues of the System" include all of the revenues of every nature derived from the operations of the System including all investment income for any fund created by the Bond Resolution to the extent such income is credited to the "Gross Revenues of the System" as required by the Bond Resolution. The "Current Expenses of the System" includes all necessary current operating and maintenance expenses, and the Authority's actual overhead and management costs relating to the System, but does not include depreciation, debt service of the bonds, and management fees to the General Services Division.

The debt service coverage of the pledged revenues for the year ended December 31, 2022, 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, 2022	\$ 9,913,610
Add-Items not includable in current expenses of the System:	
Bond interest expense	3,370,727
Depreciation	6,265,241
Management fee	1,362,900
	<hr/>
Pledged revenues	<u>\$ 20,912,478</u>
Average annual debt service for bonds	<u>\$ 5,663,618</u>
Debt service coverage average annual debt service	3.69
Actual debt service for bonds	<u>\$ 8,134,283</u>
Debt service coverage actual debt service	2.57

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

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

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

E. Long-Term Debt (continued)

Bayport Area System Revenue Bonds (continued)

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

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Due Within One Year	Due In More Than One Year
Business-type Activities:						
Accrued compensated absences	\$ 2,550,736	\$ 1,569,689	\$ (1,640,846)	\$ 2,479,579	\$ 1,731,362	\$ 748,217
Leases	278,420	-	(66,253)	212,167	68,439	143,728
Bonds Payable:						
Series 2013	23,265,000	-	(23,265,000)	-	-	-
Series 2015	20,340,000	-	(1,040,000)	19,300,000	1,090,000	18,210,000
Series 2018	33,770,000	-	-	33,770,000	585,000	33,185,000
Series 2022A	-	9,425,000	-	9,425,000	290,000	9,135,000
Series 2022B	-	17,625,000	-	17,625,000	3,060,000	14,565,000
Premium	7,514,599	4,007,761	(3,877,863)	7,644,497	543,259	7,101,238
Total Long Term Debt	\$ 87,718,755	\$ 32,627,450	\$ (29,889,962)	\$ 90,456,243	\$ 7,368,060	\$ 83,088,183

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.

In March 2022, the Authority issued Series 2022A Bayport Area System Revenue Bonds, in the amount of \$9,245,000 at a premium of \$1,514,857 with interest rates of 5%. The bonds are to be used for (i) pay costs of acquiring, constructing, and improving certain improvements to and expansions of the Bayport System, (ii) making a deposit into the Debt Service Reserve Fund, and (iii) pay cost of issuance related to the 2022A bonds.

The Authority also issued Series 2022B Bayport Area System Revenue Refunding Bonds, in the total amount of \$17,265,000 at a premium of \$2,492,904 with interest rates of 5%. The bond proceeds were used to refund \$19,625,000 of outstanding Series 2013 Bayport Area System Revenue Bonds which had interest rates ranging from 3% to 5%. The net proceeds of the refunding of \$20,057,019 were deposited in an irrevocable trust with an escrow agent to provide funds for future debt service payment on the refunded bonds. As a result, the Series 2013 bonds are considered defeased and the liability for the bond has been removed from the statement of net position. The net carrying amount exceeded the reacquisition price of the old debt by \$2,584,196, which is also known as refunding deferred gain. This amount is being netted against the new debt and amortized over the life of the new debt, which was equal or shorter than the refunded debt. The transaction resulted in an economic gain of \$1,596,598.

F. Leases

Lease Payable

During the prior fiscal year, the Authority entered into a five-year lease agreement as lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$278,420 during the prior fiscal year. As of December 31, 2022, the value of the lease liability was \$212,167. The Authority is required to make monthly principal and interest payments of \$6,193. The lease has an interest rate of 3.25%. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$278,420 and had accumulated amortization of \$69,605.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

F. Leases (continued)

The future principal and interest lease payments as of December 31, 2022, were as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 68,439	\$ 5,883	\$ 74,322
2024	70,699	3,623	74,322
2025	73,029	1,291	74,320
Totals	\$ 212,167	\$ 10,797	\$ 222,964

G. Net Investments in Capital Assets

Net investments in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent bond proceeds.

A summary of net investment in capital assets by division as of December 31, 2022 is as follows:

	Capital Assets Net of Depreciation	Unspent Bond Proceeds	Capital Related Bonds Payable¹	Other Capital Related Liabilities²	Net Investment in Capital Assets
Enterprise Fund Division:					
General Services	\$ 795,668	\$ -	\$ -	-	\$ 795,668
Bayport Facility	121,918,043	10,851,717	(90,233,839)	(2,111,738)	40,424,183
Blackhawk Facility	9,155,567	-	-	-	9,155,567
Campbell Bayou Facility	1,377,302	-	-	-	1,377,302
Central Laboratory	3,152,757	-	-	-	3,152,757
East Battleground Facility	1,759,188	-	-	-	1,759,188
40-Acre Facility	7,055,297	-	-	-	7,055,297
Odessa South Facility	1,488,902	-	-	-	1,488,902
Vince Bayou Facility	609,714	-	-	-	609,714
Washburn Tunnel Facility	14,923,187	-	(212,167)	-	14,711,020
RailPort Facility	2,975,210	-	-	-	2,975,210
Total Enterprise Funds	165,210,835	10,851,717	(90,446,006)	(2,111,738)	83,504,808
Internal Service Funds:					
Computer & Network Services	917,428	-	-	-	917,428
Equipment Service	1,920,784	-	-	-	1,920,784
Total Internal Service Funds:	2,838,212	-	-	-	2,838,212
Total Business-Type Activities	\$ 168,049,047	\$ 10,851,717	\$ (90,446,006)	\$ (2,111,738)	\$ 86,343,020

¹ Includes premium and deferred gains/losses on refunding

² Includes accounts payable and retainage payable related to capital activities.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

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

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

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

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

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	\$ 171,700,000
Industrial development projects	325,000,000
Total private activity bonds	<u>\$ 496,700,000</u>

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

I. Ownership of Waste Water Treatment Facilities

Generally, the Authority becomes the owner of the industrial wastewater treatment facilities it constructs or acquires from the proceeds of bonds issued. Municipal wastewater treatment plants owned by the Authority are financed through contributions received from municipalities and land developers, as well as bond issues.

The construction of the 40-Acre Facility was financed through the issuance of Union Carbide Corporation Project Revenue Bonds and through additional contributions made by Union Carbide. Under the Facilities Agreement, Union Carbide has the option of purchasing the facility at appraised values, as defined. However, Union Carbide may not exercise its option to purchase if other corporations are also using the facilities.

Effective January 6, 2006, the participants of the Washburn Tunnel Facility terminated the Joint Venture Agreement and delivered to the Authority a quitclaim deed, quitclaiming to the Authority any and all right, title and interest or reversionary interest they may have had in the Washburn Tunnel Facility.

IV. Other Information

A. Defined Contribution Pension Plan

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 MissionSquare Retirement (MissionSquare) 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, 2022 the total plan assets were \$61,847,908 . These assets were allocated as follows:

Asset Category	Balance	Percent of Assets
Stable Value/Money Market Funds	\$ 17,599,575	34%
Bond Funds	3,169,440	6%
Guaranteed Lifetime Income	6,538,936	13%
Balanced Funds	8,523,075	17%
U.S. Stock Funds	11,825,939	23%
International Stock Funds	2,559,664	5%
Specialty	283,712	1%
Other	563,833	1%
Total Assets	\$ 51,064,174	100.00%

The Authority's contribution for the year ended December 31, 2022 was \$1,466,916 which represents the required 10 percent of covered payroll. The employees' contribution was \$733,458 which equals 5 percent of covered payroll and there were no additional voluntary contributions. The Authority recognized pension expense of \$1,466,916 during the year. As of December 31, 2022 there were 177 active participants, 97 inactive participants are retired or terminated participants with balances in the plan.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

A. Defined Contribution Pension Plan (continued)

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 MissionSquare investment options. There is no investment restriction on the mandatory 5 percent contribution or on any voluntary contribution made by each employee.

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). MissionSquare 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. MissionSquare 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.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

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 MissionSquare Retirement 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 \$126 to \$316 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.

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 2022. Instead, costs were paid on a "pay-as-you-go" basis from the Authority's internal service fund.

At December 31, 2021, measurement date, the following employees were covered by the benefit terms:

<u>Membership</u>	
Retirees and beneficiaries	88
Inactive, nonretired members	0
Active members	104
Total	<u>192</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 2022, the Authority contributed a total of \$659,107 to the plan for benefit payments.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

D. Other Post-Employment Benefits (continued)

Net OPEB Liability

The net OPEB liability is based upon a January 1, 2022 valuation date. Year-end liabilities were projected forward to December 31, 2022, using a standard roll-forward technique.

Actuarial Assumptions

Valuation date	Saturday, January 1, 2022
Actuarial cost method	Individual Entry Age
Single Discount Rate	5.00%, per annum
Inflation	2.25%, per annum
Salary Increases	2.50%, 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 PUB 2010 retiree headcount weighted mortality table with mortality improvement scale MP-2021 for annuitants and non-annuitants
Health Care Trend Rate	Pre-65: Initial rate of 7.10% fluctuating between 7.10% and 4.24% for 21 years until reaching an ultimate rate of 4.14% Post-65: Initial rate of 7.10% fluctuating between 7.10% and 4.24% for 21 years until reaching an ultimate rate of 4.14%
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

Discount Rate

The single discount rate as of December 31, 2022, for GASB 75 accounting purposes is 5.00% which is based upon the below information:

	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	50%	8.00%
Foreign Equity	9%	10.10%
Fixed Income	33%	5.36%
Cash	1%	2.40%
Other	7%	9.90%
Total	100%	7.42%

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

D. Other Post-Employment Benefits (continued)

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at December 31, 2021	\$ 20,038,462	\$ 12,529,475	\$ 7,508,987
Service cost	532,228	-	532,228
Interest	946,647	-	946,647
Difference between expected and actual experience	(1,440,518)	-	(1,440,518)
Changes of assumptions	411,990	-	411,990
Contributions - employer	-	659,107	(659,107)
Net investment income	-	(1,770,221)	1,770,221
Benefit payments	(394,480)	-	(394,480)
Administrative expense	-	-	-
Net changes	55,867	(1,111,114)	1,166,981
Balance at December 31, 2022	\$ 20,094,329	\$ 11,418,361	\$ 8,675,968

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:

1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
\$ 11,383,011	\$ 8,675,968	\$ 5,591,130

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:

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ 6,213,096	\$ 8,675,968	\$ 11,722,438

OPEB Plan Fiduciary Net Position

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

Assets	
Cash and deposits	\$ 70,794
Investments:	
Domestic equities	5,757,138
Fixed income	3,746,364
Private equity	1,067,617
Other	776,448
Total investments	<u>11,347,567</u>
Total assets	<u>11,418,361</u>
Net position restricted for OPEB	<u>\$ 11,418,361</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 (continued)

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

<u>Year Ended December 31,</u>		
2023	\$	(53,992)
2024		112,743
2025		(170,990)
2026		97,894
2027		(384,881)
2028		-
	<u>\$</u>	<u>(399,226)</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 \$390,935.

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.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

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 Facility, which is permitted for non-hazardous and hazardous solid waste, although hazardous waste has not been accepted since 1993.

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

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

The estimated total cost of closure and post-closure for the current site at year end is \$8,061,500. Of this amount, \$2,892,755 and \$1,612,300 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 90.62%, and \$3,466,445 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 \$3,141,292. The total accrued closure and post-closure care costs at year end for the entire site are \$7,736,347. The remaining accrued costs to be recognized are \$325,153. 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 one year as of 2022.

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 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, 2022, the Authority had no outstanding litigation which would have a material effect on the financial condition of the Authority.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

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.

I. Deficit Net Position of Internal Service Funds

As of December 31, 2022, the Authority reported deficits in total net position of \$590,581 for the Compensated Absences fund and \$7,253,351 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.

J. Implementation of New Accounting Standards

GASB No. 87, *Leases*, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority implemented this statement in fiscal year 2022.



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 Five Years**

	Year Ending December 31,				
	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	\$ 424,295	\$ 766,029	\$ 798,197	\$ 772,547	\$ 532,228
Interest on the total OPEB liability	926,731	890,437	936,902	961,233	946,647
Difference in expected and actual experience	(923,598)	-	(772,706)	-	(1,440,518)
Change of assumptions	4,022,699	(596,408)	(934,972)	-	411,990
Benefit payments, including refunds of employee contributions	(200,210)	(295,418)	(280,871)	(294,847)	(394,480)
Net Change in Total OPEB Liability	<u>4,249,917</u>	<u>764,640</u>	<u>(253,450)</u>	<u>1,438,933</u>	<u>55,867</u>
Total OPEB Liability - Beginning	13,838,422	18,088,339	18,852,979	18,599,529	20,038,462
Total OPEB Liability - Ending (a)	<u>\$ 18,088,339</u>	<u>\$ 18,852,979</u>	<u>\$ 18,599,529</u>	<u>\$ 20,038,462</u>	<u>\$ 20,094,329</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 576,917	\$ 557,999	\$ 585,999	\$ 608,575	\$ 659,107
Net investment income	(378,381)	1,332,894	1,244,515	1,457,516	(1,770,221)
Administrative expense	-	(42,786)	(48,152)	(57,623)	-
Net Change in Plan Fiduciary Net Position	<u>198,536</u>	<u>1,848,107</u>	<u>1,782,362</u>	<u>2,008,468</u>	<u>(1,111,114)</u>
Plan Fiduciary Net Position - Beginning	6,692,002	6,890,538	8,738,645	10,521,007	12,529,475
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,890,538</u>	<u>\$ 8,738,645</u>	<u>\$ 10,521,007</u>	<u>\$ 12,529,475</u>	<u>\$ 11,418,361</u>
Net OPEB Liability - Ending (a) - (b)	\$ 11,197,801	\$ 10,114,334	\$ 8,078,522	\$ 7,508,987	\$ 8,675,968
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	38.09%	46.35%	56.57%	62.53%	56.82%
Covered Payroll	\$ 15,086,318	\$ 15,569,170	\$ 16,494,690	\$ 17,151,722	\$ 18,384,960
Net OPEB Liability as a Percentage of Covered Payroll	74.22%	64.96%	48.98%	43.78%	47.19%

Notes to Schedule:

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

Assumption Changes. Since the prior valuation, there have been no assumption changes to the OPEB plan.

Ten years of data should be presented in this schedule, but data was unavailable prior to 2018.

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 Five Years

	For the Year Ended December 31,				
	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 941,305	\$ 1,050,066	\$ 1,445,792	\$ 1,336,693	\$ 953,602
Contributions in relation to the actuarially determined contribution	777,127	853,417	866,870	903,422	1,053,587
Contribution deficiency (excess)	<u>\$ 164,178</u>	<u>\$ 196,649</u>	<u>\$ 578,922</u>	<u>\$ 433,271</u>	<u>\$ (99,985)</u>
Covered payroll	\$ 15,086,318	\$ 15,569,170	\$ 16,494,690	\$ 17,151,722	\$ 18,384,960
Contributions as a percentage of payroll	5.15%	5.48%	5.26%	5.27%	5.73%
Expected rate of return as of the beginning of the period	7.00%	7.00%	5.00%	5.00%	5.00%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are based upon a valuation date of January 1, 2022 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	2.25 percent
Healthcare cost trend rates (pre-65 / post-65) (1)	7.10% / 7.10% initial medical trend rate for retirees' ultimate rate of 4.14% / 4.14% in the year 2042 / 2042
Salary increases	2.50%, including inflation rate of 2.25%
Investment rate of return	5.00 percent, net of OPEB plan investment expense
Average retirement age	69.6
Mortality	In 2022, assumption based upon Sex distinct PUB 2010 retiree headcount weighted mortality table with mortality improvement scale MP-2021

Ten years of data should be presented in this schedule, but data was unavailable prior to 2018.

OTHER SUPPLEMENTARY INFORMATION



COMBINING INFORMATION AND STATEMENTS

GULF COAST AUTHORITY
ENTERPRISE FUND
December 31, 2022

General Services Division

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

Bayport 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 Facility Division

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

Campbell Bayou Facility Division

This division accounts for the operations of an industrial landfill and land treatment as well as disposal of 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 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.

GULF COAST AUTHORITY
ENTERPRISE FUND (continued)
December 31, 2022

Odessa South Facility Division

This division accounts for the operations of the wastewater treatment facility in Odessa, Texas. Revenues to operate this facility are provided by the industries and 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 Facility 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.

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."

RailPort 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 in north Texas. This division was created in 2020 to allow the Authority and the participants to jointly investigate the potential of participation in the acquisition, construction, or development of such facilities. A development agreement provides for all costs to the Authority to be covered by the participants.

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - NET POSITION
ENTERPRISE FUND
December 31, 2022

	General Services Division	Bayport Facility Division	Blackhawk Facility Division
Assets			
Current Assets:			
Cash and cash equivalents	\$ 4,476,768	\$ 13,086,100	\$ 397,694
Marketable securities	8,783,156	25,682,307	777,264
Receivables, net	307,692	9,004,118	819,676
Due from other divisions	591,344	-	-
Prepays	14,573	267,251	67,797
Restricted assets:			
Cash and cash equivalents	-	16,786,967	288,832
Marketable securities	-	-	566,926
Total Current Assets	14,173,533	64,826,743	2,918,189
Noncurrent Assets:			
Capital assets:			
Land	53,800	907,489	200,000
Construction in progress	-	40,750,567	158,036
Plant and equipment	2,584,066	190,065,647	26,357,055
Right-to-use assets	-	-	-
Less accumulated depreciation	(1,842,198)	(109,805,660)	(17,559,524)
Total capital assets (net of accumulated depreciation)	795,668	121,918,043	9,155,567
Total Noncurrent Assets	795,668	121,918,043	9,155,567
Total Assets	14,969,201	186,744,786	12,073,756
Liabilities			
Current Liabilities:			
Accounts payable	487,303	5,624,373	275,286
Wages payable	1,152,392	-	-
Due to other divisions	-	-	-
Accrued bond interest	-	916,506	-
Current portion of capital lease payable	-	-	-
Current portion of bonds payable	-	5,568,259	-
Unearned revenue	-	222,064	865,710
Total Current Liabilities	1,639,695	12,331,202	1,140,996
Noncurrent Liabilities:			
Capital lease payable	-	-	-
Bonds payable (net of unamortized discount and deferred amount on refunding)	-	82,196,238	-
Working capital deposits	-	-	961,959
Total Noncurrent Liabilities	-	82,196,238	961,959
Total Liabilities	1,639,695	94,527,440	2,102,955
Deferred Inflows of Resources			
Deferred gain on refunding	-	2,469,342	-
Net Position			
Net investment in capital assets	795,668	40,424,183	9,155,567
Restricted for:			
Debt service	-	5,018,744	-
Contingency reserve	-	-	855,758
Unrestricted	12,533,838	44,305,077	(40,524)
Total Net Position	\$ 13,329,506	\$ 89,748,004	\$ 9,970,801

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - NET POSITION
ENTERPRISE FUND
December 31, 2022

	Campbell Bayou Facility Division		Central Laboratory Division	East Battleground Facility Division	40-Acre Facility Division
	Industrial Solid Waste Facility	Closure/Post Closure			
Assets					
Current Assets:					
Cash and cash equivalents	\$ 24,336	\$ 28,124	\$ 4,384,631	\$ 45,235	\$ 1,700
Marketable securities	47,374	55,202	8,602,898	88,788	-
Receivables, net	-	57,362	25,333	-	859,886
Due from other divisions	-	-	-	-	-
Prepays	3,305	2,149	17,116	-	36,010
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Marketable securities	-	-	-	-	-
Total Current Assets	75,015	142,837	13,029,978	134,023	897,596
Noncurrent Assets:					
Capital assets:					
Land	671,966	-	-	-	1,427,965
Construction in progress	683,107	-	39,818	1,759,188	-
Plant and equipment	5,574,477	-	9,978,374	-	35,621,114
Right-to-use assets	-	-	-	-	-
Less accumulated depreciation	(5,552,248)	-	(6,865,435)	-	(29,993,782)
Total capital assets (net of accumulated depreciation)	1,377,302	-	3,152,757	1,759,188	7,055,297
Total Noncurrent Assets	1,377,302	-	3,152,757	1,759,188	7,055,297
Total Assets	1,452,317	142,837	16,182,735	1,893,211	7,952,893
Liabilities					
Current Liabilities:					
Accounts payable	32,650	11,755	186,804	-	181,675
Wages payable	-	-	-	-	-
Due to other divisions	-	-	-	-	591,344
Accrued bond interest	-	-	-	-	-
Current portion of capital lease payable	-	-	-	-	-
Current portion of bonds payable	-	-	-	-	-
Unearned revenue	-	-	-	114,158	202,083
Total Current Liabilities	32,650	11,755	186,804	114,158	975,102
Noncurrent Liabilities:					
Capital lease payable	-	-	-	-	-
Bonds payable (net of unamortized discount and deferred amount on refunding)	-	-	-	-	-
Working capital deposits	251,018	-	-	-	227,414
Total Noncurrent Liabilities	251,018	-	-	-	227,414
Total Liabilities	283,668	11,755	186,804	114,158	1,202,516
Deferred Inflows of Resources					
Deferred gain on refunding	-	-	-	-	-
Net Position					
Net investment in capital assets	1,377,302	-	3,152,757	1,759,188	7,055,297
Restricted for:					
Debt service	-	-	-	-	-
Contingency reserve	-	-	-	-	-
Unrestricted	(208,653)	131,082	12,843,174	19,865	(304,920)
Total Net Position	\$ 1,168,649	\$ 131,082	\$ 15,995,931	\$ 1,779,053	\$ 6,750,377

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - NET POSITION
ENTERPRISE FUND
December 31, 2022

	Odessa South Facility Division	Vince Bayou Facility Division	Washburn Tunnel Facility Division	Washburn Tunnel Pipeline Services Division
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,281,808	\$ 2,479,230	\$ 2,720,794	\$ -
Marketable securities	2,515,565	4,866,279	5,336,500	-
Receivables, net	1,378,809	312,558	2,108,860	-
Due from other divisions	-	-	-	-
Prepays	38,224	3,558	174,714	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Marketable securities	-	-	-	-
Total Current Assets	5,214,406	7,661,625	10,340,868	-
Noncurrent Assets:				
Capital assets:				
Land	76,161	100,611	1,736,549	-
Construction in progress	-	-	-	-
Plant and equipment	16,512,350	2,251,778	48,769,458	16,647
Right-to-use assets	-	-	278,420	-
Less accumulated depreciation	(15,099,609)	(1,742,675)	(35,861,240)	(16,647)
Total capital assets (net of accumulated depreciation)	1,488,902	609,714	14,923,187	-
Total Noncurrent Assets	1,488,902	609,714	14,923,187	-
Total Assets	6,703,308	8,271,339	25,264,055	-
Liabilities				
Current Liabilities:				
Accounts payable	300,498	125,940	2,044,762	-
Wages payable	-	-	-	-
Due to other divisions	-	-	-	-
Accrued bond interest	-	-	-	-
Current portion of capital lease payable	-	-	68,439	-
Current portion of bonds payable	-	-	-	-
Unearned revenue	1,000,440	-	8,162,186	-
Total Current Liabilities	1,300,938	125,940	10,275,387	-
Noncurrent Liabilities:				
Capital lease payable	-	-	143,728	-
Bonds payable (net of unamortized discount and deferred amount on refunding)	-	-	-	-
Working capital deposits	456,353	-	20,635	-
Total Noncurrent Liabilities	456,353	-	164,363	-
Total Liabilities	1,757,291	125,940	10,439,750	-
Deferred Inflows of Resources				
Deferred gain on refunding	-	-	-	-
Net Position				
Net investment in capital assets	1,488,902	609,714	14,711,020	-
Restricted for:				
Debt service	-	-	-	-
Contingency reserve	-	-	-	-
Unrestricted	3,457,115	7,535,685	113,285	-
Total Net Position	\$ 4,946,017	\$ 8,145,399	\$ 14,824,305	\$ -

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - NET POSITION
ENTERPRISE FUND
December 31, 2022

	Component Unit GCIDA Division	RailPort Facility Division	Eliminations	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 247,403	\$ 555,979	\$ -	\$ 29,729,802
Marketable securities	485,607	1,091,285	-	58,332,225
Receivables, net	1,000	6,064	-	14,881,358
Due from other divisions	-	-	(591,344)	-
Prepays	-	-	-	624,697
Restricted assets:				
Cash and cash equivalents	-	-	-	17,075,799
Marketable securities	-	-	-	566,926
Total Current Assets	734,010	1,653,328	(591,344)	121,210,807
Noncurrent Assets:				
Capital assets:				
Land	-	-	-	5,174,541
Construction in progress	-	2,975,210	-	46,365,926
Plant and equipment	-	-	-	337,730,966
Right-to-use assets	-	-	-	278,420
Less accumulated depreciation	-	-	-	(224,339,018)
Total capital assets (net of accumulated depreciation)	-	2,975,210	-	165,210,835
Total Noncurrent Assets	-	2,975,210	-	165,210,835
Total Assets	734,010	4,628,538	(591,344)	286,421,642
Liabilities				
Current Liabilities:				
Accounts payable	2,442	417,666	-	9,691,154
Wages payable	-	-	-	1,152,392
Due to other divisions	-	-	(591,344)	-
Accrued bond interest	-	-	-	916,506
Current portion of capital lease payable	-	-	-	68,439
Current portion of bonds payable	-	-	-	5,568,259
Unearned revenue	-	1,263,877	-	11,830,518
Total Current Liabilities	2,442	1,681,543	(591,344)	29,227,268
Noncurrent Liabilities:				
Capital lease payable	-	-	-	143,728
Bonds payable (net of unamortized discount and deferred amount on refunding)	-	-	-	82,196,238
Working capital deposits	-	-	-	1,917,379
Total Noncurrent Liabilities	-	-	-	84,257,345
Total Liabilities	2,442	1,681,543	(591,344)	113,484,613
Deferred Inflows of Resources				
Deferred gain on refunding	-	-	-	2,469,342
Net Position				
Net investment in capital assets	-	2,975,210	-	83,504,808
Restricted for:				
Debt service	-	-	-	5,018,744
Contingency reserve	-	-	-	855,758
Unrestricted	731,568	(28,215)	-	81,088,377
Total Net Position	\$ 731,568	\$ 2,946,995	\$ -	\$ 170,467,687

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - REVENUE, EXPENSES, AND CHANGES
IN NET POSITION
ENTERPRISE FUND
For the Year Ended December 31, 2022

	General Services Division	Bayport Facility Division	Blackhawk Facility Division
Operating Revenues			
Charges for sales and services:			
Services to industries	\$ 2,042,935	\$ 53,630,707	\$ -
Services to municipalities	-	20,682	3,580,989
Intragovernmental	6,666,745	-	-
Other	178,309	754,545	57,928
Total Operating Revenues	8,887,989	54,405,934	3,638,917
Operating Expenses			
Costs of sales and services	7,862,334	33,289,388	3,259,567
Administration	615,130	1,051,676	167,203
Depreciation	81,098	6,265,241	759,284
Total Operating Expenses	8,558,562	40,606,305	4,186,054
Operating Income (Loss)	329,427	13,799,629	(547,137)
Nonoperating Revenues (Expenses)			
Investment income (loss)	(254,857)	(515,292)	(42,663)
Interest expense	-	(3,370,727)	-
Gain (loss) on disposal of capital assets	-	-	-
Total Nonoperating Revenues (Expenses)	(254,857)	(3,886,019)	(42,663)
Income (Loss) before Contributions and Transfers	74,570	9,913,610	(589,800)
Transfers in	53,567	-	-
Transfers out	-	-	-
Changes in Net Position	128,137	9,913,610	(589,800)
Beginning Net Position	13,201,369	79,834,394	10,560,601
Ending Net Position	\$ 13,329,506	\$ 89,748,004	\$ 9,970,801

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - REVENUE, EXPENSES, AND CHANGES
IN NET POSITION
ENTERPRISE FUND
For the Year Ended December 31, 2022

	Campbell Bayou Facility Division		Central Laboratory Division	East Battleground Facility Division	40-Acre Facility Division
	Industrial Solid Waste Facility	Closure/Post Closure			
Operating Revenues					
Charges for sales and services:					
Services to industries	\$ 390,052	\$ 536,026	\$ 89,371	\$ -	\$ 5,177,682
Services to municipalities	-	-	15,365	-	-
Intragovernmental	-	-	6,617,083	-	48,000
Other	25	-	405	-	32,046
Total Operating Revenues	<u>390,077</u>	<u>536,026</u>	<u>6,722,224</u>	<u>-</u>	<u>5,257,728</u>
Operating Expenses					
Costs of sales and services	319,417	460,714	6,653,423	50	4,657,933
Administration	71,465	75,312	150,223	-	524,122
Depreciation	10,132	-	523,730	-	1,381,944
Total Operating Expenses	<u>401,014</u>	<u>536,026</u>	<u>7,327,376</u>	<u>50</u>	<u>6,563,999</u>
Operating Income (Loss)	<u>(10,937)</u>	<u>-</u>	<u>(605,152)</u>	<u>(50)</u>	<u>(1,306,271)</u>
Nonoperating Revenues (Expenses)					
Investment income (loss)	(1,116)	(2,534)	(249,437)	115	8,494
Interest expense	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(1,116)</u>	<u>(2,534)</u>	<u>(249,437)</u>	<u>115</u>	<u>8,494</u>
Income (Loss) before Contributions and Transfers	<u>(12,053)</u>	<u>(2,534)</u>	<u>(854,589)</u>	<u>65</u>	<u>(1,297,777)</u>
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Changes in Net Position	(12,053)	(2,534)	(854,589)	65	(1,297,777)
Beginning Net Position	<u>1,180,702</u>	<u>133,616</u>	<u>16,850,520</u>	<u>1,778,988</u>	<u>8,048,154</u>
Ending Net Position	<u>\$ 1,168,649</u>	<u>\$ 131,082</u>	<u>\$ 15,995,931</u>	<u>\$ 1,779,053</u>	<u>\$ 6,750,377</u>

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - REVENUE, EXPENSES, AND CHANGES
IN NET POSITION
ENTERPRISE FUND
For the Year Ended December 31, 2022

	Odessa South Facility Division	Vince Bayou Facility Division	Washburn Tunnel Facility Division	Washburn Tunnel Pipeline Services Division
Operating Revenues				
Charges for sales and services:				
Services to industries	\$ 5,477,919	\$ 1,358,460	\$ 13,780,413	\$ -
Services to municipalities	200,000	-	-	-
Intragovernmental	-	-	103,350	-
Other	554,244	7,644	13,203	-
Total Operating Revenues	<u>6,232,163</u>	<u>1,366,104</u>	<u>13,896,966</u>	<u>-</u>
Operating Expenses				
Costs of sales and services	5,335,608	1,094,304	12,226,852	-
Administration	555,903	54,452	797,914	-
Depreciation	268,129	94,037	1,258,277	-
Total Operating Expenses	<u>6,159,640</u>	<u>1,242,793</u>	<u>14,283,043</u>	<u>-</u>
Operating Income (Loss)	<u>72,523</u>	<u>123,311</u>	<u>(386,077)</u>	<u>-</u>
Nonoperating Revenues (Expenses)				
Investment income (loss)	(75,980)	(142,162)	(166,235)	-
Interest expense	-	-	(8,068)	-
Gain (loss) on disposal of capital assets	-	-	(2,870)	-
Total Nonoperating Revenues (Expenses)	<u>(75,980)</u>	<u>(142,162)</u>	<u>(177,173)</u>	<u>-</u>
Income (Loss) before Contributions and Transfers	<u>(3,457)</u>	<u>(18,851)</u>	<u>(563,250)</u>	<u>-</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Changes in Net Position	(3,457)	(18,851)	(563,250)	-
Beginning Net Position	4,949,474	8,164,250	15,387,555	-
Ending Net Position	<u>\$ 4,946,017</u>	<u>\$ 8,145,399</u>	<u>\$ 14,824,305</u>	<u>\$ -</u>

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - REVENUE, EXPENSES, AND CHANGES
IN NET POSITION
ENTERPRISE FUND
For the Year Ended December 31, 2022

	Component Unit GCIDA Division	RailPort Facility Division	Eliminations	Total
Operating Revenues				
Charges for sales and services:				
Services to industries	\$ 2,000	\$ -	\$ -	\$ 82,485,565
Services to municipalities	-	2,285,000	-	6,102,036
Intragovernmental	-	-	(13,435,178)	-
Other	-	-	-	1,598,349
Total Operating Revenues	2,000	2,285,000	(13,435,178)	90,185,950
Operating Expenses				
Costs of sales and services	6,641	35	(13,435,178)	61,731,088
Administration	105	-	-	4,063,505
Depreciation	-	-	-	10,641,872
Total Operating Expenses	6,746	35	(13,435,178)	76,436,465
Operating Income (Loss)	(4,746)	2,284,965	-	13,749,485
Nonoperating Revenues (Expenses)				
Investment income (loss)	(13,969)	(30,618)	-	(1,486,254)
Interest expense	-	-	-	(3,378,795)
Gain (loss) on disposal of capital assets	-	-	-	(2,870)
Total Nonoperating Revenues (Expenses)	(13,969)	(30,618)	-	(4,867,919)
Income (Loss) before Contributions and Transfers	(18,715)	2,254,347	-	8,881,566
Transfers in	-	-	(53,567)	-
Transfers out	(53,567)	-	53,567	-
Changes in Net Position	(72,282)	2,254,347	-	8,881,566
Beginning Net Position	803,850	692,648	-	161,586,121
Ending Net Position	\$ 731,568	\$ 2,946,995	\$ -	\$ 170,467,687

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
ENTERPRISE FUND
For the Year Ended December 31, 2022

	General Services Division	Bayport Facility Division	Blackhawk Facility Division
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 2,140,886	\$ 54,632,386	\$ 4,709,203
Receipts from intragovernmental users	6,666,745	-	-
Payments to suppliers	(1,084,114)	(19,550,890)	(1,856,572)
Payments to employees	(6,434,476)	(6,091,004)	(1,006,837)
Payments to intragovernmental suppliers	(989,469)	(7,769,956)	(610,676)
Net Cash Provided (Used) by Operating Activities	<u>299,572</u>	<u>21,220,536</u>	<u>1,235,118</u>
Cash Flows from Noncapital			
Financing Activities			
Intragovernmental transfers in	53,567	-	-
Intragovernmental transfers (out)	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>53,567</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related			
Financing Activities			
Acquisition and construction of capital assets	(62,609)	(9,985,712)	(180,907)
Proceeds from sale of revenue bonds	-	10,728,411	-
Principal paid on capital related debt	-	(4,680,000)	-
Interest paid on capital related debt	-	(3,774,370)	-
Principal payments on lease obligations	-	-	-
Interest payments on lease obligations	-	-	-
Net cash Provided (Used) by Capital and Related Financing Activities	<u>(62,609)</u>	<u>(7,711,671)</u>	<u>(180,907)</u>
Cash Flows from Investing Activities			
Maturity (purchase) of investments	856,283	1,347,121	(624,180)
Interest received (paid)	-	-	-
Net Cash Provided (Used) by Investing Activities	<u>856,283</u>	<u>1,347,121</u>	<u>(624,180)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,146,813	14,855,986	430,031
Beginning Cash and Cash Equivalents	3,329,955	15,017,081	256,495
Ending Cash and Cash Equivalents	<u>\$ 4,476,768</u>	<u>\$ 29,873,067</u>	<u>\$ 686,526</u>
Ending Cash and Cash Equivalents			
Unrestricted cash and cash equivalents	\$ 4,476,768	\$ 13,086,100	\$ 397,694
Restricted cash and cash equivalents	-	16,786,967	288,832
	<u>\$ 4,476,768</u>	<u>\$ 29,873,067</u>	<u>\$ 686,526</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 329,427	\$ 13,799,629	\$ (547,137)
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	81,098	6,265,241	759,284
Changes in Operating Assets and Liabilities:			
(Increase) decrease in assets			
Accounts receivable, net	(80,358)	4,388	190,312
Due from other funds/divisions	(49,101)	-	-
Prepays	(3,585)	81,728	(9,854)
Increase (decrease) in liabilities:			
Wages payable	62,332	-	-
Accounts payable	(40,241)	847,486	(37,461)
Due to other funds/divisions	-	-	-
Unearned revenue	-	222,064	865,710
Working capital deposits	-	-	14,264
Net Cash Provided (Used) by Operating Activities	<u>\$ 299,572</u>	<u>\$ 21,220,536</u>	<u>\$ 1,235,118</u>

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
ENTERPRISE FUND
For the Year Ended December 31, 2022

	<u>Campbell Bayou Facility Division</u>		<u>Central</u>	<u>East</u>	<u>40-Acre</u>
	<u>Industrial Solid</u>	<u>Closure/Post</u>	<u>Laboratory</u>	<u>Battleground</u>	<u>Facility</u>
	<u>Waste Facility</u>	<u>Closure</u>	<u>Division</u>	<u>Facility</u>	<u>Division</u>
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 390,077	\$ 518,151	\$ 107,766	\$ -	\$ 5,066,326
Receipts from intragovernmental users	-	-	6,617,083	-	48,000
Payments to suppliers	(105,935)	(212,768)	(1,510,867)	(50)	(1,942,737)
Payments to employees	(141,158)	(205,575)	(3,823,264)	-	(1,713,906)
Payments to intragovernmental suppliers	(120,919)	(111,158)	(1,403,863)	-	(1,393,006)
Net Cash Provided (Used) by Operating Activities	<u>22,065</u>	<u>(11,350)</u>	<u>(13,145)</u>	<u>(50)</u>	<u>64,677</u>
Cash Flows from Noncapital					
Financing Activities					
Intragovernmental transfers in	-	-	-	-	-
Intragovernmental transfers (out)	-	-	-	-	-
Net Cash Provided (Used) by Noncapital					
Financing Activities	-	-	-	-	-
Cash Flows from Capital and Related					
Financing Activities					
Acquisition and construction of capital assets	-	-	(54,603)	(25)	(73,171)
Proceeds from sale of revenue bonds	-	-	-	-	-
Principal paid on capital related debt	-	-	-	-	-
Interest paid on capital related debt	-	-	-	-	-
Principal payments on lease obligations	-	-	-	-	-
Interest payments on lease obligations	-	-	-	-	-
Net cash Provided (Used) by Capital and					
Related Financing Activities	-	-	(54,603)	(25)	(73,171)
Cash Flows from Investing Activities					
Maturity (purchase) of investments	(10,590)	15,131	1,119,342	11,643	-
Interest received (paid)	-	-	-	115	8,494
Net Cash Provided (Used) by Investing					
Activities	<u>(10,590)</u>	<u>15,131</u>	<u>1,119,342</u>	<u>11,758</u>	<u>8,494</u>
Net Increase (Decrease) in Cash and					
Cash Equivalents	11,475	3,781	1,051,594	11,683	-
Beginning Cash and Cash Equivalents	12,861	24,343	3,333,037	33,552	1,700
Ending Cash and Cash Equivalents	<u>\$ 24,336</u>	<u>\$ 28,124</u>	<u>\$ 4,384,631</u>	<u>\$ 45,235</u>	<u>\$ 1,700</u>
Ending Cash and Cash Equivalents					
Unrestricted cash and cash equivalents	\$ 24,336	\$ 28,124	\$ 4,384,631	\$ 45,235	\$ 1,700
Restricted cash and cash equivalents	-	-	-	-	-
	<u>\$ 24,336</u>	<u>\$ 28,124</u>	<u>\$ 4,384,631</u>	<u>\$ 45,235</u>	<u>\$ 1,700</u>
Reconciliation of Operating Income (Loss) to Net					
Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ (10,937)	\$ -	\$ (605,152)	\$ (50)	\$ (1,306,271)
Adjustment to reconcile operating income to net					
cash provided (used) by operating activities					
Depreciation	10,132	-	523,730	-	1,381,944
Changes in Operating Assets and Liabilities:					
(Increase) decrease in assets					
Accounts receivable, net	-	(17,875)	2,625	-	(370,816)
Due from other funds/divisions	-	-	-	-	-
Prepays	5,535	6,429	(3,622)	-	4,011
Increase (decrease) in liabilities:					
Wages payable	-	-	-	-	-
Accounts payable	17,335	96	69,274	-	51,804
Due to other funds/divisions	-	-	-	-	76,591
Unearned revenue	-	-	-	-	-
Working capital deposits	-	-	-	-	227,414
Net Cash Provided (Used) by Operating Activities	<u>\$ 22,065</u>	<u>\$ (11,350)</u>	<u>\$ (13,145)</u>	<u>\$ (50)</u>	<u>\$ 64,677</u>

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
ENTERPRISE FUND
For the Year Ended December 31, 2022

	Odessa South Facility Division	Vince Bayou Facility Division	Washburn Tunnel Facility Division	Washburn Tunnel Pipeline Services Division
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 6,244,474	\$ 1,454,881	\$ 14,491,110	\$ -
Receipts from intragovernmental users	-	-	103,350	-
Payments to suppliers	(3,220,431)	(359,958)	(5,755,329)	-
Payments to employees	(1,781,878)	(322,732)	(4,086,284)	-
Payments to intragovernmental suppliers	(880,605)	(361,803)	(2,902,874)	-
Net Cash Provided (Used) by Operating Activities	361,560	410,388	1,849,973	-
Cash Flows from Noncapital				
Financing Activities				
Intragovernmental transfers in	-	-	-	-
Intragovernmental transfers (out)	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(34,207)	(270,195)	(837,348)	-
Proceeds from sale of revenue bonds	-	-	-	-
Principal paid on capital related debt	-	-	-	-
Interest paid on capital related debt	-	-	-	-
Principal payments on lease obligations	-	-	(66,253)	-
Interest payments on lease obligations	-	-	(8,069)	-
Net cash Provided (Used) by Capital and Related Financing Activities	(34,207)	(270,195)	(911,670)	-
Cash Flows from Investing Activities				
Maturity (purchase) of investments	66,317	499,084	(431,396)	-
Interest received (paid)	-	-	-	-
Net Cash Provided (Used) by Investing Activities	66,317	499,084	(431,396)	-
Net Increase (Decrease) in Cash and Cash Equivalents				
Cash Equivalents	393,670	639,277	506,907	-
Beginning Cash and Cash Equivalents	888,138	1,839,953	2,213,887	-
Ending Cash and Cash Equivalents	\$ 1,281,808	\$ 2,479,230	\$ 2,720,794	\$ -
Ending Cash and Cash Equivalents				
Unrestricted cash and cash equivalents	\$ 1,281,808	\$ 2,479,230	\$ 2,720,794	\$ -
Restricted cash and cash equivalents	-	-	-	-
	\$ 1,281,808	\$ 2,479,230	\$ 2,720,794	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 72,523	\$ 123,311	\$ (386,077)	\$ -
Adjustment to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	268,129	94,037	1,258,277	-
Changes in Operating Assets and Liabilities:				
(Increase) decrease in assets				
Accounts receivable, net	(107,929)	88,777	169,928	-
Due from other funds/divisions	-	-	-	-
Prepays	832	2,148	(6,670)	-
Increase (decrease) in liabilities:				
Wages payable	-	-	-	-
Accounts payable	7,765	102,115	286,949	-
Due to other funds/divisions	-	-	-	-
Unearned revenue	120,240	-	527,566	-
Working capital deposits	-	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ 361,560	\$ 410,388	\$ 1,849,973	\$ -

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
ENTERPRISE FUND
For the Year Ended December 31, 2022

	Component Unit GCIDA Division	RailPort Facility Division	Eliminations	Total
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 2,000	\$ 3,579,366	\$ -	\$ 93,336,626
Receipts from intragovernmental users	-	-	(13,435,178)	-
Payments to suppliers	(5,454)	410,971	-	(35,194,133)
Payments to employees	-	-	-	(25,607,114)
Payments to intragovernmental suppliers	-	(27,490)	13,435,178	(3,136,641)
Net Cash Provided (Used) by Operating Activities	(3,454)	3,962,847	-	29,398,738
Cash Flows from Noncapital				
Financing Activities				
Intragovernmental transfers in	-	-	(53,567)	-
Intragovernmental transfers (out)	(53,567)	-	53,567	-
Net Cash Provided (Used) by Noncapital Financing Activities	(53,567)	-	-	-
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	(2,284,965)	-	(13,783,742)
Proceeds from sale of revenue bonds	-	-	-	10,728,411
Principal paid on capital related debt	-	-	-	(4,680,000)
Interest paid on capital related debt	-	-	-	(3,774,370)
Principal payments on lease obligations	-	-	-	(66,253)
Interest payments on lease obligations	-	-	-	(8,069)
Net cash Provided (Used) by Capital and Related Financing Activities	-	(2,284,965)	-	(11,584,023)
Cash Flows from Investing Activities				
Maturity (purchase) of investments	103,087	(1,121,903)	-	1,829,938
Interest received (paid)	-	-	-	8,609
Net Cash Provided (Used) by Investing Activities	103,087	(1,121,903)	-	1,838,547
Net Increase (Decrease) in Cash and Cash Equivalents				
Cash Equivalents	46,066	555,979	-	19,653,262
Beginning Cash and Cash Equivalents	201,337	-	-	27,152,339
Ending Cash and Cash Equivalents	\$ 247,403	\$ 555,979	\$ -	\$ 46,805,601
Ending Cash and Cash Equivalents				
Unrestricted cash and cash equivalents	\$ 247,403	\$ 555,979	\$ -	\$ 29,729,802
Restricted cash and cash equivalents	-	-	-	17,075,799
	\$ 247,403	\$ 555,979	\$ -	\$ 46,805,601
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (4,746)	\$ 2,284,965	\$ -	\$ 13,749,485
Adjustment to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	-	-	-	10,641,872
Changes in Operating Assets and Liabilities:				
(Increase) decrease in assets				
Accounts receivable, net	-	264,273	-	143,325
Due from other funds/divisions	-	-	-	(49,101)
Prepays	-	-	-	76,952
Increase (decrease) in liabilities:				
Wages payable	-	-	-	62,332
Accounts payable	1,292	411,006	-	1,717,421
Due to other funds/divisions	-	(27,490)	-	49,101
Unearned revenue	-	1,030,093	-	2,765,673
Working capital deposits	-	-	-	241,678
Net Cash Provided (Used) by Operating Activities	\$ (3,454)	\$ 3,962,847	\$ -	\$ 29,398,738



GULF COAST AUTHORITY
INTERNAL SERVICE FUNDS
December 31, 2022

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.

Computer & Network Services 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, 2022

	Casualty Insurance Risk Reserve	Compensated Absences	Computer & Network Services
Assets			
Current Assets:			
Cash and cash equivalents	\$ 131,947	\$ 637,568	\$ 420,878
Marketable securities	258,988	1,251,430	826,107
Receivables	-	-	-
Prepays	-	-	189
Total Current Assets	390,935	1,888,998	1,247,174
Noncurrent Assets:			
Capital Assets:			
Construction in Progress	-	-	874,324
Plant and Equipment	-	-	661,465
Less Accumulated Depreciation	-	-	(618,361)
Total Capital Assets (Net of Accumulated Depreciation)	-	-	917,428
Total Noncurrent Assets	-	-	917,428
Total Assets	390,935	1,888,998	2,164,602
Deferred Outflows of Resources			
Deferred Outflows - OPEB	-	-	-
Total Deferred Outflows of Resources	-	-	-
Liabilities			
Current Liabilities:			
Accounts Payable	-	-	27,183
Current Portion of Accrued Compensated Absences	-	1,731,362	-
Total Current Liabilities	-	1,731,362	27,183
Noncurrent Liabilities:			
Accrued Compensated Absences	-	748,217	-
Net OPEB Liability	-	-	-
Total Noncurrent Liabilities	-	748,217	-
Total Liabilities	-	2,479,579	27,183
Deferred Inflows of Resources			
Deferred Inflows - OPEB	-	-	-
Total Deferred Inflows of Resources	-	-	-
Net Position			
Net Investment in Capital Assets	-	-	917,428
Unrestricted	390,935	(590,581)	1,219,991
Total Net Position	\$ 390,935	\$ (590,581)	\$ 2,137,419

GULF COAST AUTHORITY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2022

	Employees' Health Care	Equipment Service	Pretreatment Legislation	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 378,059	\$ 799,850	\$ 399,051	\$ 2,767,353
Marketable securities	742,060	1,569,962	783,265	5,431,812
Receivables	8,140	-	-	8,140
Prepays	706,162	74	-	706,425
Total Current Assets	1,834,421	2,369,886	1,182,316	8,913,730
Noncurrent Assets:				
Capital Assets:				
Construction in Progress	-	-	-	874,324
Plant and Equipment	-	6,439,297	-	7,100,762
Less Accumulated Depreciation	-	(4,518,513)	-	(5,136,874)
Total Capital Assets (Net of Accumulated Depreciation)	-	1,920,784	-	2,838,212
Total Noncurrent Assets	-	1,920,784	-	2,838,212
Total Assets	1,834,421	4,290,670	1,182,316	11,751,942
Deferred Outflows of Resources				
Deferred Outflows - OPEB	2,387,991	-	-	2,387,991
Total Deferred Outflows of Resources	2,387,991	-	-	2,387,991
Liabilities				
Current Liabilities:				
Accounts Payable	12,578	-	8,000	47,761
Current Portion of Accrued Compensated Absences	-	-	-	1,731,362
Total Current Liabilities	12,578	-	8,000	1,779,123
Noncurrent Liabilities:				
Accrued Compensated Absences	-	-	-	748,217
Net OPEB Liability	8,675,968	-	-	8,675,968
Total Noncurrent Liabilities	8,675,968	-	-	9,424,185
Total Liabilities	8,688,546	-	8,000	11,203,308
Deferred Inflows of Resources				
Deferred Inflows - OPEB	2,787,217	-	-	2,787,217
Total Deferred Inflows of Resources	2,787,217	-	-	2,787,217
Net Position				
Net Investment in Capital Assets	-	1,920,784	-	2,838,212
Unrestricted	(7,253,351)	2,369,886	1,174,316	(2,688,804)
Total Net Position	\$ (7,253,351)	\$ 4,290,670	\$ 1,174,316	\$ 149,408

GULF COAST AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2022

	<u>Casualty Insurance Risk Reserve</u>	<u>Compensated Absences</u>	<u>Computer & Network Services</u>
Operating Revenues			
Charges for Sales and Services:			
Intragovernmental	\$ -	\$ -	\$ 999,456
Other	-	-	-
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>999,456</u>
Operating Expenses			
Costs of sales and services	-	160,327	692,953
Administration	-	-	329
Depreciation	-	-	16,673
Total Operating Expenses	<u>-</u>	<u>160,327</u>	<u>709,955</u>
Operating income (loss)	<u>-</u>	<u>(160,327)</u>	<u>289,501</u>
Nonoperating Revenues (Expenses)			
Investment Income (Loss)	(7,582)	(38,137)	(24,150)
Gain (Loss) on Disposal of Capital Assets	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(7,582)</u>	<u>(38,137)</u>	<u>(24,150)</u>
Changes in Net Position	(7,582)	(198,464)	265,351
Beginning Net Position	398,517	(392,117)	1,872,068
Ending Net Position	<u>\$ 390,935</u>	<u>\$ (590,581)</u>	<u>\$ 2,137,419</u>

GULF COAST AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2022

	<u>Employees'</u> <u>Health Care</u>	<u>Equipment</u> <u>Service</u>	<u>Pretreatment</u> <u>Legislation</u>	<u>Total</u>
Operating Revenues				
Charges for Sales and Services:				
Intragovernmental	\$ 3,571,525	\$ 551,439	\$ -	\$ 5,122,420
Other	626,854	2	168,700	795,556
Total Operating Revenues	<u>4,198,379</u>	<u>551,441</u>	<u>168,700</u>	<u>5,917,976</u>
Operating Expenses				
Costs of sales and services	191,904	120,860	96,000	1,262,044
Administration	4,135,649	191	-	4,136,169
Depreciation	-	365,266	-	381,939
Total Operating Expenses	<u>4,327,553</u>	<u>486,317</u>	<u>96,000</u>	<u>5,780,152</u>
Operating income (loss)	<u>(129,174)</u>	<u>65,124</u>	<u>72,700</u>	<u>137,824</u>
Nonoperating Revenues (Expenses)				
Investment Income (Loss)	(24,776)	(47,544)	(22,784)	(164,973)
Gain (Loss) on Disposal of Capital Assets	-	103,075	-	103,075
Total Nonoperating Revenues (Expenses)	<u>(24,776)</u>	<u>55,531</u>	<u>(22,784)</u>	<u>(61,898)</u>
Changes in Net Position	(153,950)	120,655	49,916	75,926
Beginning Net Position	(7,099,401)	4,170,015	1,124,400	73,482
Ending Net Position	<u>\$ (7,253,351)</u>	<u>\$ 4,290,670</u>	<u>\$ 1,174,316</u>	<u>\$ 149,408</u>

GULF COAST AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2022

	Casualty Insurance Risk Reserve	Compensated Absences	Computer & Network Services
Cash Flows from Operating Activities			
Receipts from customers and users	\$ -	\$ -	\$ -
Receipts from intragovernmental users	-	-	999,456
Payments to suppliers	-	-	(798,757)
Payments to employees	-	(231,484)	-
Net Cash Provided (Used) by Operating Activities	-	(231,484)	200,699
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	-	-	-
Proceeds from sale of capital assets	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-
Cash Flows from Investing Activities			
Maturity (purchase) of investments	39,732	366,628	(23,729)
Interest received	(7,582)	(38,137)	(24,150)
Net Cash Provided by (Used for) Investing Activities	32,150	328,491	(47,879)
Net Increase (Decrease) in Cash and Cash Equivalents	32,150	97,007	152,820
Beginning Cash and Cash Equivalents	99,797	540,561	268,058
Ending Cash and Cash Equivalents	\$ 131,947	\$ 637,568	\$ 420,878
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ -	\$ (160,327)	\$ 289,501
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	-	-	16,673
Changes in Operating Assets and Liabilities			
(Increase) decrease in assets			
Accounts receivable	-	-	-
Prepays	-	-	(47)
Increase (decrease) liabilities			
Wages payable	-	(71,157)	-
Accounts payable	-	-	(105,428)
Net OPEB liability and related amounts	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ -	\$ (231,484)	\$ 200,699

GULF COAST AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2022

	Employees' Health Care	Equipment Service	Pretreatment Legislation	Total
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 626,854	\$ 2	\$ 168,700	\$ 795,556
Receipts from intragovernmental users	3,581,833	551,439	-	5,132,728
Payments to suppliers	(4,762,936)	(121,050)	(88,000)	(5,770,743)
Payments to employees	-	-	-	(231,484)
Net Cash Provided (Used) by Operating Activities	<u>(554,249)</u>	<u>430,391</u>	<u>80,700</u>	<u>(73,943)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	(534,858)	-	(534,858)
Proceeds from sale of capital assets	-	103,075	-	103,075
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(431,783)</u>	<u>-</u>	<u>(431,783)</u>
Cash Flows from Investing Activities				
Maturity (purchase) of investments	531,585	243,084	59,563	1,216,863
Interest received	(24,776)	(47,544)	(22,784)	(164,973)
Net Cash Provided by (Used for) Investing Activities	<u>506,809</u>	<u>195,540</u>	<u>36,779</u>	<u>1,051,890</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(47,440)</u>	<u>194,148</u>	<u>117,479</u>	<u>546,164</u>
Beginning Cash and Cash Equivalents	425,499	605,702	281,572	2,221,189
Ending Cash and Cash Equivalents	<u>\$ 378,059</u>	<u>\$ 799,850</u>	<u>\$ 399,051</u>	<u>\$ 2,767,353</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (129,174)	\$ 65,124	\$ 72,700	\$ 137,824
Adjustment to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	-	365,266	-	381,939
Changes in Operating Assets and Liabilities				
(Increase) decrease in assets				
Accounts receivable	10,308	-	-	10,308
Prepays	(348,162)	1	-	(348,208)
Increase (decrease) liabilities				
Wages payable	-	-	-	(71,157)
Accounts payable	11,630	-	8,000	(85,798)
Net OPEB liability and related amounts	(98,851)	-	-	(98,851)
Net Cash Provided (Used) by Operating Activities	<u>\$ (554,249)</u>	<u>\$ 430,391</u>	<u>\$ 80,700</u>	<u>\$ (73,943)</u>



GULF COAST AUTHORITY
PENSION AND OTHER POST-EMPLOYMENT
BENEFIT TRUST FUNDS
December 31, 2022

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 MissionSquare Retirement.

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 MissionSquare Retirement.

GULF COAST AUTHORITY
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS
December 31, 2022

	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	\$ 17,599,575	\$ -	\$ 17,599,575
Bonds	3,169,440	-	3,169,440
Guaranteed Lifetime Income	6,538,936	-	6,538,936
Balanced/Asset Allocation	8,523,075	-	8,523,075
U.S. Stock	11,825,939	-	11,825,939
International/Global Stock	2,559,664	-	2,559,664
Specialty	283,712	-	283,712
Domestic Equities	-	5,827,932	5,827,932
Fixed Income	-	3,746,364	3,746,364
Private Equity	-	1,067,617	1,067,617
Other	563,833	776,448	1,340,281
Total Assets	\$ 51,064,174	\$ 11,418,361	\$ 62,482,535
Net Position			
Restricted for:			
Pensions	\$ 51,064,174	\$ -	\$ 51,064,174
Other Post-Employment Benefits	-	11,418,361	11,418,361
Total Net Position	\$ 51,064,174	\$ 11,418,361	\$ 62,482,535

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, 2022

	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:			
Employers	\$ 2,296,861	\$ 659,107	\$ 2,955,968
Total Contributions	<u>2,296,861</u>	<u>659,107</u>	<u>2,955,968</u>
Investment Earnings:			
Net increase/(decrease) in fair value of investments	(7,756,521)	(1,770,221)	(9,526,742)
Net Investment Earnings	<u>(7,756,521)</u>	<u>(1,770,221)</u>	<u>(9,526,742)</u>
Other Additions:			
Roll-ins	248,561	-	248,561
Miscellaneous credits	795,503	-	795,503
Total Other Additions	<u>1,044,064</u>	<u>-</u>	<u>1,044,064</u>
Total Additions	<u>(4,415,596)</u>	<u>(1,111,114)</u>	<u>(5,526,710)</u>
Deductions:			
Benefit payments	4,340,996	-	4,340,996
Forfeiture debits	73,348	-	73,348
Administrative expense	36,277	-	36,277
Total Deductions	<u>4,450,621</u>	<u>-</u>	<u>4,450,621</u>
Change in Net Position	(8,866,217)	(1,111,114)	(9,977,331)
Beginning Net Position	59,930,391	12,529,475	72,459,866
Ending Net Position	<u>\$ 51,064,174</u>	<u>\$ 11,418,361</u>	<u>\$ 62,482,535</u>

GULF COAST AUTHORITY
INDUSTRIAL PROJECTS - PRIVATE ACTIVITY REVENUE
BONDS ISSUED AND OUTSTANDING
December 31, 2022

	Series	Date Issued	Final Maturity	Interest Rate
Exxon Pollution Control Project Revenue Refunding Bonds	1989	10/01/89	2024	**
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	**

Totals

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

** Variable rate

GULF COAST AUTHORITY
INDUSTRIAL PROJECTS - PRIVATE ACTIVITY REVENUE
BONDS ISSUED AND OUTSTANDING
December 31, 2022

	Purpose	Total	Amount Retired	Amount Outstanding
Exxon Pollution Control Project Revenue Refunding Bonds	Air Pollution Control, Water Pollution Facilities	\$ 24,700,000	\$ -	\$ 24,700,000
ExxonMobil Project Environmental Facilities Revenue Bonds	Environmental Improvement	25,000,000	-	25,000,000
ExxonMobil Environmental Fac Rev Bonds Series 2001A	Environmental Improvement	25,000,000	-	25,000,000
ExxonMobil Environmental Fac Rev Bonds Series 2001B	Environmental Improvement	25,000,000	-	25,000,000
ExxonMobil Project Environmental Facilities Revenue Bonds Series 2002	Environmental Improvement	25,000,000	-	25,000,000
Exxon Mobil Environmental Facilities Revenue Bonds	Environmental Improvement	25,000,000	-	25,000,000
Waste Management of Texas, Inc. Solid Waste Disposal Revenue Bonds	Solid Waste Disposal	10,000,000	-	10,000,000
American Acryl L.P. Environmental Facilities Revenue Bonds	Environmental Improvement	19,000,000	7,000,000	12,000,000
Totals		\$ 178,700,000	\$ 7,000,000	\$ 171,700,000

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

** Variable rate

GULF COAST AUTHORITY
GULF COAST INDUSTRIAL DEVELOPMENT AUTHORITY - INDUSTRIAL
DEVELOPMENT REVENUE BONDS ISSUED AND OUTSTANDING
December 31, 2022

	<u>Series</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Amount Outstanding</u>
CITGO Petroleum Environmental Facilities Revenue Bonds	1998	08/01/98	2028	8.000%	\$100,000,000	\$75,000,000	\$ 25,000,000
CITGO Petroleum Corporation Project	2004	05/01/04	2032	**	25,000,000	-	25,000,000
ExxonMobil Project Revenue Bonds	2012	11/01/12	2041	**	275,000,000	-	275,000,000
Totals					<u>\$ 400,000,000</u>	<u>\$ 75,000,000</u>	<u>\$ 325,000,000</u>

** Variable rate bond

STATISTICAL SECTION



GULF COAST AUTHORITY
STATISTICAL SECTION
December 31, 2022

This part of the Authority's annual comprehensive 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.

	<u>Page</u>
Financial Trends	88
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
Revenue Capacity	93
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.	
Debt Capacity	94
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.	
Demographic and Economic Information	98
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.	
Operating Information	99
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.	

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

GULF COAST AUTHORITY
NET POSITION BY COMPONENT
LAST TEN YEARS ¹

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Primary Government					
Net investment in capital assets	\$ 51,956,683	\$ 52,785,531	\$ 62,566,534	\$ 65,537,570	\$ 68,936,131
Restricted	5,731,659	3,983,207	5,547,022	4,852,486	4,982,459
Unrestricted	34,552,737	38,958,377	50,087,934	55,469,080	62,236,675
Total Primary Government					
Net Position	<u>\$ 92,241,079</u>	<u>\$ 95,727,115</u>	<u>\$ 118,201,490</u>	<u>\$ 125,859,136</u>	<u>\$ 136,155,265</u>

¹ The Authority implemented GASB Statement No. 75 in 2018.

GULF COAST AUTHORITY
NET POSITION BY COMPONENT
LAST TEN YEARS ¹

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Primary Government					
Net investment in capital assets	\$ 73,391,834	\$ 79,801,363	\$ 81,370,225	\$ 77,689,182	\$ 86,343,020
Restricted	5,382,927	5,590,991	5,710,716	6,304,190	5,874,502
Unrestricted	62,301,382	64,107,015	68,848,128	77,666,231	78,399,573
Total Primary Government					
Net Position	<u>\$ 141,076,143</u>	<u>\$ 149,499,369</u>	<u>\$ 155,929,069</u>	<u>\$ 161,659,603</u>	<u>\$ 170,617,095</u>

¹ The Authority implemented GASB Statement No. 75 in 2018.

GULF COAST AUTHORITY
CHANGES IN NET POSITION
LAST TEN YEARS ¹

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses					
Business-Type Activities:					
General services	\$ 1,867,558	\$ 1,158,663	\$ 922,949	\$ 1,342,428	\$ 1,292,295
Wastewater treatment	55,913,550	55,037,733	57,103,537	57,389,738	59,162,361
Solid waste disposal	826,055	853,672	904,667	947,022	1,005,039
Total Primary Government Expenses	<u>58,607,163</u>	<u>57,050,068</u>	<u>58,931,153</u>	<u>59,679,188</u>	<u>61,459,695</u>
Program Revenues					
Business-Type Activities:					
Charges for services:					
General services	1,499,139	1,555,047	1,809,874	2,075,707	1,821,844
Wastewater treatment	54,957,532	56,958,781	60,227,895	60,683,240	64,771,316
Solid waste disposal	783,755	826,806	888,028	925,322	976,600
Operating grants and contributions	10,338	-	-	-	-
Capital grants and contributions	4,865,128	7,064,990	8,406,698	2,870,910	3,511,433
Total Primary Government Revenues	<u>62,115,892</u>	<u>66,405,624</u>	<u>71,332,495</u>	<u>66,555,179</u>	<u>71,081,193</u>
Total Primary Government Net (Expense) Revenues	<u>3,508,729</u>	<u>9,355,556</u>	<u>12,401,342</u>	<u>6,875,991</u>	<u>9,621,498</u>
General Revenues and Other Changes in Net Position					
Business-Type Activities:					
Investment Earnings (Loss)	519,094	(12,355)	315,871	781,655	674,631
Miscellaneous	-	-	-	-	-
Total Primary Government	<u>519,094</u>	<u>(12,355)</u>	<u>315,871</u>	<u>781,655</u>	<u>674,631</u>
Total Primary Government Changes in Net Position	<u>\$ 4,027,823</u>	<u>\$ 9,343,201</u>	<u>\$ 12,717,213</u>	<u>\$ 7,657,646</u>	<u>\$ 10,296,129</u>

¹ The Authority implemented GASB Statement No. 75 in 2018

GULF COAST AUTHORITY
CHANGES IN NET POSITION
LAST TEN YEARS ¹

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Expenses					
Business-Type Activities:					
General services	\$ 762,797	\$ 1,249,518	\$ 1,031,083	\$ 1,839,119	\$ 1,890,668
Wastewater treatment	63,292,202	65,539,309	68,281,152	70,068,723	76,750,419
Solid waste disposal	968,693	934,112	993,101	904,461	936,144
Total Primary Government Expenses	<u>65,023,692</u>	<u>67,722,939</u>	<u>70,305,336</u>	<u>72,812,303</u>	<u>79,577,231</u>
Program Revenues					
Business-Type Activities:					
Charges for services:					
General services	2,046,831	2,182,082	2,207,945	2,095,046	2,223,244
Wastewater treatment	68,929,692	67,937,673	70,711,321	75,687,746	87,036,603
Solid waste disposal	925,920	915,259	973,155	901,466	926,103
Operating grants and contributions	-	-	5,961	-	-
Capital grants and contributions	821,594	1,379,434	318,154	162,700	-
Total Primary Government Revenues	<u>72,724,037</u>	<u>72,414,448</u>	<u>74,216,536</u>	<u>78,846,958</u>	<u>90,185,950</u>
Total Primary Government Net (Expense) Revenues	<u>7,700,345</u>	<u>4,691,509</u>	<u>3,911,200</u>	<u>6,034,655</u>	<u>10,608,719</u>
General Revenues and Other Changes in Net Position					
Business-Type Activities:					
Investment Earnings (Loss)	2,134,690	3,727,520	2,259,735	(426,276)	(1,651,227)
Miscellaneous	-	4,197	251,765	129,155	-
Total Primary Government Changes in Net Position	<u>2,134,690</u>	<u>3,731,717</u>	<u>2,511,500</u>	<u>(297,121)</u>	<u>(1,651,227)</u>
Total Primary Government Changes in Net Position	<u>\$ 9,835,035</u>	<u>\$ 8,423,226</u>	<u>\$ 6,422,700</u>	<u>\$ 5,737,534</u>	<u>\$ 8,957,492</u>

¹ The Authority implemented GASB Statement No. 75 in 2018



GULF COAST AUTHORITY
BAYPORT MAJOR CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

Customer	2022			2013		
	Total Sales	Rank	% of Total Sales	Total Sales	Rank	% of Total Sales
Lyondell Chemical Company	\$ 10,923,391	1	19.8%	\$ 3,773,948	2	12.7%
Celanese LTD	7,433,246	2	13.4%	3,918,017	1	13.2%
Albemarle Corporation	6,152,179	3	11.1%	3,369,677	3	11.3%
Kaneka North America	4,882,081	4	8.8%	2,853,474	4	9.6%
Kuraray America	3,657,188	5	6.6%	1,126,701	8	3.8%
Carpenter Company	2,531,815	6	4.6%	1,380,694	5	4.6%
Dixie Chemical Company, Inc.	1,806,452	7	3.3%	1,352,025	6	4.5%
Noltex, LLC	1,456,593	8	2.6%			
American Acryl, LP	1,393,781	9	2.5%	1,184,523	7	4.0%
Goodyear Tire & Rubber Company	1,323,065	10	2.4%			
Intergulf Corp		n/a		968,956	9	3.3%
Baker Petrolite, LLC		n/a		831,192	10	2.8%
Subtotal	<u>41,559,791</u>		<u>75.14%</u>	<u>20,759,207</u>		<u>69.77%</u>
Other customers	<u>13,748,508</u>		<u>24.86%</u>	<u>8,992,508</u>		<u>30.23%</u>
Total	<u><u>\$ 55,308,299</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 29,751,715</u></u>		<u><u>100.00%</u></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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net Income (loss)	\$ 620,770	\$ 3,877,727	\$ 4,679,665	\$ 5,007,053	\$ 7,524,313
Add items not includable in current expenses:					
Bond interest expense	2,182,607	1,879,274	2,788,107	2,704,239	2,573,376
Depreciation	4,533,646	4,395,904	4,478,265	4,950,344	4,135,186
Management fees	898,800	998,004	1,047,900	1,077,900	1,177,896
Pledge revenues	8,235,823	11,150,909	12,993,937	13,739,536	15,410,771
Average annual debt service on outstanding bonds	<u>\$ 3,113,717</u>	<u>\$ 3,254,134</u>	<u>\$ 4,845,390</u>	<u>\$ 4,748,064</u>	<u>\$ 4,640,346</u>
Actual debt service on outstanding bonds	<u>\$ 3,669,950</u>	<u>\$ 5,573,038</u>	<u>\$ 5,469,828</u>	<u>\$ 6,694,588</u>	<u>\$ 6,686,988</u>
Coverage by pledged revenues of average annual debt service on outstanding bonds	2.65	3.43	2.68	2.89	3.32
Coverage by pledged revenues of actual debt service on outstanding bonds	2.24	2.00	2.38	2.05	2.30

GULF COAST AUTHORITY
BAYPORT AREA REVENUE BONDS DEBT SERVICE
COVERAGE OF THE PLEDGED REVENUES
LAST TEN YEARS

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Net Income (loss)	\$ 6,877,577	\$ 4,029,106	\$ 5,042,073	\$ 6,247,240	\$ 9,913,610
Add items not includable in current expenses:					
Bond interest expense	3,755,094	3,585,948	3,389,373	3,181,248	3,370,727
Depreciation	4,160,631	4,713,913	5,343,578	5,543,183	6,265,241
Management fees	1,237,896	1,287,900	1,362,900	1,362,900	1,362,900
Pledge revenues	16,031,198	13,616,867	15,137,924	16,334,571	20,912,478
Average annual debt service on outstanding bonds	<u>\$ 5,329,072</u>	<u>\$ 5,438,341</u>	<u>\$ 5,315,738</u>	<u>\$ 5,181,613</u>	<u>\$ 5,663,618</u>
Actual debt service on outstanding bonds	<u>\$ 7,326,006</u>	<u>\$ 8,144,963</u>	<u>\$ 8,136,613</u>	<u>\$ 8,132,363</u>	<u>\$ 8,134,283</u>
Coverage by pledged revenues of average annual debt service on outstanding bonds	3.01	2.50	2.98	3.15	3.69
Coverage by pledged revenues of actual debt service on outstanding bonds	2.19	1.67	1.86	2.01	2.57

GULF COAST AUTHORITY
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(dollars in thousands)

Fiscal Year	Business-Type Activities			Total Primary Government	Total Operating Revenue	Percent of Total Revenue
	Revenue Bonds	Refunding Bonds	Unamortized Premium			
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%
2020	72,430	9,400	8,057	89,887	73,898	121.64%
2021	70,435	6,940	7,515	84,890	78,973	107.49%
2022 (4)	62,855	17,265	7,644	87,764	90,186	97.31%

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 Authority Bayport Area System Revenue Bonds, Series 2018.

(4) In 2022 the Authority issued the Gulf Coast Authority Bayport Area System Revenue and Refunding Bonds, Series 2022A and B.

GULF COAST AUTHORITY
ACTIVE INDUSTRIAL AND MUNICIPAL CUSTOMERS
LAST TEN YEARS

Fiscal Year	Business-Type Activities
2013	156
2014	176
2015	199
2016	203
2017	203
2018	221
2019	249
2020	248
2021	236
2022	232

Source: Facility operating records.

GULF COAST AUTHORITY
FULL-TIME EQUIVALENT AUTHORITY
EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

Year	General Services	Wastewater Treatment	Solid Waste Disposal	Total
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
2020	35	130	2	167
2021	38	135	2	175
2022	34	135	2	171

Source: Human Resources

GULF COAST AUTHORITY
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function/Program					
Wastewater Treatment					
Wastewater treated (MGD)*	47.638	47.638	46.080	44.353	46.040
Permitted capacity (MGD)	91.950	91.250	91.950	88.050	84.950
Solid Waste Disposal					
Nonhazardous waste					
received (cubic yards)	2,123	1,005	1,674	2,761	1,078
Permitted capacity (cubic yards)	95,000	95,000	95,000	95,000	95,000

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Function/Program					
Wastewater Treatment					
Wastewater treated (MGD)*	47.630	46.990	46.590	47.320	45.530
Permitted capacity (MGD)	84.950	87.450	87.450	87.450	87.450
Solid Waste Disposal					
Nonhazardous waste					
received (cubic yards)	1,505	2,732	695	1,341	1,133
Permitted capacity (cubic yards)	95,000	95,000	95,000	95,000	95,000

*MGD = million gallons per day

Source: Facility operations records

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

GULF COAST AUTHORITY
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS

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

Source: Various Facilities

GULF COAST AUTHORITY
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Function/Program					
General Services:					
Administrative Building	1	1	1	1	1
Wastewater Treatment:					
Aeration basins	15	15	15	21	21
Aeration tanks	13	13	13	13	14
Aerobic digester basins	12	12	12	12	12
Anaerobic basins	1	1	1	1	1
Belt presses	11	11	11	11	11
Clarifiers	21	21	21	21	21
Equalization basins	8	8	8	8	8
Facultative basins	2	2	2	2	2
Gravity filters	8	8	8	7	7
Disinfect areas	5	5	5	5	5
Sewerage acceptance units	3	3	3	3	3
Sludge surface disposal basins	3	3	3	3	3
Solid Waste Disposal:					
Land treatment units	1	1	1	1	1
Hazardous waste disposal cells	5	5	5	5	5
Non-hazardous waste disposal cells	4	4	4	5	5
	<u>113</u>	<u>113</u>	<u>113</u>	<u>119</u>	<u>120</u>

Source: Various Facilities



TEXAS SUPPLEMENTARY INFORMATION SECTION



GULF COAST AUTHORITY
TSI-1. SERVICES AND RATES
For the Year Ended December 31, 2022

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
For the Year Ended December 31, 2022

Personnel services *	\$ 25,665,560
Materials and supplies	13,044,712
Utilities	5,487,642
Repairs and maintenance	4,629,128
Professional services	3,195,266
Contractual services	9,427,129
General and administrative	2,110,077
Major repairs	314,323
Interest and amortization	3,376,985
Depreciation	10,637,260
Other	<u>3,340,376</u>
	<u><u>\$ 81,228,458</u></u>

* Number of persons employed by the Authority: 171 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, 2022

	<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	4.32%	N/A	\$ 5,985,387
Texas Range	N/A	4.13%	N/A	18,418,636
Texpool	N/A	3.98%	N/A	<u>525,871</u>
Total Temporary Investments				<u><u>\$ 24,929,894</u></u>

GULF COAST AUTHORITY**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS****(ALL BONDED DEBT SERVICES) – BY SERIES**

December 31, 2022

Due During the Year Ending	Annual Requirements for All Series			Total
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	
2023	\$ 5,025,000	\$ 1,833,013	\$ 1,833,012	\$ 8,691,025
2024	5,275,000	1,707,388	1,707,387	8,689,775
2025	3,760,000	1,575,513	1,575,512	6,911,025
2026	3,945,000	1,481,513	1,481,512	6,908,025
2027	4,135,000	1,382,888	1,382,887	6,900,775
2028	4,355,000	1,279,513	1,279,512	6,914,025
2029	4,555,000	1,170,638	1,170,637	6,896,275
2030	4,790,000	1,056,763	1,056,762	6,903,525
2031	5,025,000	937,013	937,012	6,899,025
2032	5,290,000	811,388	811,387	6,912,775
2033	5,545,000	679,138	679,137	6,903,275
2034	4,200,000	553,863	553,862	5,307,725
2035	4,360,000	475,485	475,484	5,310,969
2036	2,515,000	394,075	394,075	3,303,150
2037	2,615,000	343,775	343,775	3,302,550
2038	2,720,000	291,475	291,475	3,302,950
2039	2,830,000	237,075	237,075	3,304,150
2040	2,940,000	180,475	180,475	3,300,950
2041	3,060,000	122,675	122,675	3,305,350
2042	3,180,000	62,519	62,519	3,305,038
	<u>\$ 80,120,000</u>	<u>\$ 16,576,185</u>	<u>\$ 16,576,172</u>	<u>\$ 113,272,357</u>

GULF COAST AUTHORITY
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS
(ALL BONDED DEBT SERVICES) – BY SERIES
December 31, 2022

Due During the Year Ending	Series, 2015			Total
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	
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>\$ 19,300,000</u>	<u>\$ 3,374,447</u>	<u>\$ 3,374,447</u>	<u>\$ 26,048,894</u>

GULF COAST AUTHORITY**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS****(ALL BONDED DEBT SERVICES) – BY SERIES**

December 31, 2022

Due During the Year Ending	Series, 2018			Total
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	
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>\$ 8,425,813</u>	<u>\$ 8,425,800</u>	<u>\$ 50,621,613</u>

GULF COAST AUTHORITY
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS
(ALL BONDED DEBT SERVICES) – BY SERIES
December 31, 2022

Due During the Year Ending	Series, 2022A			Total
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	
2023	\$ 290,000	\$ 214,100	\$ 214,100	\$ 718,200
2024	305,000	206,850	206,850	718,700
2025	320,000	199,225	199,225	718,450
2026	335,000	191,225	191,225	717,450
2027	350,000	182,850	182,850	715,700
2028	370,000	174,100	174,100	718,200
2029	385,000	164,850	164,850	714,700
2030	405,000	155,225	155,225	715,450
2031	425,000	145,100	145,100	715,200
2032	450,000	134,475	134,475	718,950
2033	470,000	123,225	123,225	716,450
2034	495,000	111,475	111,475	717,950
2035	520,000	99,100	99,100	718,200
2036	545,000	86,100	86,100	717,200
2037	565,000	75,200	75,200	715,400
2038	590,000	63,900	63,900	717,800
2039	615,000	52,100	52,100	719,200
2040	635,000	39,800	39,800	714,600
2041	665,000	27,100	27,100	719,200
2042	690,000	13,800	13,800	717,600
	<u>\$ 9,425,000</u>	<u>\$ 2,459,800</u>	<u>\$ 2,459,800</u>	<u>\$ 14,344,600</u>

GULF COAST AUTHORITY
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS
(ALL BONDED DEBT SERVICES) – BY SERIES
December 31, 2022

Due During the Year Ending	Series, 2022B			Total
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	
2023	\$ 3,060,000	\$ 440,625	\$ 440,625	\$ 3,941,250
2024	3,210,000	364,125	364,125	3,938,250
2025	1,030,000	283,875	283,875	1,597,750
2026	1,080,000	258,125	258,125	1,596,250
2027	1,135,000	231,125	231,125	1,597,250
2028	1,195,000	202,750	202,750	1,600,500
2029	1,250,000	172,875	172,875	1,595,750
2030	1,315,000	141,625	141,625	1,598,250
2031	1,380,000	108,750	108,750	1,597,500
2032	1,450,000	74,250	74,250	1,598,500
2033	1,520,000	38,000	38,000	1,596,000
	<u>\$ 17,625,000</u>	<u>\$ 2,316,125</u>	<u>\$ 2,316,125</u>	<u>\$ 22,257,250</u>

GULF COAST AUTHORITY
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
For the Year Ended December 31, 2022

Revenue Bonds	Interest Rate	Bonds Outstanding 1/1/22	Bonds Sold During 2022	Bonds Refunded During 2022	Requirements 2022			Total	Bonds Outstanding 12/31/22
					Principal Due 10/01	Interest Due 04/01	Interest Due 10/01		
Series 2013 Revenue and Refunding Bonds	3.0-5.0	\$23,265,000	\$ -	\$ (19,625,000)	\$ 3,640,000	\$ 523,019	\$ 91,000	\$ 4,254,019	\$ -
Series 2015 Revenue Bonds	2.0-5.0	20,340,000	-	-	1,040,000	482,375	482,375	2,004,750	19,300,000
Series 2018 Revenue Bonds	3.5-5.0	33,770,000	-	-	-	721,913	721,912	1,443,825	33,770,000
Series 2022A Revenue Bonds	3.5-5.0	-	9,425,000	-	-	-	223,616	223,616	9,425,000
Series 2022B Revenue and Refunding Bonds	3.5-5.0	-	-	17,625,000	-	-	208,073	208,073	17,625,000
		<u>\$77,375,000</u>	<u>\$9,425,000</u>	<u>\$ (2,000,000)</u>	<u>\$4,680,000</u>	<u>\$ 1,727,307</u>	<u>\$ 1,726,976</u>	<u>\$ 8,134,283</u>	<u>\$80,120,000</u>

Paying Agent's Name & City

The Bank of New York Mellon

Dallas, TX

GULF COAST AUTHORITY

TSI-7. SCHEDULE OF REVENUES AND EXPENSES - ENTERPRISE FUNDS

For the Year Ended December 31, 2022

	Amounts				
	2022	2021	2020	2019	2018
Operating Revenues					
Charges for sales and services					
Services to industries	\$82,485,565	\$73,312,340	\$69,382,664	\$65,792,014	\$67,775,496
Services to municipalities	6,102,036	4,057,533	3,446,688	4,111,071	3,050,025
Other	1,598,349	1,314,385	1,069,030	1,249,125	1,076,922
Total Revenues	<u>90,185,950</u>	<u>78,684,258</u>	<u>73,898,382</u>	<u>71,152,210</u>	<u>71,902,443</u>
Expenditures					
Cost of sales and services	61,731,088	55,467,021	53,532,447	50,253,488	48,707,216
Administrative	4,063,505	3,973,970	3,532,496	3,822,593	4,023,496
Depreciation	10,641,872	10,130,521	9,851,082	9,036,816	8,193,222
Total Expenditures	<u>76,436,465</u>	<u>69,571,512</u>	<u>66,916,025</u>	<u>63,112,897</u>	<u>60,923,934</u>
Operating income (loss)	<u>13,749,485</u>	<u>9,112,746</u>	<u>6,982,357</u>	<u>8,039,313</u>	<u>8,691,026</u>
Non-Operating Revenues (Expenses)					
Interest income	(1,486,254)	(388,758)	2,060,020	3,465,721	1,995,599
Interest expense	(3,378,795)	(3,181,248)	(3,389,373)	(3,585,948)	(3,755,074)
Gain (loss) on disposal of capital asset	(2,870)	(87,792)	(4,741)	(157,500)	(40,923)
Insurance proceeds	-	129,155	251,765	4,197	57,366
Total Non-Operating Revenues (Expenses)	<u>(4,867,919)</u>	<u>(3,528,643)</u>	<u>(1,082,329)</u>	<u>(273,530)</u>	<u>(1,743,032)</u>
Income (loss) before contributions	8,881,566	5,584,103	5,900,028	7,765,783	9,235,457
Capital Contributions, net	-	162,700	318,154	1,262,238	764,228
Change in Net Position	<u>\$ 8,881,566</u>	<u>\$ 5,746,803</u>	<u>\$ 6,218,182</u>	<u>\$ 9,028,021</u>	<u>\$ 9,999,685</u>
Total Active Industrial and Municipal Participants	<u>232</u>	<u>236</u>	<u>248</u>	<u>249</u>	<u>221</u>

GULF COAST AUTHORITY

TSI-7. SCHEDULE OF REVENUES AND EXPENSES - ENTERPRISE FUNDS

For the Year Ended December 31, 2022

	Percent of Total Revenues				
	2022	2021	2020	2019	2018
Operating Revenues					
Charges for sales and services					
Services to industries	91.4%	93.3%	94.1%	92.8%	94.6%
Services to municipalities	6.8%	5.2%	4.7%	5.8%	4.2%
Other	1.8%	1.5%	1.2%	1.4%	1.2%
Total Revenues	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Expenditures					
Cost of sales and services	68.4%	70.5%	72.4%	70.6%	67.7%
Administrative	4.5%	5.1%	4.8%	5.4%	5.6%
Depreciation	11.8%	12.9%	13.3%	12.7%	11.4%
Total Expenditures	<u>84.7%</u>	<u>88.5%</u>	<u>90.5%</u>	<u>88.7%</u>	<u>84.7%</u>
Operating income (loss)	<u>15.3%</u>	<u>11.5%</u>	<u>9.5%</u>	<u>11.3%</u>	<u>15.3%</u>
Non-Operating Revenues (Expenses)					
Interest income	-1.6%	-0.5%	2.8%	4.9%	2.8%
Interest expense	-3.7%	-4.0%	-4.6%	-5.0%	-5.2%
Gain (loss) on disposal of capital asset				-0.2%	-0.1%
Insurance proceeds		0.2%	0.3%		0.1%
Total Non-Operating Revenues (Expenses)	<u>-5.3%</u>	<u>-4.3%</u>	<u>-1.5%</u>	<u>-0.3%</u>	<u>-2.4%</u>
Income (loss) before contributions	<u>10.0%</u>	<u>7.2%</u>	<u>8.0%</u>	<u>11.0%</u>	<u>12.9%</u>
Capital Contributions, net		0.2%	0.4%	1.8%	1.1%
Change in Net Position	<u>10.0%</u>	<u>7.4%</u>	<u>8.4%</u>	<u>12.8%</u>	<u>14.0%</u>

GULF COAST AUTHORITY
TSI-8. BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL
For the Year Ended December 31, 2022

Complete District Mailing Address:	910 Bay Area Boulevard, Houston, Texas 77058
District Business Telephone Number:	(281) 488-4115
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	10/2022
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution - TWC Section 49.060)	\$7,200

Board Members	Term of Office or Date Hired *	Elected/ Appointed	Fees of office paid 12/31/21	Expenses reimbursed 12/31/21	Title at Year End
Franklin D.R. Jones, Jr.	09/01/20 - 08/31/22	Appointed (2)	\$ 4,050	\$ 1,833	Chairman
Kevin M. Scott	09/01/20 - 08/31/22	Appointed (1)	3,900	828	Vice Chair
Billy J. Enochs	09/01/21 - 08/31/23	Appointed (3)	4,050	532	Secretary
J. Mark Schultz	09/01/20 - 08/31/22	Appointed (2)	5,400	1,951	Treasurer
Amber Batson	09/01/21 - 08/31/23	Appointed (1)	5,550	4,624	Member
Stephanie Farrer	09/18/22 - 08/31/24	Appointed (3)	600	153	Member
Lamont E. Meaux	09/01/20 - 08/31/22	Appointed (1)	3,600	471	Member
Jacqueline Peden	10/06/22 - 08/31/23	Appointed (2)	600	59	Member
Robert Swanson	09/01/21 - 08/31/23	Appointed (3)	1,500	630	Member
Key Administrative Personnel:					
Elizabeth Fazio Hale	11/16/20	N/A	\$ 344,872	\$ 4,945	Chief Executive Officer
Consultants:					
Olson and Olson	01/01/80	N/A	\$ 86,414	\$ -	General Counsel
Whitley Penn, LLP	10/01/06	N/A	\$ 76,651	\$ -	External Auditors