



Gulf Coast Authority
Protecting the Waters of Texas

Gulf Coast Authority, Texas

Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025



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

**For the Year Ended
December 31, 2025**

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



GULF COAST AUTHORITY
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INTRODUCTORY SECTION





Gulf Coast Authority

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April 09, 2026

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, 2025.

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 this 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 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, 2025, 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, 2025, 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.

**Protecting the waters of the State of Texas through environmentally sound,
economically feasible, and technologically advanced wastewater and water management practices.**

Profile of the Authority

Gulf Coast Authority (GCA) is a water and reclamation district of the state created in 1969 by the Texas Legislature to clean-up Galveston Bay. Since that time, our ability to provide safe, reliable, cost-effective, and compliant regional wastewater and water services has expanded across the State of Texas. The Authority provides services to assist industries and communities 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 Gulf Coast Authority (previously, Gulf Coast Waste Disposal 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 Property Assessed Clean Energy (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 Chair 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 is 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, Central Laboratory, Odessa South Industrial Wastewater Treatment Facility, and the Vince Bayou Receiving Station. Participants approve the annual budgets for the Blackhawk Regional Wastewater Treatment Facility, Campbell Bayou Solid Waste Management Facility, 40-Acre Industrial Wastewater Treatment Facility, RailPort Facility in North Texas, and Washburn Tunnel Wastewater Treatment 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 2025, the Authority operated four industrial wastewater treatment facilities and one domestic wastewater treatment facility, 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. The Authority also actively pursued the build-out of an additional industrial facility in Midlothian, Texas, which is expected to be operational in 2026.

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 sector, 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 advances in space and aeronautics technology with its highly skilled workforce. The region is also home to the Port of Houston, the nation's largest port for waterborne tonnage.

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 4.2% as of December 31, 2025, with the region adding 14,800 jobs during the year. According to the Greater Houston Partnership (GHP), the Houston area could add 30,900 jobs during 2026, which would bring its employment to a record 3.52 million jobs.

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, 2025, as 2.9% and 3.5% for the Midland MSA and Odessa MSA, respectively.

Ellis County, located within the Dallas-Fort Worth-Arlington MSA, is another secondary operational area for the Authority, approved in 2021. The Authority's RailPort Facility in Midlothian, Texas, new facility to be designed, built, and operational by 2026 in Midlothian, Texas achieved substantial completion in 2025.

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, 2025, as 3.6%. According to the Dallas Regional Chamber, the area had year-over-year job growth at 0.3% as of December 2025 with the metro area adding 14,200 jobs during 2025.

Long-term Financial Planning

The Authority's financial planning operates on three complementary horizons: annual operating budgets at each facility, a rolling five-year Capital Improvement Projects Plan (CIP Plan), and as of 2025, the Authority's first Infrastructure Master Plan, which provides a 20-year, risk-based framework for aligning capital priorities with asset condition, system performance, and projected demand.

The 2026-2030 CIP Plan includes over \$153.2 million in planned additions to existing facilities: \$87.0 million to the Bayport Facility; \$24.7 million to the Blackhawk Facility; \$20.7 million to the Washburn Tunnel Facility; \$8.0 million to the Odessa South Facility; \$4.0 million to the Campbell Bayou Facility; \$3.2 million to the Central Laboratory Facility; \$1.9 million to the Vince Bayou Facility; \$1.6 million to the 40-Acre Facility; and \$2.1 million in the General Services Division.

The Infrastructure Master Plan, completed in August 2025, evaluated 3,933 assets across five existing facilities and identified \$180.4 million in prioritized capital needs over the 20-year planning period. The plan employs a risk management framework based on each asset's likelihood and consequence of failure, supported by hydraulic and process modeling at each facility. As a living document subject to annual review, the Master Plan is expected to inform future CIP updates and help the Authority make capital investment decisions grounded in asset condition data rather than asset age alone.

Major Initiatives

In 2025, the Authority continued to implement the fourth year of its GCA Strategic Plan 2022-2026, advancing five strategic initiatives: 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.

Three defining accomplishments shaped the year: the successful go-live of the Authority's new enterprise resource planning (ERP) system, the completion of the Authority-wide Infrastructure Master Plan, and the substantial completion of the RailPort Facility in Midlothian, Texas – GCA's first greenfield restoration facility in nearly 50 years. These milestones, along with the achievements summarized below, reflect the collective progress of every department and facility across the organization.

Enterprise Modernization:

The Authority completed its most significant operational transformation in decades with the successful deployment of its new ERP system.

- Achieved successful ERP system go-live in April 2025, replacing legacy financial, procurement, and human capital management systems with a unified platform;
- Coordinated Authority-wide training sessions encompassing over 3,000 combined hours across Finance, HR, IT, and Purchasing to ensure user readiness and smooth adoption;
- Reorganized the billing system integration process within the new platform, improving workflow speed and overall process reliability;
- Collaborated across departments to update and implement multiple business processes, reports, and change management procedures; and
- Created a dedicated ERP ticketing system to support ongoing change management, issue resolution, and feature deployment.

Strategic Planning and Communications:

The Authority advanced several long-range planning and organizational development initiatives aligned with the GCA Strategic Plan 2022-2026.

- Completed the Authority-wide Infrastructure Master Plan in August 2025, a multi-year initiative guided by a cross-functional team of leadership, technical experts, and external engineering partners to assess facility condition, model system performance, and prioritize capital needs across all five existing facilities;
- Completed a four-year review of over 170 GCA policies and forms; continued review of approximately 30 additional policies for 2024-2025 and trained the Leadership Team on all revisions;
- Hired a new Communications Manager and strengthened GCA's digital presence, reaching over 43,000 users and generating more than 90,000 impressions through expanded LinkedIn storytelling;
- Produced the Spring and Fall 2025 Clarifier publications and the Infrastructure Master Plan Executive Summary; updated the GCA Branding Guide, facility logos, and internal newsletter masthead; and launched the GCA-Branded Employee Store.

Regulatory and Environmental Compliance:

The Authority maintained its strong record of regulatory performance and workplace safety across all facilities.

- Maintained full regulatory compliance across all facilities, completing approximately 128 Discharge Monitoring Reports, all air compliance reports, and all pretreatment program monitoring reports on time;
- Completed TCEQ investigations at the Bayport, 40-Acre, Blackhawk, Washburn Tunnel, and Odessa South Facilities, all resulting in no violations or no further action required;
- Awarded No Lost Time status to the Blackhawk Facility (over 6 years), Central Laboratory Facility (over 7 years), the 40-Acre Facility (over 9.5 years), and the Odessa South Facility (over 3 years); and
- Expanded minimum PPE requirements Authority-wide, reformed monthly safety meetings to a standardized format, and selected new incident reporting technology to improve safety tracking.

Facility Operations and Capital Investment:

The Authority continued to invest in the reliability, capacity, and modernization of its treatment infrastructure.

- Transitioned the Capital Improvement Plan from a traditional 5-year horizon to a risk-prioritized 20-year framework totaling \$180.4 million, informed by the Infrastructure Master Plan's evaluation of asset condition, system performance, and projected demand;
- Completed replacement of 1st Step blowers and the Discharge to Bay and Main Lift Station generator installation at the Bayport Facility, with multiple additional capital projects underway including clarifier piping, pipeline integrity, and back-up power;
- Advanced the aeration improvements project at the Blackhawk Facility, including successful draining and preparation of Aeration Basins 4 and 5 for upgrades;
- Completed back-up generator installation, fume hood replacements, and restroom upgrades at the Central Laboratory Facility, and upgraded the LIMS system to Version 9 with 98% ERA and 100% NSI proficiency testing pass rates;
- Completed the land farm pump and piping capital project, installed an electric dredge for solids removal, and performed electrical repairs and Arc Flash Assessment at the 40-Acre Facility and the Campbell Bayou Facility;
- Completed rehabilitation of Clarifiers T-430 and T-440, replaced low-lift pumps, and added three new customers at the Washburn Tunnel Facility and the Vince Bayou Facility;
- Completed pipe gallery ceiling and walkway repairs, LED lighting replacement, and new RAS meter and piping installation at the Odessa South Facility; and

- Achieved substantial completion of the Authority's first greenfield restoration facility in nearly 50 years at the RailPort Facility.

Financial Stewardship:

The Authority continued to demonstrate sound fiscal management and accountability.

- Hired a new Accounting Manager and continued training and professional development of finance and accounting staff;
- Finalized the 2024 Audit in March with no audit findings or management recommendations;
- Submitted the ACFR to TCEQ and all other required entities before due dates;
- Completed all debt service compliance requirements and workers' compensation and insurance audits;
- Finalized the 2026 Proposed Budgets and five-year Capital Improvement Plans for Non-Cost Reimbursement Facilities and Funds in October 2025; and
- Issued 1,990 purchase orders, processed 10,710 receipts of goods and services, and awarded seven competitively bid and Board-approved contracts.

Workforce and Organizational Development:

- Recruited, hired, and onboarded 24 new employees Authority-wide and four summer interns;
- Rolled out new 2025-2026 benefit plans, providers, and cost structures for employees and retirees, and administered new wage and salary plans, including a 3% cost of living adjustment;
- Completed Authority-wide Civility Training and Cybersecurity Training, and reviewed and processed approximately 244 annual performance appraisals;
- Expanded the HR website and employee portal to improve access to policies, forms, and benefits information, and continued development of GCA's cybersecurity framework based on the latest NIST guidance; and
- Completed IT deployment and configuration of all infrastructure at the new RailPort Facility and expanded redundant server capabilities at all GCA facilities.

The Board of Directors, staff, and consultants continue to monitor local, state, and federal regulations that affect the Authority's operations, including emerging contaminants, water use and reuse policy, and federal legislation governing tax-exempt financing of water, wastewater, and air pollution control facilities.

Awards and Acknowledgments

In 2025, the National Association of Clean Water Agencies (NACWA) recognized four GCA facilities with Peak Performance Awards for their 2024 permit compliance:

- Odessa South Municipal and Industrial Wastewater Treatment Facility – Platinum;
- 40-Acre Industrial Wastewater Treatment Facility – Gold;
- Bayport Industrial Wastewater Treatment Facility – Silver; and
- Washburn Tunnel Industrial Wastewater Treatment Facility – Silver.

The Water Environment Association of Texas (WEAT) presented the following individual and facility awards:

- Industrial Wastewater Treatment Plant of the Year for the Bayport Industrial Wastewater Treatment Facility;
- William D. Hatfield Award to Scott Koerber;
- Laboratory Analyst Excellence Award to Jevonne Bass; and
- WEAT/WEF Lifetime Member designation for Phyllis Frank.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Gulf Coast Authority for its annual comprehensive financial report for the fiscal year ended December 31, 2024. This was the 38th consecutive year that the Authority has achieved this prestigious award. To be awarded a Certificate of Achievement, the Authority must publish an easily readable, well-organized, annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for 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 supporting the financial operations of the Authority in a responsible and responsive manner and the Audit and Budget Committee for its role in overseeing the audit process.

Respectfully submitted,



Elizabeth Fazio Hale
General Manager/CEO



Carrie Latimer
Chief Financial Officer





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

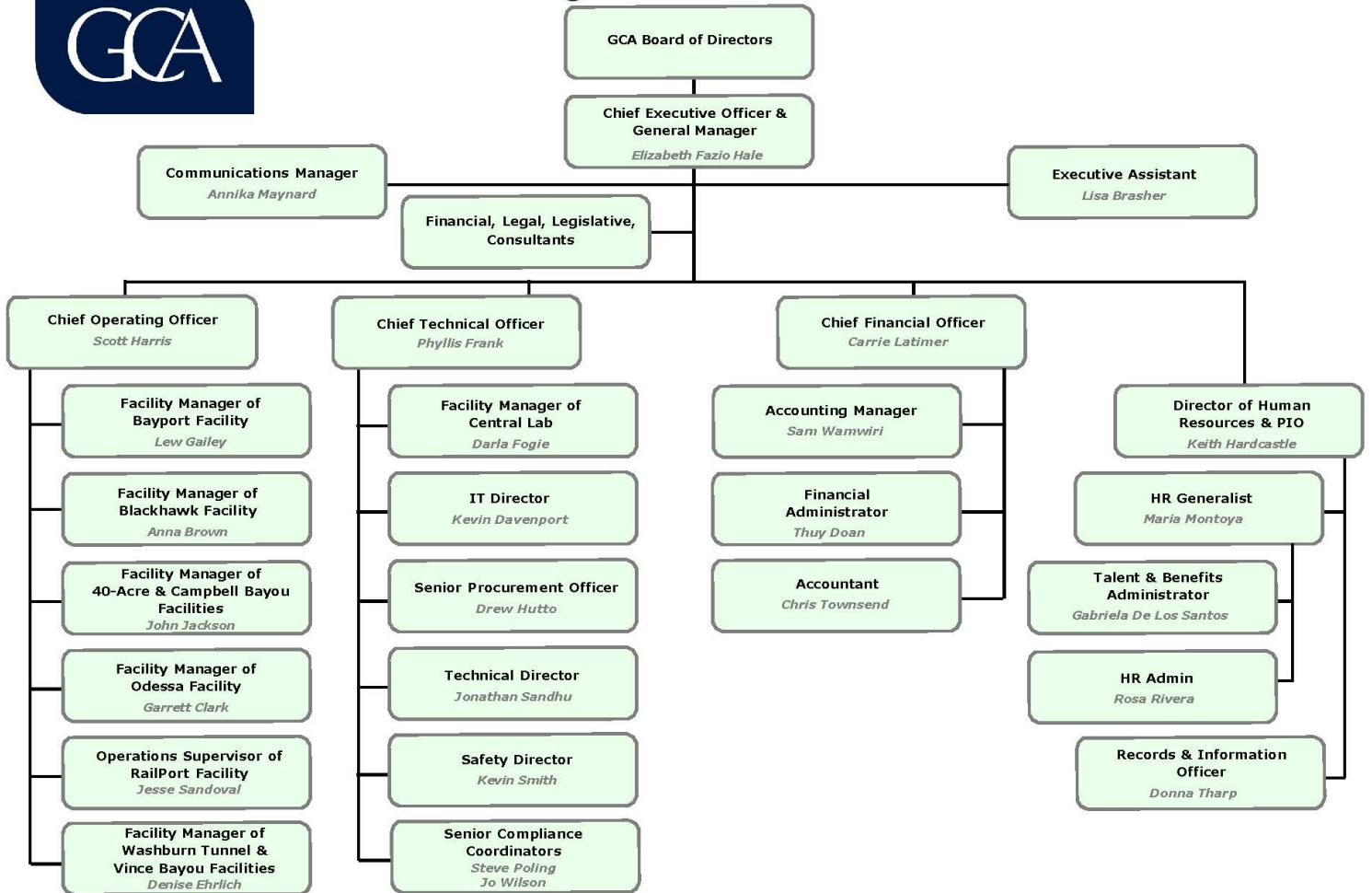
December 31, 2024

Christopher P. Morill

Executive Director/CEO



Gulf Coast Authority Organizational Chart



Revised March 2, 2026

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

GULF COAST AUTHORITY
BOARD OF DIRECTORS

Chairman

Kevin M. Scott
Representing Galveston County

Appointed by Governor

Vice Chairman

Amber Batson
Representing Harris County

Appointed by Governor

Treasurer

J.M. "Mark" Schultz
Representing Chambers County

Appointed by County Commissioners Court

Secretary

Billy J. Enochs
Representing Galveston County

Appointed by Consortium of Mayors

Directors

Stephanie Farner
Representing Chambers County

Appointed by Consortium of Mayors

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

Appointed by County Commissioners Court

Dan Syphrett
Representing Chambers County

Appointed by Governor

Jacqueline Peden
Representing Galveston County

Appointed by County Commissioners Court

Robert Swanson
Representing Harris County

Appointed by Consortium of Mayors

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

EXECUTIVE COMMITTEE

Kevin M. Scott, Chair
Amber Batson, Vice Chair
Billy J. Enochs, Secretary
Mark Schulz, Treasurer

AUDIT & BUDGET COMMITTEE

Robert Swanson, Chair
Franklin D.R. Jones, Jr.
Jacqueline Peden
Dan Syphrett, III

ECONOMIC DEVELOPMENT COMMITTEE

Amber Batson, Chair
Billy J. Enochs
Stephanie Farner
Jacqueline Peden

GOVERNANCE AND NOMINATING COMMITTEE

Billy J. Enochs, Chair
Amber Batson
Stephanie Farner
Mark Schultz

LEGISLATIVE COMMITTEE

Mark Schultz, Chair
Franklin D.R. Jones, Jr.
Robert Swanson
Dan Syphrett, III

INDUSTRIAL DEVELOPMENT BOARD

Franklin D.R. Jones, Jr., President
Elizabeth Fazio Hale, Vice President
Carrie Latimer, Secretary
Phyllis Frank
Robert Swanson

***The Chairman of the Board of Directors, Kevin M. Scott., is an ex-officio member of all committees with the right to discuss all matters before the committee at its called meeting.**

Revised: 2025-Jun

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 Financial Officer

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 financial statements of the business-type activities and the aggregate remaining fund information of Gulf Coast Authority (the "Authority"), as of and for the year ended December 31, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of the Authority, as of December 31, 2025, 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; and for 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Audit Committee and Board of Directors
Gulf Coast Authority

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 is the responsibility of management and 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 other supplementary information and Texas supplementary information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 other supplementary information and Texas supplementary information sections are 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 9, 2026



GULF COAST AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gulf Coast Authority (the "Authority"), we offer the readers of the Authority's financial statements this management discussion and analysis (MD&A). The MD&A provides a narrative overview and analysis of the financial statements of the Authority for the year ended December 31, 2025, focusing on why amounts changed from the prior year. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i of this report.

Overview of the Financial Statements

The Management Discussion and Analysis is intended to serve as an introduction to the Authority's basic financial statements which consist of the following: 1) Statement of Net Position, 2) Statement of Revenues, Expenses, and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

The statement of net position presents as of a specific date information on the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. 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 revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, some revenues and expenses reported in this statement result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Since the Authority follows enterprise fund accounting and reporting requirements, there is a statement of cash flows. The accompanying notes to the financial statements provide required disclosures and other information that is essential to a full understanding of data provided in the statements.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Authority can be divided into two categories: proprietary funds and fiduciary funds.

Proprietary Funds. The Authority maintains one type of proprietary fund. Enterprise funds are to account for the Authority's operations.

Fiduciary Funds. Fiduciary funds are used to account for resources for which the Authority acts as a trustee or custodian. Resources held in fiduciary funds are not available to support the Authority's own programs and therefore are not reported in the proprietary fund financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The Authority maintains one type of fiduciary fund. The pension and other post-employment benefit trust funds are used to report resources held in trust for retirees and beneficiaries.

The fiduciary fund financial statements can be found on pages 16-17 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 19.

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

Other information. Immediately following the Notes to Financial Statements are the (1) Required Supplementary Information for the Other Post-Employment Benefits, (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.

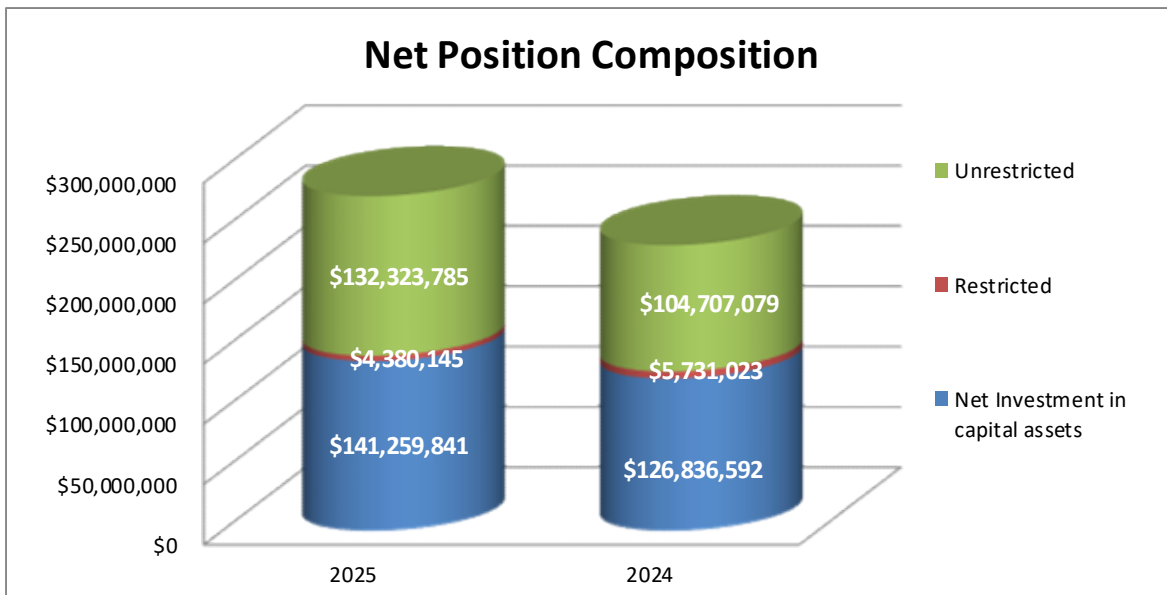
Financial Summary and Detailed Analysis

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 \$278.0 million at the close of the 2025 year.

Net Position
December 31, 2025 and 2024

	2025	2024	Increase / (Decrease)	
			\$	%
Current and other assets	\$ 175,997,314	\$ 170,728,458	\$ 5,268,856	3.1%
Capital assets, net	208,760,646	194,859,679	13,900,967	7.1%
Total Assets	384,757,960	365,588,137	19,169,823	5.2%
Total Deferred Outflows of Resources	137,330	205,995	(68,665)	-33.3%
Long term liabilities	79,901,252	86,103,612	(6,202,360)	-7.2%
Other liabilities	19,378,864	35,912,686	(16,533,822)	-46.0%
Total Liabilities	99,280,116	122,016,298	(22,736,182)	-18.6%
Total Deferred Inflows of Resources	7,651,403	6,503,140	1,148,263	17.7%
Net Position:				
Net Investment in capital assets	141,259,841	126,836,592	14,423,249	11.4%
Restricted	4,380,145	5,731,023	(1,350,878)	-23.6%
Unrestricted	132,323,785	104,707,079	27,616,706	26.4%
Total Net Position	\$ 277,963,771	\$ 237,274,694	\$ 40,689,077	17.1%

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 \$141.3 million of net investment in capital assets. This amount represents the Authority's capital assets, less any remaining debt used to acquire those assets. The Authority's capital assets are used in operations to provide services to customers, participants and other governments; consequently, these assets are not available for future spending.

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

The Authority's remaining net position is classified as restricted and unrestricted. Restricted net position is subject to restrictions for debt service, a contingency reserve, and capital projects. At year end, unrestricted net position was \$132.3 million, representing a 26.4% increase from 2024. Unrestricted net position may be used to meet the Authority's ongoing liabilities.

The \$13.9 million increase in capital assets is primarily due to additions to capital assets of \$28.2 million. The increase is mainly comprised of the \$8.5 million in construction of the RailPort Wastewater Treatment Plant and the \$6.0 million in construction at the Blackhawk Municipal Facility. This was offset by the approximately \$14.0 million recognized in 2025 for depreciation/amortization expense on capital assets previously placed in service.

Current and other assets increased \$5.3 million in 2025. This is due to an increase in unrestricted cash and cash equivalents resulting from the Authority investing in additional state pools in 2025.

Long term liabilities decreased \$6.2 million in 2025. The decrease is due to scheduled principal payments made on the bonds. Other liabilities decreased \$16.5 million in 2025. This is due to a decrease in unearned revenue as project activity occurred at the Blackhawk and RailPort Divisions and revenue was recognized in the current year.

Total net position increased by \$40.7 million in 2025. The components of the changes are as follows:

	2025	2024	Increase / (Decrease)	
			\$	%
Operating Revenues				
Charges for sales and services:				
Services to industries	\$ 98,398,751	\$ 94,131,351	\$ 4,267,400	4.5%
Services to municipalities	4,464,783	4,560,471	(95,688)	-2.1%
Other	1,510,066	1,620,772	(110,706)	-6.8%
Total Operating Revenues	104,373,600	100,312,594	4,061,006	4.0%
Operating Expenses				
Costs of sales and services	58,564,820	60,049,795	(1,484,975)	-2.5%
Administration	9,900,946	9,480,208	420,738	4.4%
Depreciation/amortization	14,012,800	13,158,774	854,026	6.5%
Total Expenses	82,478,566	82,688,777	(210,211)	-0.3%
Operating Income (Loss)	21,895,034	17,623,817	4,271,217	24.2%
Nonoperating Revenues (Expenses)	4,829,983	2,735,790	2,094,193	76.5%
Capital Contributions	13,964,060	20,199,108	(6,235,048)	-30.9%
Change in Net Position	40,689,077	40,558,715	130,362	0.3%
Beginning Net Position	237,274,694	196,715,979	40,558,715	20.6%
Ending Net Position	\$ 277,963,771	\$ 237,274,694	\$ 40,689,077	17.1%

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

Charges for services increased \$4.1 million due to increased revenue from participants in the RailPort Division and customers in the Bayport Division. Nonoperating revenues increased \$2.1 million due to more favorable investment performance. Operating expenses decreased \$0.2 million year over year, driven by a \$1.5 million decrease in cost of sales and services due to the decision to not move forward with the East Battleground facility. This decrease was partially offset by an increase in depreciation/amortization expense of \$0.9 million primarily due to additional assets placed in service during the year and an increase in administration costs of \$0.4 million resulting from additional activity in the General Services Division.

Significant Capital Asset and Long-term Financing Activity

Capital assets. The Authority's total capital assets as of December 31, 2025, totaled \$208.8 million (net of accumulated depreciation/amortization). These investments include land, buildings, waste treatment facilities and equipment, administrative furniture and equipment, construction in progress, development in progress, and right-to-use assets. The total increase in the Authority's capital assets for the current year was 7.1%. Depreciation/amortization expense for the year was \$14.0 million. Construction in progress increased \$10.5 million. Capital assets (net of depreciation/amortization) as of December 31, 2025 with comparative totals for 2024 are as follows:

	2025	2024	Increase/(Decrease)	
			\$	%
Land	\$ 5,174,541	\$ 5,174,541	\$ -	-
Buildings	496,904	552,574	(55,670)	-10.1%
Waste treatment facilities and equipment	132,315,019	132,087,543	227,476	0.2%
Administrative furniture and equipment	3,156,792	2,776,001	380,791	13.7%
Construction in progress	61,197,322	50,738,707	10,458,615	20.6%
Development in progress	-	2,927,924	(2,927,924)	100.0%
Right-to-use assets	6,420,068	602,389	5,817,679	965.8%
	<u>\$ 208,760,646</u>	<u>\$ 194,859,679</u>	<u>\$ 13,900,967</u>	<u>7.1%</u>

Major capital asset outlays during the year 2025 included the following:

Capital Outlay Description	Capital Outlay
Improvement at Central Laboratory	
Generator Project	\$ 434,900
Fume Hood Additions	1,193,900
Plant improvement at Blackhawk Facility	
Aeration Improvement Project	5,967,800
Construction of RailPort Wastewater Treatment Plant	
Wastewater Treatment Plant	8,476,300
Plant improvements at the Bayport Facility	
Clean Stream Channel Upgrades	483,300
Back Up Power Supply	1,585,200
First Step Tank Coating Project	1,342,500
	<u>\$ 19,483,900</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)

Long-term Financing

At the end of the current year, the Authority had \$63 million in bonds outstanding compared to \$70 million last year. The decrease is due to payments toward the principal balance of bonds offset by the issuance of the Revenue Refunding Bonds, Series 2025.

The Authority’s Bayport area system revenue bonds have an “AA-” rating by Standard & Poor’s.

Both leases and subscription-based information technology arrangements (SBITA) are intangible, right-to-use assets. The Authority does not own these assets, but rather has the right to use them in operations, as specified in their respective contracts. When entering into a lease or SBITA contract, a liability is also recognized, which is included as part of long-term financings discussion below.

	<u>December 31,</u>		Increase/ (Decrease)
	<u>2025</u>	<u>2024</u>	
Bayport area system revenue bonds	\$ 63,205,000	\$ 69,820,000	\$ (6,615,000)
Premium	5,874,115	6,557,978	(683,863)
Arbitrage payable	1,007,497	726,227	281,270
Leases	195,923	316,635	(120,712)
Subscriptions	2,487,540	201,891	2,285,649
	<u>\$ 72,770,075</u>	<u>\$ 77,622,731</u>	<u>\$ (4,852,656)</u>

Additional information on the Authority’s long-term financing can be found in Note III E and F in the Notes to the Financial Statements of this report.

Currently known facts, decisions or conditions

The Greater Houston Partnership (GHP) forecasts the 12-county Houston metro area will add 30,900 jobs in 2026, bringing employment to a record 3.52 million. While below Houston’s recent average of roughly 50,000 jobs added annually, the region’s diverse industry base, growing population, and pipeline of major capital projects continue to support the economy.

According to the Texas Workforce Commission, the December 2025 unemployment rate for the Houston Area is 4.2%. While an increase from the prior year rate of 4.0%, this compares to the national rate of 4.1% and the Texas rate of 3.9%.

Both the U.S. and Houston are expected to continue growing in 2026, though at a more moderate pace than in recent years. Whether that growth accelerates depends on the path of inflation, oil prices, U.S. interest rates, and trade policy.

The Board of Directors approved a rate increase for the Bayport Area System Facility Division for fiscal year 2026 that increases projected revenue by approximately 1%.

Requests for Information

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



BASIC FINANCIAL STATEMENTS



GULF COAST AUTHORITY
STATEMENT OF NET POSITION
December 31, 2025

Assets

Current Assets:

Cash and cash equivalents	\$ 77,334,329
Marketable securities	63,209,930
Receivables, net	18,087,033
Prepays	1,292,811
Restricted assets:	
Cash and cash equivalents	15,539,464
Marketable securities	533,747
Total Current Assets	<u>175,997,314</u>

Noncurrent Assets:

Capital assets:	
Land	5,174,541
Construction in progress	61,197,322
Plant and equipment	395,211,314
Right-to-use assets	7,488,456
Less accumulated depreciation/amortization	(260,310,987)
Total capital assets (net of accumulated depreciation)	<u>208,760,646</u>
Total Noncurrent Assets	<u>208,760,646</u>
Total Assets	<u>384,757,960</u>

Deferred Outflows of Resources

OPEB related	137,330
Total Deferred Outflows of Resources	<u>137,330</u>

Liabilities

Current Liabilities:

Accounts payable	8,594,688
Wages payable	360,289
Accrued bond interest	718,131
Current portion of accrued compensated absences	1,621,980
Current portion of lease payable	51,764
Current portion of SBITA payable	129,973
Current portion of bonds payable	3,715,000
Unearned revenue	9,705,756
Total Current Liabilities	<u>24,897,581</u>

Noncurrent Liabilities:

Accrued compensated absences	1,251,604
Lease payable	144,159
SBITA payable	2,357,567
Bonds payable	66,371,612
Net OPEB liability	1,057,922
Working capital deposits	3,199,671
Total Noncurrent Liabilities	<u>74,382,535</u>
Total Liabilities	<u>99,280,116</u>

Deferred Inflows of Resources

Deferred gain on refunding	3,266,040
OPEB related	4,385,363
Total Deferred Inflows of Resources	<u>7,651,403</u>

Net Position

Net investment in capital assets	141,259,841
Restricted for:	
Debt service	4,380,145
Unrestricted	132,323,785
Total Net Position	<u>\$ 277,963,771</u>

The notes to financial statements are an integral part of this statement.

GULF COAST AUTHORITY
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2025

Operating Revenues

Charges for sales and services:	
Services to industries	\$ 98,398,751
Services to municipalities	4,464,783
Other	1,510,066
Total Operating Revenues	<u>104,373,600</u>

Operating Expenses

Costs of sales and services	58,564,820
General and administrative	9,900,946
Depreciation/amortization	14,012,800
Total Operating Expenses	<u>82,478,566</u>

Operating Income (Loss)	<u>21,895,034</u>
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Nonoperating Revenues (Expenses)

Investment income	6,657,929
Unrealized gain/(loss)	1,101,483
Interest expense	(2,746,267)
Gain (loss) on disposal of capital assets	(183,162)
Total Nonoperating Revenues (Expenses)	<u>4,829,983</u>

Income (Loss) before Contributions	26,725,017
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Capital Contributions	13,964,060
Income (loss) after contributions	<u>40,689,077</u>

Changes in Net Position	40,689,077
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Beginning Net Position	<u>237,274,694</u>
Ending Net Position	<u>\$ 277,963,771</u>

The notes to financial statements are an integral part of this statement.

GULF COAST AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

Cash Flows from Operating Activities

Receipts from customers and users	\$ 102,866,168
Payments to suppliers	(43,276,080)
Payments to employees	(30,218,648)
Net Cash Provided (Used) by Operating Activities	<u>29,371,440</u>

Cash Flows from Capital and Related Financing Activities

Acquisition and construction of capital assets	(25,495,768)
Capital contributions	606,338
Proceeds from sale of revenue bonds	14,358,479
Payments to refund bonds	(16,398,529)
Principal paid on bonds	(3,760,000)
Principal payments on lease	(120,712)
Principal payments on SBITA	(315,512)
Interest paid on capital related debt	(2,777,325)
Net cash Provided (Used) by Capital and Related Financing Activities	<u>(33,903,029)</u>

Cash Flows from Investing Activities

Maturity (purchase) of investments	1,303,156
Interest received (paid)	6,657,929
Net Cash Provided (Used) by Investing Activities	<u>7,961,085</u>

Net Increase (Decrease) in Cash and Cash Equivalents

	3,429,496
Beginning Cash and Cash Equivalents	<u>89,444,297</u>
Ending Cash and Cash Equivalents	<u>\$ 92,873,793</u>

Ending Cash and Cash Equivalents

Unrestricted cash and cash equivalents	\$ 77,334,329
Restricted cash and cash equivalents	15,539,464
	<u>\$ 92,873,793</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

Operating income (loss)	\$ 21,895,034
Adjustment to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	14,012,800
Changes in Operating Assets and Liabilities:	
(Increase) decrease in assets:	
Accounts receivable, net	(2,181,360)
Due from other funds/divisions	4,045,852
Prepays	140,327
Increase (decrease) in liabilities:	
Wages payable	(442,430)
Accounts payable	(2,737,844)
Other payables	(58,814)
Due to other funds/divisions	(4,045,852)
Net OPEB liability and related amounts	(2,246,867)
Unearned revenue	132,613
Compensated absences	316,666
Working capital deposits	541,315
Net Cash Provided (Used) by Operating Activities	<u>\$ 29,371,440</u>

Noncash Investing, Capital, and Financing Activities

Gain (loss) on disposition of capital assets	\$ (183,162)
SBITAs issued	2,601,161

The notes to financial statements are an integral part of this statement.

GULF COAST AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
December 31, 2025

	Pension and Other Post-Employment Benefit Trust Funds	
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Assets		
Cash and cash equivalents	\$	271,460
Investments, at fair value:		
Stable Value/Cash Management		15,517,549
Bonds		3,688,101
Guaranteed Lifetime Income		7,697,020
Balanced/Asset Allocation		15,214,260
U.S. Stock		20,244,090
International/Global Stock		4,078,870
Specialty		355,335
Domestic Equities		9,941,272
Fixed Income		6,444,752
Private Equity		2,153,073
Other		1,231,664
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Total Assets	\$	86,837,446
		<hr/> <hr/>
Net Position		
Restricted for:		
Pensions	\$	67,621,442
Other post-employment benefits		19,216,004
		<hr/>
Total Net Position	\$	86,837,446
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The notes to financial statements are an integral part of this statement.

GULF COAST AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
For the Year Ended December 31, 2025

	<u>Pension and Other Post-Employment Benefit Trust Funds</u>
Additions	
Contributions:	
Employers	\$ 3,801,198
Total Contributions	<u>3,801,198</u>
Investment earnings:	
Unrealized gain/(loss)	9,326,150
Net investment earnings	<u>9,326,150</u>
Other Additions:	
Interest and dividends	446,681
Miscellaneous credits	100,460
Total Other Additions	<u>547,141</u>
Total Additions	<u>13,674,489</u>
Deductions:	
Benefit payments	2,922,951
Forfeiture debits	100,325
Administrative expense	46,894
Total Deductions	<u>3,070,170</u>
Change in Net Position	10,604,319
Beginning Net Position	<u>76,233,127</u>
Ending Net Position	<u>\$ 86,837,446</u>

The notes to financial statements are an integral part of this statement.



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. Financial Statements

The 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, net position, revenues, and expenditures/expenses.

The Authority reports the following proprietary fund:

The Authority reports one fund which 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, Red Bluff Division, and the Gulf Coast Industrial Development Authority ("GCIDA").

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

I. Summary of Significant Accounting Policies (continued)

B. Financial Statements (continued)

Additionally, the Authority reports the following fiduciary fund:

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 MissionSquare Retirement.

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 proprietary fund 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's activities that meet the criteria for reporting as fiduciary funds in the basic financial statements consist solely of the Pension and Other Post-Employment Benefit Trust Funds.

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

The proprietary and fiduciary 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.

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, RailPort 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.

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 (continued)

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/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

I. Summary of Significant Accounting Policies (continued)

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

4. Prepayments

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

5. Capital Assets

Capital assets are recorded at historical cost (except for intangible right-to-use lease and SBITA 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 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 \$10,000 or more for an individual asset or \$50,000 in the aggregate.

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

Right-to-use SBITA assets	Subscription Term
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	Lease Term
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 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. Subscription-Based Information Technology Arrangements

The Authority is under contract for SBITA for software. The agreement/contract are noncancellable and the Authority recognizes a SBITA liability and an intangible right-to-use SBITA asset. The Authority recognizes SBITA liabilities with an initial, individual value of \$100,000 or more.

At the commencement of a SBITA, the Authority initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to SBITA include how the Authority determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

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

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

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

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

I. Summary of Significant Accounting Policies (continued)

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

8. Compensated Absences

The Authority provides vacation and sick leave benefits to eligible employees.

Vacation is earned in varying amounts based on length of service. Employees must take at least two weeks of vacation each year after their second year of employment. Unused vacation may be carried forward up to 360 hours; amounts in excess of 360 hours are paid to the employee's Retirement Health Savings Account and no additional vacation is accrued until the balance falls below the cap.

Sick leave accrues at 15 days per year and may be accumulated up to 90 days (720 hours). When the cap is reached, employees are paid each January for one-half of accrued hours in excess of 720 at the employee's current pay rate. Upon termination after six months of service or upon retirement, employees are compensated for one-half of total accrued sick leave hours at the employee's current pay rate.

The Authority recognizes a liability for compensated absences for leave benefits that are attributable to past service and for which it is more likely than not that employees will use the leave for time off or receive compensation (including payments upon termination/retirement or payments triggered by excess accumulation). The compensated absences liability is measured based on current pay rates and includes salary-related payments that are directly and incrementally associated with the leave payments (for example, the employer's share of payroll taxes and other legally required salary-related costs, as applicable).

The portion of compensated absences expected to be liquidated within one year is reported as a short-term liability, with the remainder reported as a long-term liability. The General Services Division accumulates resources to pay compensated absences; other divisions remit amounts each pay period for their proportionate share of the current-period cost of leave earned.

9. Working Capital Deposits

Working capital deposits are held in some divisions per contract requirements with the customers of those divisions. Such deposits are intended to cover operating expenses in the event of unexpected uncollectable customer receivables and are not expected to be returned within one year.

10. 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, 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.

11. Use of Estimates

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

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

I. Summary of Significant Accounting Policies (continued)

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

12. 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. 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.

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.

13. 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.

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.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

The table below presents the Authority's deposits and investments as of December 31, 2025, classified by credit rating from a national rating agency As of December 31, 2025:

	<u>Fair Value / Amortized Cost</u>	<u>Percentage of Portfolio</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating Standard & Poor's</u>
Cash and Cash Equivalents				
Demand Deposits	\$ 28,592,031			
State Pools:				
TexPool	607,248	0%	39	AAAm
Texas Range	56,728,836	44%	47	AAAm
Texas CLASS	6,945,678	5%	45	AAAm
Total State Pools	<u>64,281,762</u>			
Total Cash and Cash Equivalents	<u>92,873,793</u>			
Marketable Securities				
U.S. Agencies				
FNMA	746,071	1%	454	AA+
FHLMC	3,375,815	3%	517	AA+
FFCB	1,005,490	1%	226	AA+
U.S. Treasury Notes	54,798,089	43%	730	AA+
National Agency Bonds	3,009,636	2%	259	AAA
Municipal Securities	808,576	1%	320	AA
Total Marketable Securities	<u>63,743,677</u>			
Total Fair Value of State Pools and Marketable Securities	<u>128,025,439</u>	<u>100%</u>		
Portfolio weighted average maturity			362	
Total Deposits and Investments	<u>\$ 156,617,470</u>			
Reconciliation to Statement of Net Position				
Cash and Cash Equivalents	\$ 77,334,329			
Marketable Securities	63,209,930			
Restricted Assets:				
Cash and Cash Equivalents	15,539,464			
Marketable Securities	533,747			
Total Cash, Cash Equivalents, and Marketable Securities	<u>\$ 156,617,470</u>			

The Authority's investments fair value measurements are as follows as December 31, 2025:

<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	\$ 5,127,376	\$ -	\$ 5,127,376	\$ -
U.S. Treasury Notes	54,798,089	54,798,089	-	-
National Agency Bonds	3,009,636	-	3,009,636	-
Municipal Securities	808,576	-	808,576	-
	<u>\$ 63,743,677</u>	<u>\$ 54,798,089</u>	<u>\$ 8,945,588</u>	<u>\$ -</u>

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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, 2025, the Authority's investments were in compliance with State law and the Authority's investment policy.

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, 2025, 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.

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.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

B. Receivables and Unearned Revenue

Receivables at year-end consist of the following:

	Business Type Activities
	Current
Accounts receivable	\$ 11,804,591
Accrued revenue	6,426,563
Other receivables	528
Gross receivables	<u>18,231,682</u>
Less: allowance for doubtful accounts	<u>(144,649)</u>
Net Receivables	<u>\$ 18,087,033</u>

Unearned revenue as of December 31, 2025 by Division, is as follows:

	Unearned Revenue
Bayport Facility	\$ 58,655
Blackhawk Facility	6,535,262
East Battleground Facility	114,158
40-Acre Facility	60,294
Odessa South Facility	1,392,668
Washburn Tunnel Facility	638,491
RailPort Facility	906,228
Total	<u>\$ 9,705,756</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, 2025, are as follows:

Restricted Assets:	
Cash and cash equivalents	\$ 15,539,464
Marketable securities	533,747
	<u>\$ 16,073,211</u>
Assets Restricted For:	
Debt service ¹	\$ 5,098,276
Capital projects	9,861,692
Contingency reserve	1,113,243
	<u>\$ 16,073,211</u>

¹Difference between assets restricted for debt service and net position restricted for debt service is accrued interest of \$718,131

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 1/12th 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, 2025	\$ 5,098,276
Average annual debt service	5,046,185
Balance of Reserve Fund Over/(Under) Average Annual Debt Service	<u>\$ 52,091</u>

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, 2025, the increase to the reserve was \$89,149 from the participants. The restricted assets as reported on the Statement of Net Position as of December 31, 2025 was \$1,113,243.

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:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications/ Transfers</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated/Amortized:					
Land	\$ 5,174,541	\$ -	\$ -	\$ -	\$ 5,174,541
Construction in progress	50,738,707	22,154,292	-	(11,695,677)	61,197,322
Development in progress	2,927,924	-	-	(2,927,924)	-
Total Capital Assets Not Being Depreciated/Amortized	<u>58,841,172</u>	<u>22,154,292</u>	<u>-</u>	<u>(14,623,601)</u>	<u>66,371,863</u>
Capital Assets Being Depreciated/Amortized:					
Waste treatment facilities and equipment	373,884,805	1,276,169	(2,581,146)	11,695,677	384,275,505
Office buildings	1,766,769	-	-	-	1,766,769
Administrative furniture and equipment	8,579,212	1,086,193	(496,365)	-	9,169,040
Right-to-use lease equipment	589,937	-	(278,420)	-	311,517
Right-to-use subscription assets	606,943	3,642,072	-	2,927,924	7,176,939
Total Capital Assets Being Depreciated/Amortized	<u>385,427,666</u>	<u>6,004,434</u>	<u>(3,355,931)</u>	<u>14,623,601</u>	<u>402,699,770</u>
Less Accumulated Depreciation/Amortization For:					
Waste treatment facilities and equipment	(241,797,262)	(12,499,411)	2,336,187	-	(251,960,486)
Office buildings	(1,214,195)	(55,670)	-	-	(1,269,865)
Administrative furniture and equipment	(5,803,211)	(705,402)	496,365	-	(6,012,248)
Right-to-use lease equipment	(291,020)	(121,524)	278,420	-	(134,124)
Right-to-use subscription assets	(303,471)	(630,793)	-	-	(934,264)
Total Accumulated Depreciation/Amortization	<u>(249,409,159)</u>	<u>(14,012,800)</u>	<u>3,110,972</u>	<u>-</u>	<u>(260,310,987)</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>136,018,507</u>	<u>(8,008,366)</u>	<u>(244,959)</u>	<u>14,623,601</u>	<u>142,388,783</u>
Capital Assets, Net	<u>\$ 194,859,679</u>	<u>\$ 14,145,926</u>	<u>\$ (244,959)</u>	<u>\$ -</u>	<u>\$ 208,760,646</u>

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

Business-type Activities:

General services	\$ 1,391,864
Wastewater treatment	12,617,861
Solid waste disposal	3,075
Total Depreciation/Amortization Expense	<u>\$ 14,012,800</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
General Fund			
Master Planning	\$ 300,400	\$ 222,772	\$ 77,628
Blackhawk Facility			
Master Planning	195,000	195,000	-
Aeration Improvement	13,193,173	7,114,637	6,078,536
Washburn Tunnel			
Low Lift Pumps	375,000	338,025	36,975
Master Planning	465,600	465,600	-
T-110 Aeration Basin	554,400	411,849	142,551
T-110 Basin Refurbishment	2,100,000	202,905	1,897,095
40 Acre			
Master Planning	168,900	168,900	-
Odessa South			
Master Planning	237,000	237,000	-
North Texas			
RailPort Wastewater Treatment Plant	37,346,113	36,928,458	417,655
Campbell Bayou Facility			
Master Planning	21,200	21,200	-
Bayport Facility			
Centauri New User Line	21,934	21,934	-
Fence Repairs and Replacement	120,000	41,795	78,205
MLS Offgas to 2nd Step Pipeline Replacement	1,600,000	203,334	1,396,666
Clarifier 2 Suction Piping Replacement	450,000	224,342	225,658
2ND Step Basin Overhaul and Air Line Concrete	600,000	423,980	176,020
Flood Mitigation Evaluation ¹	600,000	603,728	(3,728)
Master Planning	756,900	756,900	-
Spare MLS Pump	1,050,000	843,109	206,891
1st Step Tank One Coating	2,500,000	1,342,468	1,157,532
Backup Power Supply	3,738,091	634,616	3,103,475
Clean Stream Channel Upgrade	3,700,000	1,547,206	2,152,794
1st & 2nd Step Recirculated Pumps & Piping	11,400,000	8,191,464	3,208,536
Central Laboratory			
Master Planning	24,600	24,600	-
Vince Bayou			
Master Planning	31,500	31,500	-
Totals	<u>\$ 81,549,811</u>	<u>\$ 61,197,322</u>	<u>\$ 20,352,489</u>

¹Project exceeded authorized contract but remains in progress as of December 31, 2025.

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, 2025, consist of: (a) 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; (b) Revenue Bonds, Series 2022A maturing October 1, 2042, with an interest rate of five percent, originally issued at \$9,425,000; (c) Revenue Refunding Bonds, Series 2022B maturing October 1, 2033, with an interest rate of five percent, originally issued at \$17,625,000; and (d) Revenue Refunding Bonds, Series 2025 maturing on October 1 2035, with an interest rate of five percent, originally issued at \$13,005,000. The annual requirements to amortize all outstanding Bayport Area System Revenue Bonds as of year-end, including interest payments, are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,715,000	\$ 2,872,525	\$ 6,587,525
2027	3,895,000	2,686,775	6,581,775
2028	4,105,000	2,492,025	6,597,025
2029	4,290,000	2,286,775	6,576,775
2030	4,510,000	2,072,275	6,582,275
2031	4,730,000	1,846,775	6,576,775
2032	4,985,000	1,610,275	6,595,275
2033	5,225,000	1,361,025	6,586,025
2034	3,860,000	1,126,475	4,986,475
2035	4,030,000	961,075	4,991,075
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	<u>\$ 63,205,000</u>	<u>\$ 22,580,138</u>	<u>\$ 85,785,138</u>

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

GULF COAST 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, 2025, 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, 2025	\$ 17,496,167
Add-Items not includable in current expenses of the System:	
Bond interest expense	2,488,903
Depreciation	8,652,563
Management fee	<u>2,592,000</u>
Pledged revenues	<u>\$ 31,229,633</u>
Average annual debt service for bonds	<u>\$ 5,046,185</u>
Debt service coverage average annual debt service	6.19
Actual debt service for bonds	<u>\$ 6,911,026</u>
Debt service coverage actual debt service	4.52

"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.

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The Authority has estimated that it has an arbitrage liability in the amount of \$1,007,497 as of December 31, 2025.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

E. Long-Term Debt (continued)

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due In More Than One Year</u>
Business-type Activities:						
Compensated absences*	\$ 2,556,918	\$ 316,666	\$ -	\$ 2,873,584	\$ 1,621,980	\$ 1,251,604
Leases	316,635	-	(120,712)	195,923	51,764	144,159
Subscriptions	201,891	2,601,161	(315,512)	2,487,540	129,973	2,357,567
Bonds Payable:						
Series 2015	17,065,000	-	(17,065,000)	-	-	-
Series 2018	32,570,000	-	(1,205,000)	31,365,000	1,265,000	30,100,000
Series 2022A	8,830,000	-	(320,000)	8,510,000	335,000	8,175,000
Series 2022B	11,355,000	-	(1,030,000)	10,325,000	1,080,000	9,245,000
Series 2025	-	13,005,000	-	13,005,000	1,035,000	11,970,000
Premium	6,557,978	1,413,728	(2,097,591)	5,874,115	-	5,874,115
Total Bonds Payable	<u>76,377,978</u>	<u>14,418,728</u>	<u>(21,717,591)</u>	<u>69,079,115</u>	<u>3,715,000</u>	<u>65,364,115</u>
Arbitrage Payable	726,227	281,270	-	1,007,497	-	1,007,497
Total Long Term Debt	<u>\$ 80,179,649</u>	<u>\$ 17,617,825</u>	<u>\$ (22,153,815)</u>	<u>\$ 75,643,659</u>	<u>\$ 5,518,717</u>	<u>\$ 70,124,942</u>

*The change in compensated absences above is a net change for the year.

In October 2025, the Authority issued Series 2025 Bayport Area System Revenue Refunding Bonds, in the total amount of \$13,005,000 at a premium of \$1,413,728 with interest rates of 5%. The bond proceeds were used to refund \$15,860,000 of outstanding Series 2015 Bayport Area System Revenue Bonds which had interest rates ranging from 3% to 5%. The net proceeds of the refunding of \$16,230,375 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 2015 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 \$1,523,914, 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 \$370,375.

F. Leases

Lease Payable

In 2023, the Authority entered into a six-year lease agreement as lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$311,517 during 2023. As of December 31, 2025, the value of the lease liability was \$195,923. The Authority is required to make monthly principal and interest payments of \$5,500. The lease has an interest rate of 8.25%. The equipment has a six-year estimated useful life. The value of the right-to-use assets as of the end of the current fiscal year was \$311,517 and had accumulated amortization of \$134,124.

The future principal and interest lease payments as of December 31, 2025, were as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 51,764	\$ 14,236	\$ 66,000
2027	56,201	9,799	66,000
2028	61,016	4,984	66,000
2029	26,942	558	27,500
Totals	<u>\$ 195,923</u>	<u>\$ 29,577</u>	<u>\$ 225,500</u>

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

III. Detailed Notes on All Funds (continued)

G. Subscriptions

SBITAs Payable

In 2025, the Authority entered into an eleven-year SBITA agreement for the acquisition of software. An initial SBITA liability was recorded in the amount of \$2,601,161 during 2025. As of December 31, 2025, the value of the SBITA liability was \$2,487,540. There are no variable payments. The Authority is required to make annual principal and interest payments ranging from \$334,719 to \$481,949. The SBITA has an interest rate of 8.50%. The software has an eleven-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$7,176,939, including implementation costs of \$3,968,835, and had accumulated amortization of \$934,264.

The future principal and interest SBITA payments as of December 31, 2025, were as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 129,973	\$ 211,441	\$ 341,414
2027	147,846	200,393	348,239
2028	167,377	187,826	355,203
2029	188,711	173,599	362,310
2030	211,997	157,559	369,556
2031 - 2035	1,641,636	463,295	2,104,931
Totals	\$ 2,487,540	\$ 1,394,113	\$ 3,881,653

H. Net Investments in Capital Assets

Net investments in capital assets consists of capital assets, net of accumulated depreciation/amortization, 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, 2025 is as follows:

Enterprise Fund Division:	Capital Assets Net of Depreciation/ Amortization	Unspent Bond Proceeds	Capital Related Debt¹	Other Capital Related Liabilities²	Net Investment in Capital Assets
General Services	\$ 10,172,943	\$ -	\$ (2,487,540)	\$ -	\$ 7,685,403
Bayport Facility	113,713,598	9,861,692	(72,345,155)	(120,908)	51,109,227
Blackhawk Facility	17,771,025	-	-	(964,805)	16,806,220
Industrial Solid Waste Facility	711,299	-	-	-	711,299
Central Laboratory	5,998,037	-	-	-	5,998,037
40-Acre Facility	4,659,834	-	(195,923)	-	4,463,911
Odessa South Facility	2,332,780	-	-	-	2,332,780
Vince Bayou Facility	1,007,258	-	-	-	1,007,258
Washburn Tunnel Facility	15,465,413	-	-	-	15,465,413
RailPort Facility	36,928,459	-	-	(1,248,166)	35,680,293
Total Enterprise Funds	\$ 208,760,646	\$ 9,861,692	\$ (75,028,618)	\$ (2,333,879)	\$ 141,259,841

¹ Includes premium, deferred gains/losses on refunding, leases payable, and subscriptions payable.

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)

I. 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	\$ 97,000,000
Industrial development projects	325,000,000
Total Conduit Bonds	<u><u>\$ 422,000,000</u></u>

J. Ownership of Wastewater Treatment Facilities

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

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

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

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information

A. Defined Contribution 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 plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. The Plan is a qualified 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, 2025 the total plan assets were \$67,621,442. These assets were allocated as follows:

<u>Asset Category</u>	<u>Balance</u>	<u>Percent of Assets</u>
Stable Value/Money Market Funds	\$ 15,517,549	23%
Bond Funds	3,688,101	5%
Guaranteed Lifetime Income	7,697,020	11%
Balanced Funds	15,214,260	22%
U.S. Stock Funds	20,244,090	30%
International Stock Funds	4,078,870	6%
Specialty	355,335	1%
Other	826,217	1%
Total Assets	\$ 67,621,442	100.00%

The Authority's contribution for the year ended December 31, 2025 was \$2,119,043 which represents the required 12.5 percent of covered payroll. The employees' contribution was \$847,617 which equals 5 percent of covered payroll and there were no additional voluntary contributions. The Authority recognized an expense of \$2,119,043 during the year. As of December 31, 2025 there were 172 active participants, 83 inactive participants are retired or terminated participants with balances in the plan.

Separately audited financial statements are not available for the Plan. Therefore, summary financial statements for the year ended December 31, 2025 are as follows:

Fiduciary Net Position, Beginning	\$ 59,991,838
Contributions	3,090,814
Purchases	100,325
Dividends	384,159
Gain	7,061,819
Exchanges	135
CDSC/Commissions/STTR/Fees	(46,894)
Forfeitures	(100,325)
Distributions (W/WH)	(2,922,951)
Trustee transfer in	1,376,934
Trustee transfer out	(1,376,934)
Loan transfer in	1,045,828
Loan transfer out	(1,045,828)
Loan interest	62,522
Fiduciary Net Position, Ending	\$ 67,621,442

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

A. Defined Contribution 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 12.5 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 \$105.24 (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 \$337 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 \$17.36 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 2025. Instead, costs were paid on a "pay-as-you-go" basis from the Authority's General Services Division.

At December 31, 2025, measurement date, the following employees were covered by the benefit terms:

<u>Membership</u>	
Retirees and beneficiaries	83
Inactive, nonretired members	-
Active members	<u>89</u>
Total	<u><u>172</u></u>

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

D. Other Post-Employment Benefits (continued)

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 2025, the Authority contributed a total of \$766,842 to the plan for benefit payments.

Net OPEB Liability

The net OPEB liability is based upon a January 1, 2024 valuation date. Year-end liabilities were projected forward to December 31, 2025, using a standard roll-forward technique.

Actuarial Assumptions

Valuation date	January 1, 2024
Actuarial cost method	Individual Entry Age
Single Discount Rate	5.00%, per annum
Inflation	2.25%, per annum
Salary Increases	3.00%, per annum
Demographic Assumptions	Current valuation relies heavily upon the demographic assumptions for disability, termination and retirement as used by the prior plan actuary. The per capita claims costs and how these costs are expected to escalate in the future were set by HUB international.
Mortality	Sex distinct 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 6.21% fluctuating between 6.21% and 4.24% for 21 years until reaching an ultimate rate of 4.14% Post-65: Initial rate of 6.21% fluctuating between 6.21% 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, 2025, 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	50.4%	6.70%
Foreign Equity	9.4%	7.20%
Fixed Income	32.8%	5.50%
Cash	0.6%	3.10%
Other	6.8%	9.90%
Total	100.0%	6.55%

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, 2024	\$ 19,506,896	\$ 16,241,289	\$ 3,265,607
Service cost	530,665	-	530,665
Interest	983,207	-	983,207
Contributions - employer	-	710,384	(710,384)
Net investment income	-	2,264,331	(2,264,331)
Benefit payments	(746,842)	-	(746,842)
Net changes	<u>767,030</u>	<u>2,974,715</u>	<u>(2,207,685)</u>
Balance at December 31, 2025	<u>\$ 20,273,926</u>	<u>\$ 19,216,004</u>	<u>\$ 1,057,922</u>

The plan's fiduciary net position as a percentage of total OPEB liability is 94.78% as of December 31, 2025.

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 point higher than the current rate:

1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
\$ 4,045,184	\$ 1,057,922	\$ (1,393,261)

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 (5.21%)	Current Healthcare Cost Trend Rate Assumption (6.21%)	1% Increase (7.21%)
\$ (1,595,169)	\$ 1,057,922	\$ 3,228,654

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

D. Other Post-Employment Benefits (continued)

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	\$ 271,460
Investments:	
Domestic equities	9,941,272
Fixed income	6,444,752
Private equity	2,153,073
Other	405,447
Total investments	<u>18,944,544</u>
Total Assets	<u>19,216,004</u>
Net Position Restricted for OPEB	<u><u>\$ 19,216,004</u></u>

OPEB Plan Statement of Changes in Fiduciary Net Position

The following presents the changes in Fiduciary Net Position related to the OPEB Trust Program for the Authority:

	Gulf Coast Authority Other Post-Employment Benefit Trust
Additions	
Contributions:	
Employers	\$ 710,384
Total Contributions	<u>710,384</u>
Investment Earnings:	
Unrealized gain/(loss)	2,264,331
Net Investment Earnings	<u>2,264,331</u>
Total Additions	<u>2,974,715</u>
Deductions:	
Administrative expense	-
Total Deductions	<u>-</u>
Change in Net Position	2,974,715
Beginning Net Position	16,241,289
Ending Net Position	<u><u>\$ 19,216,004</u></u>

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

D. Other Post-Employment Benefits (continued)

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

For the year ended December 31, 2025, the Authority recognized a negative OPEB expense of \$789,641. The reduction from last year is due to favorable experience across demographics and asset performance. At December 31, 2025, the Authority reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in assumption changes	\$ -	\$ (1,776,299)
Changes of assumptions	137,330	(907,461)
Net Difference between projected and actual earnings on OPEB plan investments	-	(1,701,603)
	<u>\$ 137,330</u>	<u>\$ (4,385,363)</u>

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

<u>Year Ended December 31,</u>	
2026	\$ (1,204,806)
2027	(1,687,580)
2028	(1,068,748)
2029	(286,899)
	<u>\$ (4,248,033)</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 General Services Division (GSD) accounts for these activities and made an initial contribution of \$200,000. The GSD 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 GSD at year end was \$447,897.

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.

GULF COAST AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)

IV. Other Information (continued)

F. 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, an estimated 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 \$9,151,100. Of this amount, \$3,358,907 and \$1,830,220 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 95%, and \$3,934,973 is the estimated total cost for closure and post-closure. Accordingly, the accrued closure and post-closure care cost estimated liability at year end for the Y-Cell is \$3,738,443. The total accrued closure and post-closure care costs at year end for the entire site are \$8,954,570. The remaining accrued costs to be recognized are \$196,530. 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 to three years as of 2025.

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

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

Legal Matters

During the normal course of business, the Authority becomes a party to disputes and various legal matters. The ultimate outcome of pending or potential disputes, lawsuits, or arbitration cannot be estimated with reasonable accuracy. However, management believes that the ultimate liability, if any, would not have a material effect on the financial condition of the Authority. As of December 31, 2025, 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)

G. 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.

H. Implementation of New Accounting Standards

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025 and did not have a material impact on the financial statements.



REQUIRED SUPPLEMENTAL INFORMATION



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

	Year Ended December 31,							
	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability								
Service cost	\$ 424,295	\$ 766,029	\$ 798,197	\$ 772,547	\$ 532,228	\$ 561,186	\$ 515,209	\$ 530,665
Interest on the total OPEB liability	926,731	890,437	936,902	961,233	946,647	1,023,256	990,359	983,207
Difference in expected and actual experience	(923,598)	-	(772,706)	-	(1,440,518)	-	(1,838,245)	-
Change of assumptions	4,022,699	(596,408)	(934,972)	-	411,990	-	(1,122,869)	-
Benefit payments, including refunds of employee contributions	(200,210)	(295,418)	(280,871)	(294,847)	(394,480)	(380,801)	(335,528)	(746,842)
Net Change in Total OPEB Liability	4,249,917	764,640	(253,450)	1,438,933	55,867	1,203,641	(1,791,074)	767,030
Total OPEB Liability - Beginning	13,838,422	18,088,339	18,852,979	18,599,529	20,038,462	20,094,329	21,297,970	19,506,896
Total OPEB Liability - Ending (a)	\$ 18,088,339	\$ 18,852,979	\$ 18,599,529	\$ 20,038,462	\$ 20,094,329	\$ 21,297,970	\$ 19,506,896	\$ 20,273,926
Plan Fiduciary Net Position								
Contributions - employer	\$ 576,917	\$ 557,999	\$ 585,999	\$ 608,575	\$ 659,107	\$ 686,880	\$ 716,918	\$ 710,384
Net investment income	(378,381)	1,332,894	1,244,515	1,457,516	(1,770,221)	1,758,643	1,660,487	2,264,331
Administrative expense	-	(42,786)	(48,152)	(57,623)	-	-	-	-
Net Change in Plan Fiduciary Net Position	198,536	1,848,107	1,782,362	2,008,468	(1,111,114)	2,445,523	2,377,405	2,974,715
Plan Fiduciary Net Position - Beginning	6,692,002	6,890,538	8,738,645	10,521,007	12,529,475	11,418,361	13,863,884	16,241,289
Plan Fiduciary Net Position - Ending (b)	\$ 6,890,538	\$ 8,738,645	\$ 10,521,007	\$ 12,529,475	\$ 11,418,361	\$ 13,863,884	\$ 16,241,289	\$ 19,216,004
Net OPEB Liability - Ending (a) - (b)	\$ 11,197,801	\$ 10,114,334	\$ 8,078,522	\$ 7,508,987	\$ 8,675,968	\$ 7,434,086	\$ 3,265,607	\$ 1,057,922
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	38.09%	46.35%	56.57%	62.53%	56.82%	65.09%	83.26%	94.78%
Covered Payroll	\$ 15,086,318	\$ 15,569,170	\$ 16,494,690	\$ 17,151,722	\$ 18,384,960	\$ 18,641,629	\$ 19,467,961	\$ 21,959,717
Net OPEB Liability as a Percentage of Covered Payroll	74.22%	64.96%	48.98%	43.78%	47.19%	39.88%	16.77%	4.82%

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
Gulf Coast Authority Other Post-Employment Benefits Trust
For the Last Eight Years

	For the Year Ended December 31,							
	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	\$ 941,305	\$ 1,050,066	\$ 1,445,792	\$ 1,336,693	\$ 953,602	\$ 1,153,629	\$ 904,987	\$ 626,017
Contributions in relation to the actuarially determined contribution	777,127	853,417	866,870	903,422	1,053,587	1,067,681	1,052,446	1,457,226
Contribution deficiency (excess)	\$ 164,178	\$ 196,649	\$ 578,922	\$ 433,271	\$ (99,985)	\$ 85,948	\$ (147,459)	\$ (831,209)
Covered payroll	\$ 15,086,318	\$ 15,569,170	\$ 16,494,690	\$ 17,151,722	\$ 18,384,960	\$ 18,641,629	\$ 19,467,961	\$ 21,959,717
Contributions as a percentage of payroll	5.15%	5.48%	5.26%	5.27%	5.73%	5.73%	5.41%	6.64%
Expected rate of return as of the beginning of the period	7.00%	7.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are based upon a valuation date of January 1, 2024 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)	6.51% / 6.51% 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	70.0
Mortality	In 2024, 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
PROPRIETARY FUND
December 31, 2025

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.

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.

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.

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
PROPRIETARY FUND (continued)
December 31, 2025

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.

Red Bluff 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 west Texas. This division was created in 2023 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
PROPRIETARY FUND
December 31, 2025

	<u>General Services</u>	<u>Bayport Facility</u>	<u>Blackhawk Facility</u>	<u>Central Lab</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 14,185,370	\$ 36,349,130	\$ 7,190,155	\$ 5,604,199
Marketable securities	13,283,168	33,491,194	649,761	5,154,042
Receivables, net	310,845	11,175,915	1,144,498	47,370
Due from other divisions	59,863	-	-	-
Prepays	439,574	338,353	68,953	141,080
Restricted assets:				
Cash and cash equivalents	-	14,959,968	579,496	-
Marketable securities	-	-	533,747	-
Total Current Assets	<u>28,278,820</u>	<u>96,314,560</u>	<u>10,166,610</u>	<u>10,946,691</u>
Noncurrent Assets:				
Capital assets:				
Land	53,800	907,489	200,000	-
Construction in progress	222,772	14,834,875	7,309,637	24,600
Plant and equipment	10,935,809	228,312,526	30,229,010	13,724,285
Right-to-use assets	7,176,939	-	-	-
Less accumulated depreciation/amortization	(8,216,377)	(130,341,292)	(19,967,622)	(7,750,848)
Total capital assets (net of accumulated depreciation/amortization)	<u>10,172,943</u>	<u>113,713,598</u>	<u>17,771,025</u>	<u>5,998,037</u>
Total Noncurrent Assets	<u>10,172,943</u>	<u>113,713,598</u>	<u>17,771,025</u>	<u>5,998,037</u>
Total Assets	<u>38,451,763</u>	<u>210,028,158</u>	<u>27,937,635</u>	<u>16,944,728</u>
Deferred Outflows of Resources				
OPEB related	137,330	-	-	-
Total Deferred Outflows of Resources	<u>137,330</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities				
Current Liabilities:				
Accounts payable	687,047	2,183,515	1,050,976	110,153
Wages payable	360,289	-	-	-
Due to other divisions	-	-	-	-
Accrued bond interest	-	718,131	-	-
Current portion of accrued compensated absences	1,621,980	-	-	-
Current portion of lease payable	-	-	-	-
Current portion of SBITA payable	129,973	-	-	-
Current portion of bonds payable	-	3,715,000	-	-
Unearned revenue	-	58,655	6,535,262	-
Total Current Liabilities	<u>2,799,289</u>	<u>6,675,301</u>	<u>7,586,238</u>	<u>110,153</u>
Noncurrent Liabilities:				
Accrued compensated absences	1,251,604	-	-	-
Lease payable	-	-	-	-
SBITA payable	2,357,567	-	-	-
Bonds payable	-	66,371,612	-	-
Net OPEB liability	1,057,922	-	-	-
Working capital deposits	-	-	1,140,113	-
Total Noncurrent Liabilities	<u>4,667,093</u>	<u>66,371,612</u>	<u>1,140,113</u>	<u>-</u>
Total Liabilities	<u>7,466,382</u>	<u>73,046,913</u>	<u>8,726,351</u>	<u>110,153</u>
Deferred Inflows of Resources				
Deferred gain on refunding	-	3,266,040	-	-
OPEB related	4,385,363	-	-	-
Total Deferred Inflows of Resources	<u>4,385,363</u>	<u>3,266,040</u>	<u>-</u>	<u>-</u>
Net Position				
Net investment in capital assets	7,685,403	51,109,227	16,806,220	5,998,037
Restricted for:				
Debt service	-	4,380,145	-	-
Unrestricted	19,051,945	78,225,833	2,405,064	10,836,538
Total Net Position	<u>\$ 26,737,348</u>	<u>\$ 133,715,205</u>	<u>\$ 19,211,284</u>	<u>\$ 16,834,575</u>

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - NET POSITION
PROPRIETARY FUND
December 31, 2025

	<u>Campbell Bayou Facility Division</u>			
	<u>Industrial Solid Waste Facility</u>	<u>Closure/Post Closure</u>	<u>East Battleground Facility</u>	<u>40-Acre Facility</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 28,557	\$ 904	\$ 69,277	\$ 4,890
Marketable securities	25,865	-	64,721	-
Receivables, net	39,124	188,406	-	940,822
Due from other divisions	-	-	-	-
Prepays	3,379	1,852	-	37,419
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Marketable securities	-	-	-	-
Total Current Assets	<u>96,925</u>	<u>191,162</u>	<u>133,998</u>	<u>983,131</u>
Noncurrent Assets:				
Capital assets:				
Land	671,966	-	-	1,427,965
Construction in progress	21,200	-	-	168,900
Plant and equipment	5,576,796	-	-	34,438,198
Right-to-use assets	-	-	-	311,517
Less accumulated depreciation/amortization	(5,558,663)	-	-	(31,686,746)
Total capital assets (net of accumulated depreciation/amortization)	<u>711,299</u>	<u>-</u>	<u>-</u>	<u>4,659,834</u>
Total Noncurrent Assets	<u>711,299</u>	<u>-</u>	<u>-</u>	<u>4,659,834</u>
Total Assets	<u>808,224</u>	<u>191,162</u>	<u>133,998</u>	<u>5,642,965</u>
Deferred Outflows of Resources				
OPEB related	-	-	-	-
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities				
Current Liabilities:				
Accounts payable	51,167	42,692	-	297,230
Wages payable	-	-	-	-
Due to other divisions	-	18,263	-	31,392
Accrued bond interest	-	-	-	-
Current portion of accrued compensated absences	-	-	-	-
Current portion of lease payable	-	-	-	51,764
Current portion of SBITA payable	-	-	-	-
Current portion of bonds payable	-	-	-	-
Unearned revenue	-	-	114,158	60,294
Total Current Liabilities	<u>51,167</u>	<u>60,955</u>	<u>114,158</u>	<u>440,680</u>
Noncurrent Liabilities:				
Accrued compensated absences	-	-	-	-
Lease payable	-	-	-	144,159
SBITA payable	-	-	-	-
Bonds payable	-	-	-	-
Net OPEB liability	-	-	-	-
Working capital deposits	251,018	-	-	889,977
Total Noncurrent Liabilities	<u>251,018</u>	<u>-</u>	<u>-</u>	<u>1,034,136</u>
Total Liabilities	<u>302,185</u>	<u>60,955</u>	<u>114,158</u>	<u>1,474,816</u>
Deferred Inflows of Resources				
Deferred gain on refunding	-	-	-	-
OPEB related	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position				
Net investment in capital assets	711,299	-	-	4,463,911
Restricted for:				
Debt service	-	-	-	-
Unrestricted	(205,260)	130,207	19,840	(295,762)
Total Net Position	<u>\$ 506,039</u>	<u>\$ 130,207</u>	<u>\$ 19,840</u>	<u>\$ 4,168,149</u>

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - NET POSITION
PROPRIETARY FUND
December 31, 2025

	<u>Odessa South Facility</u>	<u>Vince Bayou Facility</u>	<u>Washburn Tunnel Facility</u>	<u>Washburn Tunnel Pipeline Services</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 4,499,009	\$ 5,464,915	\$ 1,032,279	\$ -
Marketable securities	4,147,569	5,034,125	389,007	-
Receivables, net	1,693,740	511,953	1,873,819	-
Due from other divisions	-	-	-	-
Prepays	47,581	4,345	190,368	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Marketable securities	-	-	-	-
Total Current Assets	<u>10,387,899</u>	<u>11,015,338</u>	<u>3,485,473</u>	<u>-</u>
Noncurrent Assets:				
Capital assets:				
Land	76,161	100,611	1,736,549	-
Construction in progress	237,000	31,500	1,418,379	-
Plant and equipment	17,795,102	2,778,721	51,404,220	16,647
Right-to-use assets	-	-	-	-
Less accumulated depreciation/amortization	(15,775,483)	(1,903,574)	(39,093,735)	(16,647)
Total capital assets (net of accumulated depreciation/amortization)	<u>2,332,780</u>	<u>1,007,258</u>	<u>15,465,413</u>	<u>-</u>
Total Noncurrent Assets	<u>2,332,780</u>	<u>1,007,258</u>	<u>15,465,413</u>	<u>-</u>
Total Assets	<u>12,720,679</u>	<u>12,022,596</u>	<u>18,950,886</u>	<u>-</u>
Deferred Outflows of Resources				
OPEB related	-	-	-	-
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities				
Current Liabilities:				
Accounts payable	159,765	65,485	2,692,856	-
Wages payable	-	-	-	-
Due to other divisions	-	-	-	-
Accrued bond interest	-	-	-	-
Current portion of accrued compensated absences	-	-	-	-
Current portion of lease payable	-	-	-	-
Current portion of SBITA payable	-	-	-	-
Current portion of bonds payable	-	-	-	-
Unearned revenue	1,392,668	-	638,491	-
Total Current Liabilities	<u>1,552,433</u>	<u>65,485</u>	<u>3,331,347</u>	<u>-</u>
Noncurrent Liabilities:				
Accrued compensated absences	-	-	-	-
Lease payable	-	-	-	-
SBITA payable	-	-	-	-
Bonds payable	-	-	-	-
Net OPEB liability	-	-	-	-
Working capital deposits	456,353	-	20,635	-
Total Noncurrent Liabilities	<u>456,353</u>	<u>-</u>	<u>20,635</u>	<u>-</u>
Total Liabilities	<u>2,008,786</u>	<u>65,485</u>	<u>3,351,982</u>	<u>-</u>
Deferred Inflows of Resources				
Deferred gain on refunding	-	-	-	-
OPEB related	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position				
Net investment in capital assets	2,332,780	1,007,258	15,465,413	-
Restricted for:				
Debt service	-	-	-	-
Unrestricted	8,379,113	10,949,853	133,491	-
Total Net Position	<u>\$ 10,711,893</u>	<u>\$ 11,957,111</u>	<u>\$ 15,598,904</u>	<u>\$ -</u>

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - NET POSITION
PROPRIETARY FUND
December 31, 2025

	Gulf Coast Industrial Development Authority	RailPort Facility Division	Red Bluff Division	Eliminations	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$ 334,448	\$ 2,571,196	\$ -	\$ -	\$ 77,334,329
Marketable securities	307,674	662,804	-	-	63,209,930
Receivables, net	1,000	152,243	7,298	-	18,087,033
Due from other divisions	-	-	-	(59,863)	-
Prepays	-	19,907	-	-	1,292,811
Restricted assets:					
Cash and cash equivalents	-	-	-	-	15,539,464
Marketable securities	-	-	-	-	533,747
Total Current Assets	643,122	3,406,150	7,298	(59,863)	175,997,314
Noncurrent Assets:					
Capital assets:					
Land	-	-	-	-	5,174,541
Construction in progress	-	36,928,459	-	-	61,197,322
Plant and equipment	-	-	-	-	395,211,314
Right-to-use assets	-	-	-	-	7,488,456
Less accumulated depreciation/amortization	-	-	-	-	(260,310,987)
Total capital assets (net of accumulated depreciation/amortization)	-	36,928,459	-	-	208,760,646
Total Noncurrent Assets	-	36,928,459	-	-	208,760,646
Total Assets	643,122	40,334,609	7,298	(59,863)	384,757,960
Deferred Outflows of Resources					
OPEB related	-	-	-	-	137,330
Total Deferred Outflows of Resources	-	-	-	-	137,330
Liabilities					
Current Liabilities:					
Accounts payable	-	1,253,802	-	-	8,594,688
Wages payable	-	-	-	-	360,289
Due to other divisions	-	-	10,208	(59,863)	-
Accrued bond interest	-	-	-	-	718,131
Current portion of accrued compensated absences	-	-	-	-	1,621,980
Current portion of lease payable	-	-	-	-	51,764
Current portion of SBITA payable	-	-	-	-	129,973
Current portion of bonds payable	-	-	-	-	3,715,000
Unearned revenue	-	906,228	-	-	9,705,756
Total Current Liabilities	-	2,160,030	10,208	(59,863)	24,897,581
Noncurrent Liabilities:					
Accrued compensated absences	-	-	-	-	1,251,604
Lease payable	-	-	-	-	144,159
SBITA payable	-	-	-	-	2,357,567
Bonds payable	-	-	-	-	66,371,612
Net OPEB liability	-	-	-	-	1,057,922
Working capital deposits	-	441,575	-	-	3,199,671
Total Noncurrent Liabilities	-	441,575	-	-	74,382,535
Total Liabilities	-	2,601,605	10,208	(59,863)	99,280,116
Deferred Inflows of Resources					
Deferred gain on refunding	-	-	-	-	3,266,040
OPEB related	-	-	-	-	4,385,363
Total Deferred Inflows of Resources	-	-	-	-	7,651,403
Net Position					
Net investment in capital assets	-	35,680,293	-	-	141,259,841
Restricted for:					
Debt service	-	-	-	-	4,380,145
Unrestricted	643,122	2,052,711	(2,910)	-	132,323,785
Total Net Position	\$ 643,122	\$ 37,733,004	\$ (2,910)	\$ -	\$ 277,963,771

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - REVENUE, EXPENSES, AND CHANGES
IN NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2025

	<u>General Services</u>	<u>Bayport Facility</u>	<u>Blackhawk Facility</u>	<u>Central Lab</u>
Operating Revenues				
Charges for sales and services:				
Services to industries	\$ 2,517,314	\$ 63,592,713	\$ -	\$ 21,352
Services to municipalities	-	-	4,223,380	10,403
Intragovernmental	16,266,015	-	-	8,765,546
Other	949,228	26,346	71,377	13,628
Total Operating Revenues	<u>19,732,557</u>	<u>63,619,059</u>	<u>4,294,757</u>	<u>8,810,929</u>
Operating Expenses				
Costs of sales and services	9,341,333	37,202,307	3,923,654	7,827,997
General and administrative	5,026,596	1,750,728	204,334	189,454
Depreciation/amortization	1,391,864	8,652,563	775,818	359,780
Total Operating Expenses	<u>15,759,793</u>	<u>47,605,598</u>	<u>4,903,806</u>	<u>8,377,231</u>
Operating Income (Loss)	<u>3,972,764</u>	<u>16,013,461</u>	<u>(609,049)</u>	<u>433,698</u>
Nonoperating Revenues (Expenses)				
Investment income	1,121,024	3,410,075	529,279	477,808
Unrealized gain/(loss)	236,919	561,534	22,869	96,611
Interest expense	(237,754)	(2,488,903)	-	-
Gain (loss) on disposal of capital assets	61,200	-	-	(29,290)
Total Nonoperating Revenues (Expenses)	<u>1,181,389</u>	<u>1,482,706</u>	<u>552,148</u>	<u>545,129</u>
Income (Loss) before Contributions and Transfers	<u>5,154,153</u>	<u>17,496,167</u>	<u>(56,901)</u>	<u>978,827</u>
Capital Contributions	-	-	5,691,599	-
Transfers in	74,065	-	-	-
Transfers out	-	-	-	-
Changes in Net Position	<u>5,228,218</u>	<u>17,496,167</u>	<u>5,634,698</u>	<u>978,827</u>
Beginning Net Position	<u>21,509,130</u>	<u>116,219,038</u>	<u>13,576,586</u>	<u>15,855,748</u>
Ending Net Position	<u>\$ 26,737,348</u>	<u>\$ 133,715,205</u>	<u>\$ 19,211,284</u>	<u>\$ 16,834,575</u>

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - REVENUE, EXPENSES, AND CHANGES
IN NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2025

	<u>Campbell Bayou Facility Division</u>			
	<u>Industrial Solid Waste Facility</u>	<u>Closure/Post Closure</u>	<u>East Battleground Facility</u>	<u>40-Acre Facility</u>
Operating Revenues				
Charges for sales and services:				
Services to industries	\$ 296,660	\$ 479,773	\$ -	\$ 5,596,035
Services to municipalities	-	-	-	-
Intragovernmental	-	-	-	58,000
Other	27,855	-	-	37,568
Total Operating Revenues	<u>324,515</u>	<u>479,773</u>	<u>-</u>	<u>5,691,603</u>
Operating Expenses				
Costs of sales and services	218,838	399,983	-	4,691,769
General and administrative	96,770	79,791	-	674,668
Depreciation/amortization	3,075	-	-	1,066,819
Total Operating Expenses	<u>318,683</u>	<u>479,774</u>	<u>-</u>	<u>6,433,256</u>
Operating Income (Loss)	<u>5,832</u>	<u>(1)</u>	<u>-</u>	<u>(741,653)</u>
Nonoperating Revenues (Expenses)				
Investment income	8,410	-	-	17,923
Unrealized gain/(loss)	761	1,035	-	3,652
Interest expense	-	-	-	(18,318)
Gain (loss) on disposal of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>9,171</u>	<u>1,035</u>	<u>-</u>	<u>3,257</u>
Income (Loss) before Contributions and Transfers	<u>15,003</u>	<u>1,034</u>	<u>-</u>	<u>(738,396)</u>
Capital Contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Changes in Net Position	15,003	1,034	-	(738,396)
Beginning Net Position	<u>491,036</u>	<u>129,173</u>	<u>19,840</u>	<u>4,906,545</u>
Ending Net Position	<u>\$ 506,039</u>	<u>\$ 130,207</u>	<u>\$ 19,840</u>	<u>\$ 4,168,149</u>

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - REVENUE, EXPENSES, AND CHANGES
IN NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2025

	<u>Odessa South Facility</u>	<u>Vince Bayou Facility</u>	<u>Washburn Tunnel Facility</u>	<u>Washburn Tunnel Pipeline Services</u>
Operating Revenues				
Charges for sales and services:				
Services to industries	\$ 6,840,525	\$ 2,035,820	\$ 15,841,026	\$ -
Services to municipalities	231,000	-	-	-
Intragovernmental	-	-	163,655	-
Other	356,088	8,353	19,623	-
Total Operating Revenues	<u>7,427,613</u>	<u>2,044,173</u>	<u>16,024,304</u>	<u>-</u>
Operating Expenses				
Costs of sales and services	5,277,567	981,119	13,540,043	-
General and administrative	723,529	70,691	1,039,565	-
Depreciation/amortization	225,666	115,552	1,421,663	-
Total Operating Expenses	<u>6,226,762</u>	<u>1,167,362</u>	<u>16,001,271</u>	<u>-</u>
Operating Income (Loss)	<u>1,200,851</u>	<u>876,811</u>	<u>23,033</u>	<u>-</u>
Nonoperating Revenues (Expenses)				
Investment income	334,139	418,579	32,475	-
Unrealized gain/(loss)	66,852	86,082	7,495	-
Interest expense	-	-	(1,292)	-
Gain (loss) on disposal of capital assets	-	(215,372)	300	-
Total Nonoperating Revenues (Expenses)	<u>400,991</u>	<u>289,289</u>	<u>38,978</u>	<u>-</u>
Income (Loss) before Contributions and Transfers	<u>1,601,842</u>	<u>1,166,100</u>	<u>62,011</u>	<u>-</u>
Capital Contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Changes in Net Position	<u>1,601,842</u>	<u>1,166,100</u>	<u>62,011</u>	<u>-</u>
Beginning Net Position	<u>9,110,051</u>	<u>10,791,011</u>	<u>15,536,893</u>	<u>-</u>
Ending Net Position	<u>\$ 10,711,893</u>	<u>\$ 11,957,111</u>	<u>\$ 15,598,904</u>	<u>\$ -</u>

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - REVENUE, EXPENSES, AND CHANGES
IN NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2025

	Gulf Coast Industrial Development Authority	RailPort Facility Division	Red Bluff Division	Eliminations	Total
Operating Revenues					
Charges for sales and services:					
Services to industries	\$ -	\$ 1,177,533	\$ -	\$ -	\$ 98,398,751
Services to municipalities	-	-	-	-	4,464,783
Intragovernmental	-	-	-	(25,253,216)	-
Other	-	-	-	-	1,510,066
Total Operating Revenues	<u>-</u>	<u>1,177,533</u>	<u>-</u>	<u>(25,253,216)</u>	<u>104,373,600</u>
Operating Expenses					
Costs of sales and services	-	360,636	52,790	(25,253,216)	58,564,820
General and administrative	10	44,810	-	-	9,900,946
Depreciation/amortization	-	-	-	-	14,012,800
Total Operating Expenses	<u>10</u>	<u>405,446</u>	<u>52,790</u>	<u>(25,253,216)</u>	<u>82,478,566</u>
Operating Income (Loss)	<u>(10)</u>	<u>772,087</u>	<u>(52,790)</u>	<u>-</u>	<u>21,895,034</u>
Nonoperating Revenues (Expenses)					
Investment income	28,455	280,645	(883)	-	6,657,929
Unrealized gain/(loss)	5,770	12,069	(166)	-	1,101,483
Interest expense	-	-	-	-	(2,746,267)
Gain (loss) on disposal of capital assets	-	-	-	-	(183,162)
Total Nonoperating Revenues (Expenses)	<u>34,225</u>	<u>292,714</u>	<u>(1,049)</u>	<u>-</u>	<u>4,829,983</u>
Income (Loss) before Contributions and Transfers	34,215	1,064,801	(53,839)	-	26,725,017
Capital Contributions	-	8,218,696	53,765	-	13,964,060
Transfers in	-	-	-	(74,065)	-
Transfers out	(74,065)	-	-	74,065	-
Changes in Net Position	(39,850)	9,283,497	(74)	-	40,689,077
Beginning Net Position	682,972	28,449,507	(2,836)	-	237,274,694
Ending Net Position	<u>\$ 643,122</u>	<u>\$ 37,733,004</u>	<u>\$ (2,910)</u>	<u>\$ -</u>	<u>\$ 277,963,771</u>

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2025

	General Services	Bayport Facility	Blackhawk Facility	Central Lab
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 3,336,812	\$ 63,844,918	\$ 3,885,823	\$ 9,567
Receipts from intragovernmental users	16,266,015	-	-	8,765,546
Payments to suppliers	(3,431,623)	(21,065,400)	(1,208,414)	(2,691,029)
Payments to employees	(8,889,285)	(7,173,528)	(1,164,449)	(4,300,016)
Payments to intragovernmental suppliers	(3,690,589)	(11,319,409)	(910,488)	(1,732,132)
Net Cash Provided (Used) by Operating Activities	3,591,330	24,286,581	602,472	51,936
Cash Flows from Noncapital Financing Activities				
Intragovernmental transfers in	74,065	-	-	-
Intragovernmental transfers (out)	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	74,065	-	-	-
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(2,190,458)	(4,597,765)	(6,072,723)	(1,914,240)
Capital contributions	-	-	546,509	-
Proceeds from sale of revenue bonds	-	14,358,479	-	-
Payments to refund bonds	-	(16,398,529)	-	-
Principal paid on bonds	-	(3,760,000)	-	-
Principal payments on lease	-	-	-	-
Principal payments on SBITA	(315,512)	-	-	-
Interest paid on capital related debt	(237,754)	(2,519,961)	-	-
Net cash Provided (Used) by Capital and Related Financing Activities	(2,743,724)	(12,917,776)	(5,526,214)	(1,914,240)
Cash Flows from Investing Activities				
Maturity (purchase) of investments	983,393	(3,933,349)	154,634	1,651,567
Interest received (paid)	1,121,024	3,410,075	529,279	477,808
Net Cash Provided (Used) by Investing Activities	2,104,417	(523,274)	683,913	2,129,375
Net Increase (Decrease) in Cash and Cash Equivalents				
	3,026,088	10,845,531	(4,239,829)	267,071
Beginning Cash and Cash Equivalents	11,159,282	40,463,567	12,009,480	5,337,128
Ending Cash and Cash Equivalents	\$ 14,185,370	\$ 51,309,098	\$ 7,769,651	\$ 5,604,199
Ending Cash and Cash Equivalents				
Unrestricted cash and cash equivalents	\$ 14,185,370	\$ 36,349,130	\$ 7,190,155	\$ 5,604,199
Restricted cash and cash equivalents	-	14,959,968	579,496	-
	\$ 14,185,370	\$ 51,309,098	\$ 7,769,651	\$ 5,604,199
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 3,972,764	\$ 16,013,461	\$ (609,049)	\$ 433,698
Adjustment to reconcile operating income to net cash provided (used) by operating activities				
Depreciation/amortization	1,391,864	8,652,563	775,818	359,780
Changes in Operating Assets and Liabilities:				
(Increase) decrease in assets				
Accounts receivable, net	(128,630)	226,251	(439,022)	(35,816)
Due from other funds/divisions	4,045,852	-	-	-
Prepays	280,078	9,091	(1,210)	(122,261)
Increase (decrease) in liabilities:				
Wages payable	(442,430)	-	-	-
Accounts payable	(105,949)	(378,651)	904,380	(517,182)
Other payables	-	-	-	(58,814)
Due to other funds/divisions	(3,490,918)	(235,742)	(58,533)	(7,469)
Net OPEB liability and related amounts	(2,246,867)	-	-	-
Unearned revenue	(1,100)	(392)	-	-
Compensated absences	316,666	-	-	-
Working capital deposits	-	-	30,088	-
Net Cash Provided (Used) by Operating Activities	\$ 3,591,330	\$ 24,286,581	\$ 602,472	\$ 51,936
Noncash Investing, Capital, and Financing Activities				
Gain (loss) on disposition of capital assets	\$ 61,200	\$ -	\$ -	\$ (29,290)
SBITAs issued	2,601,161	-	-	-

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2025

	<u>Campbell Bayou Facility Division</u>			
	<u>Industrial Solid Waste Facility</u>	<u>Closure/Post Closure</u>	<u>East Battleground Facility</u>	<u>40-Acre Facility</u>
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 285,391	\$ 291,367	\$ -	\$ 5,326,852
Receipts from intragovernmental users	-	-	-	58,000
Payments to suppliers	(43,093)	(147,991)	-	(1,936,322)
Payments to employees	(79,081)	(155,119)	-	(1,795,779)
Payments to intragovernmental suppliers	(151,013)	(152,339)	-	(1,697,964)
Net Cash Provided (Used) by Operating Activities	<u>12,204</u>	<u>(164,082)</u>	<u>-</u>	<u>(45,213)</u>
Cash Flows from Noncapital Financing Activities				
Intragovernmental transfers in	-	-	-	-
Intragovernmental transfers (out)	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(9,471)	-	-	(224,556)
Capital contributions	-	-	-	-
Proceeds from sale of revenue bonds	-	-	-	-
Payments to refund bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Principal payments on lease	-	-	-	(47,682)
Principal payments on SBITA	-	-	-	-
Interest paid on capital related debt	-	-	-	(18,318)
Net cash Provided (Used) by Capital and Related Financing Activities	<u>(9,471)</u>	<u>-</u>	<u>-</u>	<u>(290,556)</u>
Cash Flows from Investing Activities				
Maturity (purchase) of investments	(1,532)	92,359	9,919	180,442
Interest received (paid)	8,410	-	-	17,923
Net Cash Provided (Used) by Investing Activities	<u>6,878</u>	<u>92,359</u>	<u>9,919</u>	<u>198,365</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9,611	(71,723)	9,919	(137,404)
Beginning Cash and Cash Equivalents	18,946	72,627	59,358	142,294
Ending Cash and Cash Equivalents	<u>\$ 28,557</u>	<u>\$ 904</u>	<u>\$ 69,277</u>	<u>\$ 4,890</u>
Ending Cash and Cash Equivalents				
Unrestricted cash and cash equivalents	\$ 28,557	\$ 904	\$ 69,277	\$ 4,890
Restricted cash and cash equivalents	-	-	-	-
	<u>\$ 28,557</u>	<u>\$ 904</u>	<u>\$ 69,277</u>	<u>\$ 4,890</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 5,832	\$ (1)	\$ -	\$ (741,653)
Adjustment to reconcile operating income to net cash provided (used) by operating activities				
Depreciation/amortization	3,075	-	-	1,066,819
Changes in Operating Assets and Liabilities:				
(Increase) decrease in assets				
Accounts receivable, net	(39,124)	(188,406)	-	(234,614)
Due from other funds/divisions	-	-	-	-
Prepays	(243)	(98)	-	(776)
Increase (decrease) in liabilities:				
Wages payable	-	-	-	-
Accounts payable	50,512	6,160	-	(41,715)
Other payables	-	-	-	-
Due to other funds/divisions	(7,848)	18,263	-	(21,137)
Net OPEB liability and related amounts	-	-	-	-
Unearned revenue	-	-	-	(141,789)
Compensated absences	-	-	-	-
Working capital deposits	-	-	-	69,652
Net Cash Provided (Used) by Operating Activities	<u>\$ 12,204</u>	<u>\$ (164,082)</u>	<u>\$ -</u>	<u>\$ (45,213)</u>
Noncash Investing, Capital, and Financing Activities				
Gain (loss) on disposition of capital assets	\$ -	\$ -	\$ -	\$ -
SBITAs issued	-	-	-	-

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2025

	Odessa South Facility	Vince Bayou Facility	Washburn Tunnel Facility	Washburn Tunnel Pipeline Services
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 6,256,243	\$ 2,066,084	\$ 16,071,242	\$ -
Receipts from intragovernmental users	-	-	163,655	-
Payments to suppliers	(3,365,682)	(253,985)	(6,116,848)	-
Payments to employees	(1,871,998)	(243,211)	(4,362,664)	-
Payments to intragovernmental suppliers	(1,080,712)	(529,131)	(3,813,694)	-
Net Cash Provided (Used) by Operating Activities	<u>(62,149)</u>	<u>1,039,757</u>	<u>1,941,691</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities				
Intragovernmental transfers in	-	-	-	-
Intragovernmental transfers (out)	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(534,824)	(217,053)	(1,258,374)	-
Capital contributions	-	-	-	-
Proceeds from sale of revenue bonds	-	-	-	-
Payments to refund bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Principal payments on lease	-	-	(73,030)	-
Principal payments on SBITA	-	-	-	-
Interest paid on capital related debt	-	-	(1,292)	-
Net cash Provided (Used) by Capital and Related Financing Activities	<u>(534,824)</u>	<u>(217,053)</u>	<u>(1,332,696)</u>	<u>-</u>
Cash Flows from Investing Activities				
Maturity (purchase) of investments	844,663	160,772	(276,670)	-
Interest received (paid)	334,139	418,579	32,475	-
Net Cash Provided (Used) by Investing Activities	<u>1,178,802</u>	<u>579,351</u>	<u>(244,195)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>581,829</u>	<u>1,402,055</u>	<u>364,800</u>	<u>-</u>
Beginning Cash and Cash Equivalents	<u>3,917,180</u>	<u>4,062,860</u>	<u>667,479</u>	<u>-</u>
Ending Cash and Cash Equivalents	<u>\$ 4,499,009</u>	<u>\$ 5,464,915</u>	<u>\$ 1,032,279</u>	<u>\$ -</u>
Ending Cash and Cash Equivalents				
Unrestricted cash and cash equivalents	\$ 4,499,009	\$ 5,464,915	\$ 1,032,279	\$ -
Restricted cash and cash equivalents	-	-	-	-
	<u>\$ 4,499,009</u>	<u>\$ 5,464,915</u>	<u>\$ 1,032,279</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 1,200,851	\$ 876,811	\$ 23,033	\$ -
Adjustment to reconcile operating income to net cash provided (used) by operating activities				
Depreciation/amortization	225,666	115,552	1,421,663	-
Changes in Operating Assets and Liabilities:				
(Increase) decrease in assets				
Accounts receivable, net	(1,422,118)	21,911	185,447	-
Due from other funds/divisions	-	-	-	-
Prepays	(972)	(202)	(3,173)	-
Increase (decrease) in liabilities:				
Wages payable	-	-	-	-
Accounts payable	(243,847)	35,402	434,650	-
Other payables	-	-	-	-
Due to other funds/divisions	(72,477)	(9,717)	(145,075)	-
Net OPEB liability and related amounts	-	-	-	-
Unearned revenue	250,748	-	25,146	-
Compensated absences	-	-	-	-
Working capital deposits	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (62,149)</u>	<u>\$ 1,039,757</u>	<u>\$ 1,941,691</u>	<u>\$ -</u>
Noncash Investing, Capital, and Financing Activities				
Gain (loss) on disposition of capital assets	\$ -	\$ (215,372)	\$ 300	\$ -
SBITAs issued	-	-	-	-

GULF COAST AUTHORITY
COMBINING INFORMATION BY DIVISION - CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2025

	Gulf Coast Industrial Development Authority	RailPort Facility Division	Red Bluff Division	Eliminations	Total
Cash Flows from Operating Activities					
Receipts from customers and users	\$ -	\$ 1,471,916	\$ 19,953	\$ -	\$ 102,866,168
Receipts from intragovernmental users	-	-	-	(25,253,216)	-
Payments to suppliers	(10)	(2,968,421)	(47,262)	-	(43,276,080)
Payments to employees	-	(183,518)	-	-	(30,218,648)
Payments to intragovernmental suppliers	-	(150,338)	(25,407)	25,253,216	-
Net Cash Provided (Used) by Operating Activities	(10)	(1,830,361)	(52,716)	-	29,371,440
Cash Flows from Noncapital Financing Activities					
Intragovernmental transfers in	-	-	-	(74,065)	-
Intragovernmental transfers (out)	(74,065)	-	-	74,065	-
Net Cash Provided (Used) by Noncapital Financing Activities	(74,065)	-	-	-	-
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	-	(8,476,304)	-	-	(25,495,768)
Capital contributions	-	6,064	53,765	-	606,338
Proceeds from sale of revenue bonds	-	-	-	-	14,358,479
Payments to refund bonds	-	-	-	-	(16,398,529)
Principal paid on bonds	-	-	-	-	(3,760,000)
Principal payments on lease	-	-	-	-	(120,712)
Principal payments on SBITA	-	-	-	-	(315,512)
Interest paid on capital related debt	-	-	-	-	(2,777,325)
Net cash Provided (Used) by Capital and Related Financing Activities	-	(8,470,240)	53,765	-	(33,903,029)
Cash Flows from Investing Activities					
Maturity (purchase) of investments	77,969	1,359,155	(166)	-	1,303,156
Interest received (paid)	28,455	280,645	(883)	-	6,657,929
Net Cash Provided (Used) by Investing Activities	106,424	1,639,800	(1,049)	-	7,961,085
Net Increase (Decrease) in Cash and Cash Equivalents	32,349	(8,660,801)	-	-	3,429,496
Beginning Cash and Cash Equivalents	302,099	11,231,997	-	-	89,444,297
Ending Cash and Cash Equivalents	\$ 334,448	\$ 2,571,196	\$ -	\$ -	\$ 92,873,793
Ending Cash and Cash Equivalents					
Unrestricted cash and cash equivalents	\$ 334,448	\$ 2,571,196	\$ -	\$ -	\$ 77,334,329
Restricted cash and cash equivalents	-	-	-	-	15,539,464
	\$ 334,448	\$ 2,571,196	\$ -	\$ -	\$ 92,873,793
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ (10)	\$ 772,087	\$ (52,790)	\$ -	\$ 21,895,034
Adjustment to reconcile operating income to net cash provided (used) by operating activities					
Depreciation/amortization	-	-	-	-	14,012,800
Changes in Operating Assets and Liabilities:					
(Increase) decrease in assets					
Accounts receivable, net	-	(147,192)	19,953	-	(2,181,360)
Due from other funds/divisions	-	-	-	-	4,045,852
Prepays	-	(19,907)	-	-	140,327
Increase (decrease) in liabilities:					
Wages payable	-	-	-	-	(442,430)
Accounts payable	-	(2,876,924)	(4,680)	-	(2,737,844)
Other payables	-	-	-	-	(58,814)
Due to other funds/divisions	-	-	(15,199)	-	(4,045,852)
Net OPEB liability and related amounts	-	-	-	-	(2,246,867)
Unearned revenue	-	-	-	-	132,613
Compensated absences	-	-	-	-	316,666
Working capital deposits	-	441,575	-	-	541,315
Net Cash Provided (Used) by Operating Activities	\$ (10)	\$ (1,830,361)	\$ (52,716)	\$ -	\$ 29,371,440
Noncash Investing, Capital, and Financing Activities					
Gain (loss) on disposition of capital assets	\$ -	\$ -	\$ -	\$ -	(183,162)
SBITAs issued	-	-	-	-	2,601,161



GULF COAST AUTHORITY
PENSION AND OTHER POST-EMPLOYMENT
BENEFIT TRUST FUNDS
December 31, 2025

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, 2025

	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			
Cash and cash equivalents	\$ -	\$ 271,460	\$ 271,460
Investments, at Fair Value:			
Stable Value/Cash Management	15,517,549	-	15,517,549
Bonds	3,688,101	-	3,688,101
Guaranteed Lifetime Income	7,697,020	-	7,697,020
Balanced/Asset Allocation	15,214,260	-	15,214,260
U.S. Stock	20,244,090	-	20,244,090
International/Global Stock	4,078,870	-	4,078,870
Specialty	355,335	-	355,335
Domestic Equities	-	9,941,272	9,941,272
Fixed Income	-	6,444,752	6,444,752
Private Equity	-	2,153,073	2,153,073
Other	826,217	405,447	1,231,664
Total Assets	\$ 67,621,442	\$ 19,216,004	\$ 86,837,446
Net Position			
Restricted for:			
Pensions	\$ 67,621,442	\$ -	\$ 67,621,442
Other Post-Employment Benefits	-	19,216,004	19,216,004
Total Net Position	\$ 67,621,442	\$ 19,216,004	\$ 86,837,446

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, 2025

	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	\$ 3,090,814	\$ 710,384	\$ 3,801,198
Total Contributions	<u>3,090,814</u>	<u>710,384</u>	<u>3,801,198</u>
Investment Earnings:			
Unrealized gain/(loss)	7,061,819	2,264,331	9,326,150
Net Investment Earnings	<u>7,061,819</u>	<u>2,264,331</u>	<u>9,326,150</u>
Other Additions:			
Roll-ins	446,681	-	446,681
Miscellaneous credits	100,460	-	100,460
Total Other Additions	<u>547,141</u>	<u>-</u>	<u>547,141</u>
Total Additions	<u>10,699,774</u>	<u>2,974,715</u>	<u>13,674,489</u>
Deductions:			
Benefit payments	2,922,951	-	2,922,951
Forfeiture debits	100,325	-	100,325
Administrative expense	46,894	-	46,894
Total Deductions	<u>3,070,170</u>	<u>-</u>	<u>3,070,170</u>
Change in Net Position	7,629,604	2,974,715	10,604,319
Beginning Net Position	59,991,838	16,241,289	76,233,127
Ending Net Position	<u>\$ 67,621,442</u>	<u>\$ 19,216,004</u>	<u>\$ 86,837,446</u>

GULF COAST AUTHORITY
INDUSTRIAL PROJECTS - PRIVATE ACTIVITY REVENUE
BONDS ISSUED AND OUTSTANDING
December 31, 2025

	<u>Series</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Interest Rate</u>
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	2030	*
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				

* Variable rate

GULF COAST AUTHORITY
INDUSTRIAL PROJECTS - PRIVATE ACTIVITY REVENUE
BONDS ISSUED AND OUTSTANDING
December 31, 2025

	<u>Purpose</u>	<u>Total</u>	<u>Amount Retired</u>	<u>Amount Outstanding</u>
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	12,000,000	-	12,000,000
Totals		<u>\$ 147,000,000</u>	<u>\$ 50,000,000</u>	<u>\$ 97,000,000</u>

* Variable rate

GULF COAST AUTHORITY
GULF COAST INDUSTRIAL DEVELOPMENT AUTHORITY - INDUSTRIAL
DEVELOPMENT REVENUE BONDS ISSUED AND OUTSTANDING
December 31, 2025

	<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%	\$ 25,000,000	\$ -	\$ 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>\$ 325,000,000</u>	<u>\$ -</u>	<u>\$ 325,000,000</u>

** Variable rate bond

STATISTICAL SECTION



GULF COAST AUTHORITY
STATISTICAL SECTION
December 31, 2025

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	78
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	83
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	84
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	88
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	89
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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Primary Government					
Net investment in capital assets	\$ 65,537,570	\$ 68,936,131	\$ 73,391,834	\$ 79,801,363	\$ 81,370,225
Restricted	4,852,486	4,982,459	5,382,927	5,590,991	5,710,716
Unrestricted	55,469,080	62,236,675	62,301,382	64,107,015	68,848,128
Total Primary Government					
Net Position	<u>\$ 125,859,136</u>	<u>\$ 136,155,265</u>	<u>\$ 141,076,143</u>	<u>\$ 149,499,369</u>	<u>\$ 155,929,069</u>

GULF COAST AUTHORITY
NET POSITION BY COMPONENT
LAST TEN YEARS

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Primary Government					
Net investment in capital assets	\$ 77,689,182	\$ 86,343,020	\$ 101,559,733	\$ 126,836,592	\$ 141,259,841
Restricted	6,304,190	5,874,502	5,357,197	5,731,023	4,380,145
Unrestricted	77,666,231	78,399,573	89,799,049	104,707,079	132,323,785
Total Primary Government					
Net Position	<u>\$ 161,659,603</u>	<u>\$ 170,617,095</u>	<u>\$ 196,715,979</u>	<u>\$ 237,274,694</u>	<u>\$ 277,963,771</u>

GULF COAST AUTHORITY
CHANGES IN NET POSITION
LAST TEN YEARS ¹

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating Revenues					
Charges for sales and services:					
Services to industries	\$ 59,992,734	\$ 62,969,599	\$ 67,775,496	\$ 65,792,014	\$ 69,382,664
Services to municipalities	2,705,221	2,816,964	3,050,025	4,111,071	3,446,688
Other	986,314	1,783,197	1,076,922	1,249,125	1,069,030
Total Operating Revenues	<u>63,684,269</u>	<u>67,569,760</u>	<u>71,902,443</u>	<u>71,152,210</u>	<u>73,898,382</u>
Operating Expenses					
Costs of sales and services	45,664,574	48,436,979	50,493,612	52,770,941	55,282,913
General and administrative	1,786,606	2,091,707	2,516,935	2,102,865	1,777,770
Depreciation/amortization	9,446,566	8,458,312	8,217,128	9,105,685	9,850,539
Total Operating Expenses	<u>56,897,746</u>	<u>58,986,998</u>	<u>61,227,675</u>	<u>63,979,491</u>	<u>66,911,222</u>
Operating Income (Loss)	<u>6,786,523</u>	<u>8,582,762</u>	<u>10,674,768</u>	<u>7,172,719</u>	<u>6,987,160</u>
Nonoperating Revenues (Expenses)					
Investment income	778,903	933,371	2,075,860	2,853,219	1,919,033
Unrealized gain/(loss)	2,752	(258,740)	58,830	874,301	340,702
Interest expense	(2,703,674)	(2,573,398)	(3,755,094)	(3,585,948)	(3,389,373)
Gain (loss) on disposal of capital assets	(77,768)	100,701	(40,923)	(157,500)	(4,741)
Insurance Proceeds	-	814	57,366	4,197	251,765
Total Nonoperating Revenues (Expenses)	<u>(1,999,787)</u>	<u>(1,797,252)</u>	<u>(1,603,961)</u>	<u>(11,731)</u>	<u>(882,614)</u>
Income (Loss) before Contributions	<u>4,786,736</u>	<u>6,785,510</u>	<u>9,070,807</u>	<u>7,160,988</u>	<u>6,104,546</u>
Capital Contributions	2,870,910	3,510,619	764,228	1,262,238	318,154
Changes in Net Position	<u>\$ 7,657,646</u>	<u>\$ 10,296,129</u>	<u>\$ 9,835,035</u>	<u>\$ 8,423,226</u>	<u>\$ 6,422,700</u>

¹ The Authority implemented GASB Statement No. 75 in 2018

GULF COAST AUTHORITY
CHANGES IN NET POSITION
LAST TEN YEARS ¹

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating Revenues					
Charges for sales and services:					
Services to industries	\$ 73,312,340	\$ 82,485,565	\$ 86,036,640	\$ 94,131,351	\$ 98,398,751
Services to municipalities	4,057,533	6,102,036	8,105,218	4,560,471	4,464,783
Other	1,314,385	1,598,349	1,742,044	1,620,772	1,510,066
Total Operating Revenues	<u>78,684,258</u>	<u>90,185,950</u>	<u>95,883,902</u>	<u>100,312,594</u>	<u>104,373,600</u>
Operating Expenses					
Costs of sales and services	57,359,423	63,615,012	59,997,652	60,049,795	58,564,820
General and administrative	2,090,041	2,110,077	3,606,136	9,480,208	9,900,946
Depreciation/amortization	10,131,273	10,637,260	12,281,172	13,158,774	14,012,800
Total Operating Expenses	<u>69,580,737</u>	<u>76,362,349</u>	<u>75,884,960</u>	<u>82,688,777</u>	<u>82,478,566</u>
Operating Income (Loss)	<u>9,103,521</u>	<u>13,823,601</u>	<u>19,998,942</u>	<u>17,623,817</u>	<u>21,895,034</u>
Nonoperating Revenues (Expenses)					
Investment income	710,598	661,147	3,394,620	6,653,511	6,657,929
Unrealized gain/(loss)	(1,099,356)	(2,147,401)	2,325,805	(327,252)	1,101,483
Interest expense	(3,181,292)	(3,376,985)	(2,854,033)	(2,637,025)	(2,746,267)
Gain (loss) on disposal of capital assets	(87,792)	(2,870)	(939,310)	(953,444)	(183,162)
Insurance Proceeds	129,155	-	1,223	-	-
Total Nonoperating Revenues (Expenses)	<u>(3,528,687)</u>	<u>(4,866,109)</u>	<u>1,928,305</u>	<u>2,735,790</u>	<u>4,829,983</u>
Income (Loss) before Contributions	<u>5,574,834</u>	<u>8,957,492</u>	<u>21,927,247</u>	<u>20,359,607</u>	<u>26,725,017</u>
Capital Contributions	162,700	-	4,171,637	20,199,108	13,964,060
Changes in Net Position	<u>\$ 5,737,534</u>	<u>\$ 8,957,492</u>	<u>\$ 26,098,884</u>	<u>\$ 40,558,715</u>	<u>\$ 40,689,077</u>

¹ The Authority implemented GASB Statement No. 75 in 2018



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

Customer	2025			2016		
	Total Sales	Rank	% of Total Sales	Total Sales	Rank	% of Total Sales
LyondellBasell	\$ 11,058,566	1	17.3%	\$ 4,593,221	2	13.1%
Celanese Corporation	9,982,805	2	15.6%	5,019,031	1	14.3%
Ketjen Corporation*	7,352,542	3	11.5%	4,171,269	3	11.9%
Kaneka Corporation	6,373,871	4	10.0%	4,144,331	4	11.8%
Kuraray Co., Ltd.	4,569,269	5	7.1%	2,537,892	5	7.2%
Carpenter Company	3,173,247	6	5.0%	1,475,632	6	4.2%
Noltex LLC	1,840,281	7	2.9%	920,110	9	2.6%
American Acryl LP	1,426,604	8	2.2%	898,471	10	2.6%
Dixie Chemical Company, Inc.	1,357,667	9	2.1%	1,149,114	7	3.3%
Intergulf Corp.	1,327,354	10	2.1%	990,280	8	2.8%
Subtotal	<u>48,462,206</u>		<u>75.80%</u>	<u>25,899,351</u>		<u>73.81%</u>
Other customers	<u>15,557,871</u>		<u>24.30%</u>	<u>9,191,011</u>		<u>26.19%</u>
Total	<u>\$ 64,020,077</u>		<u>100.10%</u>	<u>\$ 35,090,362</u>		<u>100.00%</u>

* Formerly Albemarle Corporation. Ketjen Corporation was established as a wholly owned subsidiary in January 2023. Historical data reflects the same facility under prior Albemarle ownership.

Source: GCA 2016 ACFR and 2025 General Ledger

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net Income (loss)	\$ 5,007,053	\$ 7,524,313	\$ 6,877,577	\$ 4,029,106	\$ 5,042,073
Add items not includable in current expenses:					
Bond interest expense	2,704,239	2,573,376	3,755,094	3,585,948	3,389,373
Depreciation	4,950,344	4,135,186	4,160,631	4,713,913	5,343,578
Management fees	1,077,900	1,177,896	1,237,896	1,287,900	1,362,900
Pledge revenues	13,739,536	15,410,771	16,031,198	13,616,867	15,137,924
Average annual debt service on outstanding bonds	<u>\$ 4,748,064</u>	<u>\$ 4,640,346</u>	<u>\$ 5,329,072</u>	<u>\$ 5,438,341</u>	<u>\$ 5,315,738</u>
Actual debt service on outstanding bonds	<u>\$ 6,694,588</u>	<u>\$ 6,686,988</u>	<u>\$ 7,326,006</u>	<u>\$ 8,144,963</u>	<u>\$ 8,136,613</u>
Coverage by pledged revenues of average annual debt service on outstanding bonds	2.89	3.32	3.01	2.50	2.98
Coverage by pledged revenues of actual debt service on outstanding bonds	2.05	2.30	2.19	1.67	1.86

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Net Income (loss)	\$ 6,247,240	\$ 9,913,610	\$ 12,494,099	\$ 14,315,137	\$ 17,496,167
Add items not includable in current expenses:					
Bond interest expense	3,181,248	3,370,727	2,833,648	2,579,273	2,488,903
Depreciation	5,543,183	6,265,241	7,545,498	8,391,984	8,652,563
Management fees	1,362,900	1,362,900	1,839,996	2,130,996	2,592,000
Pledge revenues	16,334,571	20,912,478	24,713,241	27,417,390	31,229,633
Average annual debt service on outstanding bonds	<u>\$ 5,181,613</u>	<u>\$ 5,663,618</u>	<u>\$ 5,504,281</u>	<u>\$ 5,327,308</u>	<u>\$ 5,046,185</u>
Actual debt service on outstanding bonds	<u>\$ 8,132,363</u>	<u>\$ 8,134,283</u>	<u>\$ 8,691,025</u>	<u>\$ 8,689,776</u>	<u>\$ 6,911,026</u>
Coverage by pledged revenues of average annual debt service on outstanding bonds	3.15	3.69	4.49	5.15	6.19
Coverage by pledged revenues of actual debt service on outstanding bonds	2.01	2.57	2.84	3.16	4.52

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	Leases Payable	Subscriptions Payable				
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 (1)	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 (2)	62,855	17,265	7,644	212	-	87,976	90,186	97.55%	
2023	60,530	14,565	7,101	431	388	83,015	99,992	83.02%	
2024	58,465	11,355	6,558	317	202	76,897	120,512	63.81%	
2025 (3)	39,875	23,330	5,874	196	2,488	71,763	118,338	60.64%	

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

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

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

(3) in 2025 the Authority issued the Gulf Coast Authority Bayport Area System Revenue and Refunding Bonds, Series 2025.

GULF COAST AUTHORITY
ACTIVE INDUSTRIAL AND MUNICIPAL CUSTOMERS
LAST TEN YEARS

Fiscal Year	Business-Type Activities
2016	203
2017	203
2018	221
2019	249
2020	248
2021	236
2022	232
2023	237
2024	244
2025	250

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
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
2023	40	138	0	178
2024	44	140	0	184
2025	45	143	0	188

Source: Human Resources

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Function/Program					
Wastewater Treatment					
Wastewater treated (MGD)*	44.353	46.040	47.630	46.990	46.590
Permitted capacity (MGD)	88.050	84.950	84.950	87.450	87.450
Solid Waste Disposal					
Nonhazardous waste received (pounds)	4,503,260	2,754,020	4,216,560	6,866,060	1,419,120
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Function/Program					
Wastewater Treatment					
Wastewater treated (MGD)*	47.320	45.530	48.650	48.981	45.712
Permitted capacity (MGD)	87.450	87.450	87.450	90.550	90.550
Solid Waste Disposal					
Nonhazardous waste received (pounds)	3,551,892	1,899,438	726,645	782,016	194,621

*MGD = million gallons per day

Source: Facility operations records

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

Solid waste permitted capacity is 95,000 cubic yards.

Solid waste data is being reported in pounds, as it is reported via State and Federal reports on a monthly and annual basis.

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Function/Program										
General Services:										
Administrative Building	1	1	1	1	1	1	1	1	1	1
Wastewater Treatment:										
Aeration basins	15	15	15	15	15	21	21	21	21	21
Aeration tanks	13	13	13	13	13	13	14	14	14	14
Aerobic digester basins	12	12	12	12	12	12	12	12	12	12
Anaerobic basins	1	1	1	1	1	1	1	1	1	1
Belt presses	11	11	11	11	11	11	11	11	11	11
Clarifiers	20	20	21	21	21	21	21	21	21	21
Equalization basins	8	8	8	8	8	8	8	8	8	8
Facultative basins	2	2	2	2	2	2	2	2	2	2
Gravity filters	8	8	8	8	8	7	7	7	7	7
Disinfect areas	5	5	5	5	5	5	5	5	5	5
Sewerage acceptance units	3	3	3	3	3	3	3	3	3	3
Sludge surface disposal basins	3	3	3	3	3	3	3	3	3	3
Solid Waste Disposal:										
Land treatment units	1	1	1	1	1	1	1	1	1	1
Hazardous waste disposal cells	8	8	5	5	5	5	5	5	5	5
Non-hazardous waste disposal cells	4	4	4	4	4	5	5	5	5	5
	<u>115</u>	<u>115</u>	<u>113</u>	<u>113</u>	<u>113</u>	<u>119</u>	<u>120</u>	<u>120</u>	<u>120</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, 2025

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, 2025

Personnel services *	\$	11,608,649
Materials and supplies		10,047,397
Utilities		6,505,051
Repairs and maintenance		5,549,844
Professional services		6,160,158
Contractual services		18,693,721
General and administrative		9,900,946
Depreciation/amortization		14,012,800
	\$	<u>82,478,566</u>

* Number of persons employed by the Authority: 188 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, 2025

	<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	3.97%	N/A	\$ 6,945,678
Texas Range	N/A	3.78%	N/A	56,728,836
TexPool	N/A	3.82%	N/A	<u>607,248</u>
Total Temporary Investments				<u><u>\$ 64,281,762</u></u>

GULF COAST AUTHORITY

TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS

(ALL BONDED DEBT SERVICES) – BY SERIES

December 31, 2025

Due During the Year Ending	Annual Requirements for All Series			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
2026	\$ 3,715,000	\$ 1,436,263	\$ 1,436,262	\$ 6,587,525
2027	3,895,000	1,343,388	1,343,387	6,581,775
2028	4,105,000	1,246,013	1,246,012	6,597,025
2029	4,290,000	1,143,388	1,143,387	6,576,775
2030	4,510,000	1,036,138	1,036,137	6,582,275
2031	4,730,000	923,388	923,387	6,576,775
2032	4,985,000	805,138	805,137	6,595,275
2033	5,225,000	680,513	680,512	6,586,025
2034	3,860,000	563,238	563,237	4,986,475
2035	4,030,000	480,538	480,537	4,991,075
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>\$ 63,205,000</u>	<u>\$ 11,290,074</u>	<u>\$ 11,290,064</u>	<u>\$ 85,785,138</u>

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

December 31, 2025

Due During the Year Ending	Series, 2018			Total
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	
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>\$ 31,365,000</u>	<u>\$ 6,304,699</u>	<u>\$ 6,304,689</u>	<u>\$ 43,974,388</u>

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

December 31, 2025

Due During the Year Ending	Series, 2022A			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
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>\$ 8,510,000</u>	<u>\$ 1,839,625</u>	<u>\$ 1,839,625</u>	<u>\$ 12,189,250</u>

GULF COAST AUTHORITY
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS
(ALL BONDED DEBT SERVICES) – BY SERIES
December 31, 2025

Due During the Year Ending	Series, 2022B			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
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>\$ 10,325,000</u>	<u>\$ 1,227,500</u>	<u>\$ 1,227,500</u>	<u>\$ 12,780,000</u>

GULF COAST AUTHORITY
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS
(ALL BONDED DEBT SERVICES) – BY SERIES
December 31, 2025

Due During the Year Ending	Series, 2025			
	Principal Due 10/01	Interest Due 4/01	Interest Due 10/01	Total
2026	\$ 1,035,000	\$ 325,125	\$ 325,125	\$ 1,685,250
2027	1,085,000	299,250	299,250	1,683,500
2028	1,145,000	272,125	272,125	1,689,250
2029	1,195,000	243,500	243,500	1,682,000
2030	1,255,000	213,625	213,625	1,682,250
2031	1,315,000	182,250	182,250	1,679,500
2032	1,390,000	149,375	149,375	1,688,750
2033	1,455,000	114,625	114,625	1,684,250
2034	1,525,000	78,250	78,250	1,681,500
2035	1,605,000	40,125	40,125	1,685,250
	<u>\$ 13,005,000</u>	<u>\$ 1,918,250</u>	<u>\$ 1,918,250</u>	<u>\$ 16,841,500</u>

GULF COAST AUTHORITY
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
For the Year Ended December 31, 2025

Revenue Bonds	Interest Rate	Bonds Outstanding 1/1/25	Bonds Sold During 2025	Bonds Refunded During 2025	Requirements 2025			Total	Bonds Outstanding 12/31/25
					Principal Due 10/01	Interest Due 04/01	Interest Due 10/01		
Series 2015 Revenue Bonds	2.0-5.0	\$ 17,065,000	\$ -	\$ 15,860,000	\$ 1,205,000	\$ 400,500	\$ 400,500	\$ 2,006,000	\$ -
Series 2018 Revenue Bonds	3.5-5.0	32,570,000	-	-	1,205,000	691,913	691,913	2,588,826	31,365,000
Series 2022A Revenue Bonds	3.5-5.0	8,830,000	-	-	320,000	199,225	199,225	718,450	8,510,000
Series 2022B Revenue and Refunding Bonds	3.5-5.0	11,355,000	-	-	1,030,000	283,875	283,875	1,597,750	10,325,000
Series 2025 Revenue and Refunding Bonds	3.5-5.0	-	13,005,000	-	-	-	-	-	13,005,000
		<u>\$ 69,820,000</u>	<u>\$ 13,005,000</u>	<u>\$ 15,860,000</u>	<u>\$ 3,760,000</u>	<u>\$ 1,575,513</u>	<u>\$ 1,575,513</u>	<u>\$ 6,911,026</u>	<u>\$ 63,205,000</u>

Paying Agent's Name & City

The Bank of New York Mellon Dallas, TX

Debt Service Reserve Fund cash and investments balances as of December 31, 2025

5,098,276

GULF COAST AUTHORITY

TSI-7. SCHEDULE OF REVENUES AND EXPENSES - PROPRIETARY FUND

For the Year Ended December 31, 2025

	Amounts				
	2025	2024	2023	2022	2021
Operating Revenues					
Charges for sales and services					
Services to industries	\$ 98,398,751	\$ 94,131,351	\$ 86,036,640	\$ 82,485,565	\$ 73,312,340
Services to municipalities	4,464,783	4,560,471	8,105,218	6,102,036	4,057,533
Other	1,510,066	1,620,772	1,742,044	1,598,349	1,314,385
Total Operating Revenues	<u>104,373,600</u>	<u>100,312,594</u>	<u>95,883,902</u>	<u>90,185,950</u>	<u>78,684,258</u>
Operating Expenses					
Cost of sales and services	58,564,820	60,049,795	59,997,652	61,731,088	55,467,021
Administrative	9,900,946	9,480,208	3,606,136	4,063,505	3,973,970
Depreciation	14,012,800	13,158,774	12,281,172	10,641,872	10,130,521
Total Operating Expenses	<u>82,478,566</u>	<u>82,688,777</u>	<u>75,884,960</u>	<u>76,436,465</u>	<u>69,571,512</u>
Operating income (loss)	<u>21,895,034</u>	<u>17,623,817</u>	<u>19,998,942</u>	<u>13,749,485</u>	<u>9,112,746</u>
Non-Operating Revenues (Expenses)					
Interest income	6,657,929	6,653,511	3,394,620	(1,486,254)	(388,758)
Unrealized gain/(loss)	1,101,483	(327,252)	2,325,805	-	-
Interest expense	(2,746,267)	(2,637,025)	(2,854,033)	(3,378,795)	(3,181,248)
Gain (loss) on disposal of capital asset	(183,162)	(953,444)	(939,310)	(2,870)	(87,792)
Insurance proceeds	-	-	1,223	-	129,155
Total Non-Operating Revenues (Expenses)	<u>4,829,983</u>	<u>2,735,790</u>	<u>1,928,305</u>	<u>(4,867,919)</u>	<u>(3,528,643)</u>
Income (loss) before contributions	26,725,017	20,359,607	21,927,247	8,881,566	5,584,103
Capital Contributions, net	13,964,060	20,199,108	4,171,637	-	162,700
Income (loss) before extraordinary items	40,689,077	40,558,715	26,098,884	8,881,566	5,746,803
Change in Net Position	<u>\$ 40,689,077</u>	<u>\$ 40,558,715</u>	<u>\$ 26,098,884</u>	<u>\$ 8,881,566</u>	<u>\$ 5,746,803</u>
Total Active Industrial and Municipal Participants	<u>250</u>	<u>244</u>	<u>237</u>	<u>232</u>	<u>236</u>

GULF COAST AUTHORITY

TSI-7. SCHEDULE OF REVENUES AND EXPENSES - PROPRIETARY FUND

For the Year Ended December 31, 2025

	Percent of Total Operating Revenues				
	2025	2024	2023	2022	2021
Operating Revenues					
Charges for sales and services					
Services to industries	94.3%	93.9%	89.7%	91.4%	93.1%
Services to municipalities	4.3%	4.5%	8.5%	6.8%	5.2%
Other	1.4%	1.6%	1.8%	1.8%	1.7%
Total Operating Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Expenses					
Cost of sales and services	56.1%	59.9%	62.6%	68.4%	70.5%
Administrative	9.5%	9.5%	3.8%	4.5%	5.1%
Depreciation	13.4%	13.1%	12.8%	11.8%	12.9%
Total Operating Expenses	79.0%	82.5%	79.2%	84.7%	88.5%
Operating income (loss)	21.0%	17.5%	20.8%	15.3%	11.5%
Non-Operating Revenues (Expenses)					
Interest income	6.4%	6.6%	3.5%	-1.6%	-0.5%
Unrealized gain/(loss)	1.1%	-0.3%	2.4%	-	-
Interest expense	-2.6%	-2.6%	-3.0%	-3.7%	-4.0%
Gain (loss) on disposal of capital asset	-0.2%	-1.0%	-1.0%	-	-0.1%
Insurance proceeds	-	-	-	-	0.2%
Total Non-Operating Revenues (Expenses)	4.7%	2.7%	1.9%	-5.3%	-4.4%
Income (loss) before contributions	25.7%	20.2%	22.7%	10.0%	7.1%
Capital Contributions, net	13.4%	20.1%	4.4%	-	0.2%
Income (loss) before extraordinary items	39.1%	40.3%	27.1%	10.0%	7.3%
Change in Net Position	39.1%	40.3%	27.1%	10.0%	7.3%

GULF COAST AUTHORITY
TSI-8. BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL
For the Year Ended December 31, 2025

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): 12/2025
Limit on Fees of Office that a Director may receive during a fiscal year:
(Set by Board Resolution - TWC Section 49.060) \$13,260

Board Members	Term of Office or Date Hired *	Elected/ Appointed	Fees of office paid 12/31/25	Expenses reimbursed 12/31/25	Title at Year End
Kevin M. Scott	09/01/24 - 08/31/26	Appointed (1)	\$ 8,177	\$ 5,131	Chairman
Amber Batson	09/01/25 - 08/31/27	Appointed (1)	5,746	2,209	Vice Chair
Billy J. Enochs	09/01/23 - 08/31/25	Appointed (3)	7,514	4,612	Secretary
J. Mark Schultz	09/01/14 - 08/31/16	Appointed (2)	9,061	4,314	Treasurer
Stephanie Farnar	09/18/24 - 08/31/26	Appointed (3)	3,315	1,952	Member
Franklin D.R. Jones, Jr.	09/01/13 - 08/31/15	Appointed (2)	3,757	1,201	Member
Jacqueline Peden	09/01/24 - 08/31/26	Appointed (2)	4,862	6,663	Member
Robert Swanson	09/01/21 - 08/31/23	Appointed (3)	4,862	1,142	Member
Daniel W. Syphrett, III	09/30/25 - 08/31/26	Appointed (1)	2,652	1,834	Member

Key Administrative Personnel:

Elizabeth Fazio Hale	11/16/20	N/A	\$ 483,171	\$ 13,501	Chief Executive Officer
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Consultants:

Olson and Olson	01/01/80	N/A	\$ 21,866	\$ -	General Counsel
Whitley Penn, LLP	10/01/06	N/A	\$ 111,150	\$ -	External Auditors

*Note: Under State law, Directors whose terms have expired continue to serve until they are reappointed or a replacement is appointed and qualified. Members are appointed by (1) Governor; (2) County Commissioners Court; or (3) Consortium of Mayors

