

RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board (the Nationally Recognized Municipal Securities Information Repository) and any applicable State Information Depository pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

Issuer Name: Gulf Coast Water Authority

Issue(s):

\$ 11,315,000 Water System Contract Revenue Bonds (City of Galveston), Series 2002
\$ 4,320,000 Water System Contract Revenue Refunding Bonds, Series 2011E (Galveston)

Filing Format X electronic ___ paper; If available on the Internet, give URL: _____

CUSIP Numbers to which the information filed relates (optional):

X Nine-digit number(s) (see following page(s)):

___ Six-digit number if information filed relates to all securities of the issuer

* * *

Financial & Operating Data Disclosure Information

___ Annual Financial Report or CAFR

X Financial Information & Operating Data

___ Other (describe)

X Fiscal Period Covered: FYE 2011

___ Monthly ___ Quarterly X Annual ___ Other:

* * *

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: /s/ Bob Webb

Name: Bob Webb Title: Business Administrator

Employer: Gulf Coast Water Authority

Voice Telephone Number: (409) 935-2438

Email Address: bob_webb@swbell.net

DESCRIPTION OF ISSUES COVERED BY THIS REPORT

Water System Contract Revenue Bonds (City of Galveston), Series 2002

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/15/12	\$ 570,000	40223NJM9
08/15/13	595,000	40223NJNI7
08/15/14	620,000	40223NJP2
08/15/15	650,000	40223NJQ0
08/15/16	680,000	40223NJR8
08/15/17	710,000	40223NJS6
08/15/18	750,000	40223NJT4
08/15/19	785,000	40223NJU1
08/15/20	825,000	40223NJV9
08/15/21	865,000	40223NJV7
08/15/22	910,000	40223NJV5
	<u>\$ 7,960,000</u>	

Water System Contract Revenue Refunding Bonds, Series 2011E (Galveston)

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/15/12	\$ 665,000	40223N LF1
08/15/13	680,000	40223N LG9
08/15/14	700,000	40223N LH7
08/15/15	725,000	40223N LJ3
08/15/16	755,000	40223N LK0
08/15/17	795,000	40223N LL8
	<u>\$ 4,320,000</u>	

CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED AUGUST 31, 2011

GULF COAST WATER AUTHORITY

GCWA DEBT - GALVESTON DEBT



FINANCIAL STATEMENTS

The audited financial statements for the Authority for the fiscal year ended August 31, 2011 are being separately filed directly with the Nationally Recognized Municipal Securities Information Repository and any applicable State Information Depository, and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

SIGNATURE OF ISSUER

The information set forth herein has been obtained from the Authority and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Authority or other matters described.

GULF COAST WATER AUTHORITY

/s/ Bob Webb

Bob Webb

Business Administrator

Approved for Submission:

02/29/2012

Date

CERTIFICATE OF SUBMISSION OF ANNUAL REPORT

Subject to the continuing disclosure requirements of SEC Rule 15c2-12, this Annual Continuing Disclosure Report for the Gulf Coast Water Authority with respect to the issues listed on the report cover was submitted directly to the National Recognized Municipal Securities Information Repository ("NRMSIR") listed below as well as to any applicable State Information Depository ("SID").

NRMSIR

Municipal Securities Rulemaking Board ("MSRB")
via the Electronic Municipal Market Access ("EMMA") system

First Southwest Company

Signed by:

/s/ Ashley Allen

GULF COAST WATER AUTHORITY – CITY OF GALVESTON

2011 CONTRACT REVENUE DEBT REPORT

TABLE 1 – CITY OF GALVESTON DEBT SERVICE REQUIREMENTS ⁽¹⁾

Fiscal Year Ending August 31	Series 2002 ⁽²⁾	Series 2006 ⁽³⁾	Series 2011A ⁽⁴⁾	Series 2011E	Total Debt Service Requirements
2012	\$ 959,594	\$ 1,012,418	\$ 1,535,418	\$ 813,325	\$ 4,320,755
2013	958,944	1,016,432	1,533,357	815,025	4,323,758
2014	957,169	1,019,703	1,532,278	814,625	4,323,774
2015	958,494	1,025,315	1,535,369	811,625	4,330,803
2016	957,619	1,031,359	1,534,142	812,625	4,335,746
2017	954,469	1,035,479	2,496,886	814,875	5,301,708
2018	958,969		2,443,493		3,402,462
2019	956,469		2,439,174		3,395,643
2020	957,219		2,441,137		3,398,356
2021	955,969		2,440,230		3,396,198
2022	956,638		2,442,438		3,399,075
	<u>\$ 10,531,550</u>	<u>\$ 6,140,706</u>	<u>\$ 22,373,923</u>	<u>\$ 4,882,100</u>	<u>\$ 43,928,280</u>

- (1) The Authority is the sole source of the City's supply of treated water and has issued bonds on the City's behalf to finance transmission and distribution facilities related thereto. In addition, the City has issued bonds directly for non-water related municipal purposes. The Series 2002, Series 2006, Series 2011A and Series 2011E Bonds are all payable by the City out of the revenues of its waterworks and sewer system without preference of priority. However, the City's obligations with respect to each series is contained in separate but similar water facilities financing agreements and such series are not technically parity bonds secured by a single resolution and supplements thereto.
- (2) Represents the City's agreement to pay the total Series 2002 debt service. The \$11,315,000 Series 2002 Bonds financed facilities for potable water transportation to and within the City.
- (3) Represents the City's agreement to pay a portion of the total Series 2006 debt service. The Cities of Pearland, Galveston, and Texas City executed Interim Water Supply Contracts with the Authority to facilitate its issuance of \$27,725,000 Contract Revenue Bonds, Series 2006.
- (4) Represents the City's agreement to pay 98.149% of the Series 2011A debt service. Several other municipalities and governmental entities pay the remaining debt service on the Series 2011A Bonds and all of the debt service on the Authority's Series 2011B Bonds. The City and those entities are jointly and severally obligated on the debt service on both of the Series 2011A and Series 2011B Bonds.

TABLE 2 – ADDITIONAL CITY OF GALVESTON WATER SYSTEM DEBT

Fiscal Year Ended 9/30	Principal	Interest	Total ⁽¹⁾
2012	\$ 2,035,000	\$ 1,639,683	\$ 3,674,683
2013	2,105,000	1,565,983	3,670,983
2014	2,185,000	1,490,320	3,675,320
2015	2,265,000	1,409,185	3,674,185
2016	2,360,000	1,323,670	3,683,670
2017	2,450,000	1,233,100	3,683,100
2018	2,550,000	1,135,100	3,685,100
2019	2,660,000	1,031,180	3,691,180
2020	2,765,000	923,955	3,688,955
2021	2,045,000	811,975	2,856,975
2022	2,135,000	725,063	2,860,063
2023	2,235,000	632,600	2,867,600
2024	1,500,000	536,619	2,036,619
2025	1,565,000	470,994	2,035,994
2026	1,635,000	402,525	2,037,525
2027	1,710,000	328,950	2,038,950
2028	1,785,000	252,000	2,037,000
2029	1,865,000	171,675	2,036,675
2030	1,950,000	87,750	2,037,750
	<u>\$ 39,800,000</u>	<u>\$ 16,172,325</u>	<u>\$ 55,972,325</u>

(1) Represents the City of Galveston, Texas Waterworks and Sewer System Revenue Bonds, Series 2003 and the City of Galveston, Texas Waterworks and Sewer System Revenue and Refunding Bonds, Series 2006.

FUND BALANCES

The ordinance for the issuance of the City of Galveston Waterworks and Sewer System Revenue Bonds requires the City to maintain certain separate funds related to all such outstanding bonds. The unaudited balances of these funds as of November 30, 2011 are shown below:

TABLE 3 – FUND BALANCES

Water Debt Service Fund.....	\$ 1,879,962
Sewer Debt Service Fund.....	\$ 2,550,357
Water Debt Reserve Fund.....	\$ 1,253,665
Sewer Debt Reserve Fund.....	\$ 1,967,105

TABLE 4 – CURRENT INVESTMENTS

As of November 30, 2011, the City’s investable funds were invested in the following categories:

Description	Percent of Total	Book Value	Market Value
TexPool	100.00%	\$ 58,225,646	\$ 58,225,646

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

HISTORICAL WATER CONSUMPTION (GALLONS)

Fiscal Year Ended	Estimated City Population ⁽¹⁾	Number of Customers ⁽²⁾	Water Usage (MG)				Total Revenue
			Average Day Usage	Peak Day Usage	Peak Month Usage	Total Usage	
9/30							
2007	58,329	25,747	16.697	19.200	606.600	6,015.100	\$ 13,841,537
2008	59,186	25,409	16.564	20.300	631.400	5,963.200	14,002,008
2009	50,308	20,559	14.577	21.000	629.900	5,816.000	13,741,420
2010	56,391	25,083	16.029	21.590	556.744	5,850.542	14,294,937
2011	47,473	21,910	15.176	19.196	539.037	5,979.434	15,412,157

(1) Source: U.S. Census Bureau for 2006-2009. Texas State Data Center for 2010.

(2) Source: The City of Galveston, Texas.

WATERWORKS SYSTEM STATEMENT OF NET ASSETS

Assets	Fiscal Year Ended September 30,				
	2011 ⁽¹⁾	2010	2009	2008	2007
Current Assets:					
Cash and Temporary Investments	\$ 5,571,419	\$ 2,108,845	\$ 5,891,353	\$ 2,506,804	\$ 2,150,292
Accounts Receivable, Net of Allowance for Doubtful Accounts:	3,197,700	2,298,808	2,628,825	3,185,823	2,371,319
Due From Funds	370,499	4,521,542	353,565	-	39,211
Inventories	12,267	12,912	27,155	45,338	80,612
Prepaid Expenses	16,907	15,655	15,177	4,667	11,672
Restricted Assets:					
Capital Projects	8,918,166	9,430,058	14,150,675	23,537,823	18,864,340
Debt Service	3,320,551	3,331,558	3,347,707	3,232,105	2,799,344
Investments With Trustee	4,699,908	5,794,412	5,869,527	6,185,285	6,376,677
Meter Deposits	1,134,867	1,112,860	1,106,573	1,140,533	1,097,434
Total Current Assets	\$ 27,242,284	\$ 28,626,650	\$ 33,390,557	\$ 39,838,378	\$ 33,790,901
Noncurrent Assets:					
Deferred Charges	\$ 1,044,695	\$ 1,406,231	\$ 1,506,395	\$ 1,606,558	\$ -
Contractual Rights to Water Supply	17,011,858	18,980,812	20,949,766	15,367,889	16,465,595
Capital Assets, Not Being Depreciated	20,541,519	27,006,475	15,866,623	6,468,149	6,653,976
Capital Assets, Net of Depreciation Where Applicable	56,361,641	39,095,831	39,191,749	38,527,712	36,554,811
Total Noncurrent Assets	\$ 94,959,713	\$ 86,489,349	\$ 77,514,533	\$ 61,970,308	\$ 59,674,382
Total Assets	\$ 122,201,997	\$ 115,115,999	\$ 110,905,090	\$ 101,808,686	\$ 93,465,283
Liabilities					
Current Liabilities:					
Accounts Payable and Accrued Expenses	668,094	1,246,518	2,016,223	1,033,776	848,171
Accrued Interest Payable	602,795	540,493	493,313	372,260	331,234
Due to Other Governments	7,174	5,779	21,621	19,333	19,919
Customer Deposits	1,134,873	1,112,866	1,106,579	1,140,533	1,097,434
Unearned Revenue	776,524	2,000	-	-	-
Long-Term Debt, Current Portion:					
Compensated Absences	6,006	6,006	8,916	6,006	6,900
Capital Lease Obligation	-	-	-	-	67,845
Contracts Payable	-	2,839,152	2,709,675	2,354,262	1,796,965
Notes Payable	-	510,069	495,050	480,473	466,325
Bonds and Certificates of Obligation Payable	4,418,825	967,275	938,266	889,336	565,261
Total Current Liabilities	\$ 7,614,291	\$ 7,230,158	\$ 7,789,643	\$ 6,295,979	\$ 5,200,054
Non-Current Liabilities:					
Long-Term Debt, Non-Current Portion:					
Compensated Absences	191,790	183,042	188,106	163,351	160,938
Contracts Payable	-	36,750,918	39,590,070	35,329,745	37,684,007
Notes Payable	-	6,086,691	5,596,761	3,591,811	4,072,284
Bonds and Certificates of Obligation Payable	61,783,966	23,951,758	24,904,568	25,828,370	16,691,046
Total Non-Current Liabilities	61,975,756	66,972,409	70,279,505	64,913,277	58,608,275
Total Liabilities	\$ 69,590,047	\$ 74,202,567	\$ 78,069,148	\$ 71,209,256	\$ 63,808,329
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	37,675,100	28,316,326	20,530,643	22,086,564	21,519,764
Restricted for Debt Service	7,577,626	6,648,518	2,876,209	6,586,302	6,196,207
Restricted for Other Purposes	-	3,500,000	-	-	-
Unrestricted	7,359,224	2,448,588	9,429,090	1,926,558	1,940,983
Total Net Assets	\$ 52,611,950	\$ 40,913,432	\$ 32,835,942	\$ 30,599,424	\$ 29,656,954

(1) Unaudited. Provided by the City.

WATERWORKS SYSTEM BALANCE SHEET ⁽¹⁾

	Fiscal Year Ended September 30,			
	2003	2002	2001	2000
Current Assets				
Equity in Pooled Cash and Investments	\$ 189,941	\$ 342,137	\$ 2,148,708	\$ 3,345,472
Investments with Trustee	-	-	-	-
Receivables:				
Interest	4,496	4,244	36,258	42,644
Utility Accounts	1,746,493	2,524,247	1,346,124	1,648,495
Accounts	-	-	195,951	88,973
Due from Other Funds	1,012,026	863,282	-	3,383,608
Due from Other Governments	241,128	29,972	-	-
Advances	-	-	-	9,256
Prepaid Items	214,130	214,130	-	-
Inventory, at Cost	128,916	223,290	19,224	19,224
Total Current Assets	\$ 3,537,130	\$ 4,201,302	\$ 3,746,265	\$ 8,537,672
Restricted Assets				
Equity in Pooled Cash and Investments:	\$ 2,893,513	2,871,125	\$ -	\$ -
Customer Deposits	-	-	879,249	821,736
Revenue Bond Construction Account	-	-	1,564,097	-
Revenue Bond Current Debt Service Account	-	-	670,997	168,088
Revenue Bond Future Debt Service Account	-	-	501,969	504,186
Other Assets with Trustee	12,338,607	15,568,292	12,577,021	4,558,986
Total Restricted Assets	\$ 15,232,120	\$ 18,439,417	\$ 16,193,333	\$ 6,052,996
Deferred Charges	1,938,769	1,936,551	469,532	594,926
Contractual Rights to Water Supply	19,758,713	19,706,929	24,640,000	24,640,000
Fixed Assets				
Land	\$ 517,100	\$ 517,100	\$ 494,250	\$ 494,250
Buildings	7,933,202	7,933,202	7,750,511	4,378,156
Improvements Other Than Buildings	34,448,744	33,881,920	33,047,301	46,706,558
Equipment	2,057,342	1,982,982	1,616,327	1,320,524
Construction in Progress	10,349,065	8,389,808	8,915,923	9,283,579
Total Fixed Assets	55,305,453	52,705,012	51,824,312	62,183,067
Less Accumulated Depreciation	21,366,605	20,259,354	19,195,730	20,679,920
Net Fixed Assets	33,938,848	32,445,658	32,628,582	41,503,147
TOTAL ASSETS	\$ 74,405,580	\$ 76,729,857	\$ 77,677,712	\$ 81,328,741

	Fiscal Year Ended September 30,			
	2003	2002	2001	2000
Current Liabilities				
Salaries Payable	\$ 30,542	\$ 51,091	\$ 27,202	\$ 27,541
Accounts Payable	267,296	1,313,427	135,634	18,390
Compensated Absences Payable	5,100	54,468	45,135	53,491
Contracts Payable	303,747	-	940,278	552,438
Advance Deposits	-	-	-	9,256
Advance Rentals and Fees	-	-	-	-
General Obligation Bonds Payable - Current	-	-	-	-
Accrued Pension and Fringe Benefits Payable	-	-	7,858	-
Accrued Interest Payable	-	-	-	4,764
Long Term Contracts Payable	-	-	778,950	545,000
Estimated Liability Claims - Workers' Comp.	833	2,796	10,019	10,019
Voluntary Cash Donations for Distribution	-	-	2,898	1,362
Total Current Liabilities	\$ 607,518	\$ 1,421,782	\$ 1,947,974	\$ 1,222,261
Current Liabilities - Restricted				
Long-term contracts payable	\$ -	\$ -	\$ 10,790,000	\$ -
Current Portion of Contract Payable	1,082,515	1,028,129	-	-
Revenue Bonds Payable - Current	105,300	428,820	408,960	495,000
Accrued Revenue Bond Interest	333,329	423,002	91,490	17,857
Deposits	1,000,104	991,174	879,249	1,017,133
Deferred Revenues	-	-	-	7,251,500
Total Current Liabilities - Restricted	\$ 2,521,248	\$ 2,871,125	\$ 12,169,699	\$ 8,781,490
Noncurrent Liabilities				
Compensated Absences Payable	\$ 154,654	\$ 292,136	\$ 240,366	\$ 259,997
Revenue Bonds	2,878,740	2,983,286	3,411,352	3,711,408
Long-term Contracts Payable	44,388,474	45,470,981	35,480,668	44,115,000
Estimated Liability Claims-Workers' Comp.	52,852	69,505	153,645	154,467
Total Noncurrent Liabilities	47,474,720	48,815,908	39,286,031	48,240,872
Total Liabilities	\$ 50,603,486	\$ 53,108,815	\$ 53,403,704	58,244,623
Fund Equity				
Contributed Capital	11,237,717	10,283,738	10,491,728	10,640,093
Retained Earnings:				
Retained Earnings	12,564,377	13,337,304	-	-
Reserved for Revenue Bond Indentures	-	-	504,024	488,007
Unreserved - Designated for Improvements	-	-	1,564,097	2,325,165
Unreserved - Undesignated	-	-	11,714,159	9,630,853
Retained Earnings	12,564,377	13,337,304	13,782,280	12,444,025
Total Fund Equity	23,802,094	23,621,042	24,274,008	23,084,118
TOTAL LIABILITIES & FUND EQUITY	\$ 74,405,580	\$ 76,729,857	\$ 77,677,712	\$ 81,328,741

(1) This table is no longer updated due to the implementation of GASB 34.

SEWER SYSTEM STATEMENT OF NET ASSETS

Assets	Fiscal Year Ended September 30,				
	2011 ⁽¹⁾	2010	2009	2008	2007
Current Assets					
Cash and Cash Equivalents	\$ 2,539,499	\$ 3,068,747	\$ 4,692,669	\$ 2,554,036	\$ 2,320,858
Receivables, Net of Allowance for Estimated Uncollectibles:					
Accounts	3,323,333	3,216,320	3,197,644	3,504,850	2,994,506
Investment Earnings	-	-	-	-	-
Inventories	12,267	12,912	27,155	45,338	-
Prepaid Expenses	16,907	15,655	15,177	4,667	11,672
Due from Other Funds	1,057,907	1,487,794	1,057,907	-	-
Restricted Cash and Temporary Investments:					
Customer Deposits	1,216,113	1,194,106	1,187,819	1,221,773	1,179,071
Bond Covenant Accounts	4,715,388	4,729,886	4,743,831	4,826,827	4,564,548
Capital Improvements	13,216,695	11,883,938	10,992,751	12,968,506	8,906,949
Total Current Assets	\$ 26,098,109	\$ 25,609,358	\$ 25,914,953	\$ 25,125,997	\$ 19,977,604
Noncurrent Assets:					
Total Restricted Assets	-	-	-	-	-
Deferred Charges	447,900	472,017	496,136	532,980	-
Capital Assets, Not Being Depreciated	10,039,019	4,983,734	5,661,621	11,571,462	17,498,799
Capital Assets, Net of Depreciation Where Applicable	49,064,796	47,797,912	47,212,090	40,650,303	46,863,554
Total Noncurrent Assets	\$ 59,551,715	\$ 53,253,663	\$ 53,369,847	\$ 52,754,745	\$ 64,362,353
Total Assets	\$ 85,649,824	\$ 78,863,021	\$ 79,284,800	\$ 77,880,742	\$ 84,339,957
Liabilities					
Current Liabilities:					
Salaries Payable	53,750	147,817	116,496	-	-
Accounts Payable and Other Current Liabilities	84,165	452,368	523,044	1,132,828	1,427,180
Unearned Revenue	250	250	500	-	-
Due to Other Funds	-	-	-	-	7,299
Payable to Other Governments	300	-	-	4,524	-
Compensated Absences	33,435	33,175	36,085	12,956	12,850
Non-Current Liabilities Due Within One Year	1,962,358	1,897,294	1,834,884	1,943,837	1,648,909
Current Portion of Long Term Liabilities	-	-	-	-	-
Total Current Liabilities	\$ 2,134,258	\$ 2,530,904	\$ 2,511,009	\$ 3,094,145	\$ 3,096,238
Current Liabilities Payable from Restricted Assets:					
Current Portions of Contracts and Revenue Bonds Payable	-	-	-	-	-
Accrued Revenue Bond Interest	521,218	541,763	561,526	472,123	440,653
Compensated Absences	405,007	370,743	347,665	345,989	398,142
Customer Deposits	1,141,375	1,119,368	1,113,081	1,147,035	1,179,071
Current Liabilities Payable from Restricted Assets	2,067,600	2,031,874	2,022,272	1,965,147	2,017,866
Noncurrent Portion of Long Term Liabilities	30,840,129	32,788,987	34,672,784	36,494,169	29,761,385
Total Liabilities	\$ 35,041,987	\$ 37,351,765	\$ 39,206,065	\$ 41,553,461	\$ 34,875,489
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	40,491,468	30,407,557	27,489,744	26,522,096	41,229,767
Restricted for Debt Service	4,194,170	4,188,123	4,182,305	4,354,704	4,123,895
Unrestricted	5,922,199	6,915,576	8,406,687	5,450,481	4,110,410
Total Net Assets	\$ 50,607,837	\$ 41,511,256	\$ 40,078,736	\$ 36,327,281	\$ 49,464,072

(1) Unaudited. Provided by the City.

SEWER SYSTEM BALANCE SHEET⁽¹⁾

	Fiscal Year Ended September 30,			
	2003	2002	2001	2000
<u>Current Assets</u>				
Equity in Pooled Cash and Investments	\$ 10,456,529	\$ 9,121,720	\$ 3,532,127	\$ 4,893,325
Receivables:				
Interest	4,549	12,131	33,458	34,165
Utility Accounts	1,360,623	1,196,698	-	1,399,826
Accounts	-	-	1,444,595	113,956
Prepaid Items	3,750	4,115	-	-
Due from other funds	-	-	3,545,420	-
Total Current Assets	<u>\$ 11,825,451</u>	<u>\$ 10,334,664</u>	<u>\$ 8,555,600</u>	<u>\$ 6,441,272</u>
<u>Restricted Assets</u>				
Equity in Pooled Cash and Investments:				
Cash and temporary investments	\$ 8,195,855	\$ 2,316,889	\$ 6,191,027	\$ -
Customer Deposits	-	-	-	821,736
Revenue Bond Construction Account	-	-	-	6,861,693
Revenue Bond Current Debt Service Account	-	-	-	1,151,640
Revenue Bond Future Debt Service Account	-	-	-	1,203,273
Interest receivable	-	-	80,436	24,080
Total Restricted Assets	<u>\$ 8,195,855</u>	<u>\$ 2,316,889</u>	<u>\$ 6,271,463</u>	<u>\$ 10,062,422</u>
Deferred Charges	\$ 209,086	\$ 130,074	\$ 167,839	\$ 202,782
Interfund note receivable	-	-	-	1,230,260
<u>Fixed Assets</u>				
Land	\$ 168,011	\$ 168,011	\$ 157,091	\$ 116,898
Buildings	16,015,238	16,088,778	16,020,721	15,987,358
Improvements Other Than Buildings	30,792,219	28,348,511	24,426,931	23,952,053
Equipment	3,064,367	3,122,867	2,855,546	2,371,343
Construction in Progress	5,251,580	3,151,140	3,936,520	264,523
Total Fixed Assets	<u>55,291,415</u>	<u>50,879,307</u>	<u>47,396,809</u>	<u>42,692,175</u>
Less Accumulated Depreciation	18,233,397	17,146,966	15,939,666	14,947,217
Net Fixed Assets	<u>37,058,018</u>	<u>33,732,341</u>	<u>31,457,143</u>	<u>27,744,958</u>
TOTAL ASSETS	<u><u>\$ 57,288,410</u></u>	<u><u>\$ 46,513,968</u></u>	<u><u>\$ 46,452,045</u></u>	<u><u>\$ 45,681,694</u></u>

Fiscal Year Ended September 30,

<u>Current Liabilities</u>	2003	2002	2001	2000
Salaries Payable	\$ 70,424	\$ 55,446	\$ 168,055	\$ 26,984
Accounts Payable	183,729	330,511	787,152	55,510
Compensated Absences Payable	5,101	37,115	-	38,047
Accrued Pension and Fringe Benefits Payable	-	-	-	3,373
Contracts Payable	22,830	-	-	32,506
Interfund Payable	-	-	-	-
Estimated Liability Claims - Workers' Comp.	17,694	12,136	3,386	3,386
Total Current Liabilities	\$ 299,778	\$ 435,208	\$ 958,593	\$ 159,806
<u>Current Liabilities - Restricted</u>				
Revenue Bonds Payable - Current	\$ 1,517,662	\$ 1,082,917	\$ 1,039,072	\$ 943,989
Accrued Revenue Bond Interest	365,643	247,049	266,374	361,374
Deposits	1,007,355	986,923	870,229	821,736
Total Current Liabilities - Restricted	\$ 2,890,660	\$ 2,316,889	\$ 2,175,675	\$ 2,127,099
<u>Noncurrent Liabilities</u>				
Revenue Bonds	\$ 17,592,384	\$ 8,092,184	\$ 9,173,316	\$ 10,183,702
Compensated Absences Payable	331,518	184,020	199,778	189,999
Estimated Liability Claims-Workers' Comp.	52,852	68,320	83,203	52,202
Total Noncurrent Liabilities	\$ 17,976,754	\$ 8,344,524	\$ 9,456,297	\$ 10,425,903
Total Liabilities	\$ 21,167,192	\$ 11,096,621	\$ 12,590,565	\$ 12,712,808
<u>Fund Equity</u>				
Contributed Capital	13,486,520	11,498,693	11,388,437	11,671,809
Retained Earnings:				
Retained Earnings	\$ 22,634,698	\$ 23,918,654	\$ 22,473,043	\$ -
Reserved for Revenue Bond Indentures	-	-	-	1,049,550
Unreserved - Designated for Improvements	-	-	-	2,922,366
Unreserved - Undesignated	-	-	-	17,325,161
Retained Earnings	22,634,698	23,918,654	22,473,043	21,297,077
Total Fund Equity	36,121,218	35,417,347	33,861,480	32,968,886
TOTAL LIABILITIES & FUND EQUITY	\$ 57,288,410	\$ 46,513,968	\$ 46,452,045	\$ 45,681,694

(1) This table is no longer updated due to the implementation of GASB 34.

WATERWORKS SYSTEM COMPARATIVE STATEMENT OF REVENUES AND EXPENSES; CUSTOMER COUNT

	Fiscal Year Ended September 30,				
	2011 ⁽¹⁾	2010	2009	2008	2007
Revenues:					
Charges for Sales & Services	\$ 16,138,095	\$ 15,008,680	\$ 14,192,001	\$ 14,648,305	\$ 14,308,921
Insurance Proceeds	-	114,688	353,565	-	-
Interest Earned	98,581	114,528	670,344	1,256,077	1,392,285
Total Revenues	\$ 16,236,676	\$ 15,237,896	\$ 15,215,910	\$ 15,904,382	\$ 15,701,206
Operating Expenses:					
Personnel Services	\$ 1,500,300	\$ 1,486,037	\$ 1,299,197	\$ 1,335,619	\$ 1,478,085
Contractual Services	869,601	888,252	610,633	589,092	569,701
Supplies and Materials	915,607	794,411	817,946	1,032,326	812,472
Surface Water Contract	5,956,653	5,206,455	5,429,512	5,480,170	5,578,726
Other Expenses	479,742	356,862	332,060	301,677	222,932
Administrative Charge	603,940	592,098	580,482	560,850	541,886
Non-Operating Interest Expense	1,231,682	1,280,995	827,856	981,688	985,343
Payment in Lieu of Taxes	200,000	200,000	200,000	200,000	200,000
	\$ 11,757,525	\$ 10,805,110	\$ 10,097,686	\$ 10,481,422	\$ 10,389,145
Net Revenue From Operations	\$ 4,479,151	\$ 4,432,786	\$ 5,118,224	\$ 5,422,960	\$ 5,312,061
System Customers	21,910	25,083	20,559	25,409	25,801

(1) Unaudited. Provided by the City.

SEWER SYSTEM COMPARATIVE STATEMENT OF AUDITED OPERATIONS

	Fiscal Year Ended September 30,				
	2011 ⁽¹⁾	2010	2009	2008	2007
Revenues:					
Operating Revenues	\$ 12,108,105	\$ 11,522,851	\$ 11,088,199	\$ 12,260,204	\$ 12,798,735
Insurance Proceeds	77,469	6,750	1,097,907	-	-
Interest Earned	43,431	41,098	158,025	416,704	908,445
Total Revenues	\$ 12,229,005	\$ 11,570,699	\$ 12,344,131	\$ 12,676,908	\$ 13,707,180
Expenses:					
Personnel Services	\$ 3,296,845	\$ 3,111,419	\$ 2,450,648	\$ 2,767,879	\$ 3,152,944
Contractual Services	1,650,527	1,851,604	1,657,673	1,613,988	1,662,262
Supplies and Materials	1,263,803	1,197,001	915,390	1,486,205	1,800,549
Other Expenses	591,638	434,407	415,377	394,835	905,356
Administrative Charge	368,600	361,373	354,283	342,308	330,727
Non-Operating Interest Expense	1,431,512	1,993,006	1,572,630	1,372,323	1,408,381
Bad Debts	-	-	-	-	-
Payment in Lieu of Taxes	200,000	200,000	200,000	200,000	200,000
Total Expenses	\$ 8,802,925	\$ 9,148,810	\$ 7,566,001	\$ 8,177,538	\$ 9,460,219
Net Revenue From Operations	\$ 3,426,080	\$ 2,421,889	\$ 4,778,130	\$ 4,499,370	\$ 4,246,961

(1) Unaudited. Provided by the City.

**CONDENSED STATEMENT OF OPERATIONS OF THE COMBINED WATERWORKS
AND SEWER SYSTEM, AND COMBINED COVERAGE TABLE**

	Budgeted Fiscal Year Ending 9/30/12	Actual Fiscal Year Ending 9/30/11 ⁽¹⁾
<u>Revenues:</u>		
Sales and Services	\$ 29,199,420	\$ 28,246,200
Insurance Proceeds	-	77,469
Interest Earned	43,000	142,012
Total Revenues	\$ 29,242,420	\$ 28,465,681
 <u>Operating Expenses:</u>		
Combined Operating Expenses	\$ 15,039,812	\$ 16,524,716
Administrative Service Charge	991,991	972,540
Payment in Lieu of Taxes	400,000	400,000
Total Expenses	\$ 16,431,803	\$ 17,897,256
 Net Revenue From Operations	 \$ 12,810,617	 \$ 10,568,425
 2012 Principal and Interest Requirements.....	\$ 3,674,683	
Coverage of 2012 Principal and Interest Requirements Net Income.....	3.49X	2.88X
 Average Annual Principal and Interest Requirements (2012-2030)....	\$ 2,945,912	
Coverage of Average Principal and Interest Requirements Net Income.....	4.35X	3.59X

(1) Unaudited. Provided by the City.

MONTHLY RATES (EFFECTIVE OCTOBER 1, 2011)

**Water Rate
Inside City Limits**

Inside City Quantity	Rates
First 200 Cubic Feet	\$11.74 Minimum
Next 3,800 Cubic Feet	3.07/100 CF
Next 46,000 Cubic Feet	3.27/100 CF
Next 950,000 Cubic Feet	3.32/100 CF
All over 1,000,000 Cubic Feet	3.99/100 CF

**Water Rate
Outside City Limits**

Outside City Quantity	Rates
First 200 Cubic Feet	\$23.47 Minimum
Next 3,800 Cubic Feet	6.13/100 CF
Next 46,000 Cubic Feet	6.53/100 CF
Next 950,000 Cubic Feet	6.67/100 F
All over 1,000,000 Cubic Feet	7.28/100 CF

Sewer Rate

Quantity	Rates
First 500 Cubic Feet	\$17.82 Minimum
Over 500 Cubic Feet	3.58/100 CF

TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)

Customer	Type of Business	Estimated Fiscal Year 2011 Water Usage In Gallons	Estimated % of Total Water Usage
UTMB	Commercial Hospital	430,754,484	7.20%
Village of Jamaica Beach	Commercial/Subdivisions/Businesses	85,116,574	1.42%
Port of Galveston	Commercial Port/Cruise Ship	75,325,441	1.26%
Moody Gardens/Hope Charities	Commercial Entertainment/Hotel	62,557,618	1.05%
San Luis Hotel & Condominiums	Commercial Entertainment/Hotel	54,599,330	0.91%
County of Galveston	Local Government	36,250,682	0.61%
Gulf Sulphur Services LTD., LLP	Commercial	35,289,373	0.59%
Texas A&M - Galveston	Commercial/School District	34,010,122	0.57%
Silver Leaf Condominiums	Commercial	19,925,644	0.33%
Landry's Restaurant	Commercial	19,255,346	0.32%
		853,084,614	14.27%

Source: The City

TEN LARGEST WASTEWATER CUSTOMERS

<u>Customer</u>	<u>Type of Business</u>	Estimated Fiscal Year 2011 Wastewater Usage Measured by Revenues	Estimated % of Total Water Usage
UTMB	Commercial Hospital	\$ 1,571,836	14.01%
Moody Gardens/Hope Charities	Commercial Entertainment/Hotel	239,944	2.14%
San Luis Hotel & Condominiums	Commercial Entertainment/Hotel	188,886	1.68%
Silver Leaf Condominiums	Commercial	86,563	0.77%
Landry's Restaurants	Commercial	76,650	0.68%
Lakeside at Campeche Apartments	Commercial/Residential Rentals	75,026	0.67%
Sandpiper Cove Apartments	Commercial/Residential Rentals	74,619	0.66%
County of Galveston	Local Government	69,851	0.62%
Galveston Housing Authority	Local Government	64,065	0.57%
Galveston ISD	Commercial/School District	60,842	0.54%
		<u>\$ 2,508,284</u>	<u>22.35%</u>

Source: The City