

## 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):**

\$ 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

X Annual Financial Report or CAFR

X Financial Information & Operating Data

\_\_\_ Other (describe)

X Fiscal Period Covered: FYE 2013

\_\_\_ 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: bwebb@gcwater.org

## DESCRIPTION OF ISSUES COVERED BY THIS REPORT

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

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
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>\$ 2,975,000</u>	

AMENDED  
CONTINUING DISCLOSURE REPORT  
FOR THE  
FISCAL YEAR ENDED AUGUST 31, 2013

GULF COAST WATER AUTHORITY

GCWA DEBT - GALVESTON DEBT

This report has been amended with audited financial information.



## **FINANCIAL STATEMENTS**

The audited financial statements for the Authority for the fiscal year ended August 31, 2013 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

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Bob Webb

Business Administrator

Approved for Submission:

02/28/2014

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Date

06/04/2014

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Amended

## **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/ Kristin Garcia

# GULF COAST WATER AUTHORITY CITY OF GALVESTON 2013 CONTRACT REVENUE DEBT REPORT

**TABLE 1 – CITY OF GALVESTON DEBT SERVICE REQUIREMENTS <sup>(1)</sup>**

Fiscal Year Ending August 31	Series 2006 <sup>(2)</sup>	Series 2011A <sup>(3)</sup>	Series 2011E <sup>(4)</sup>	Series 2012 <sup>(5)</sup>	Total Debt Service Requirements
2014	\$ 1,019,703	\$ 1,532,278	\$ 814,625	\$ 856,744	\$ 4,223,349
2015	1,025,315	1,535,369	811,625	855,854	4,228,163
2016	1,031,359	1,534,142	812,625	859,623	4,237,750
2017	1,035,479	2,496,886	814,875	852,939	5,200,178
2018		2,443,493		861,027	3,304,520
2019		2,439,174		858,548	3,297,722
2020		2,441,137		855,729	3,296,866
2021		2,440,230		857,569	3,297,798
2022		2,442,438		853,955	3,296,392
	<u>\$ 4,111,856</u>	<u>\$ 19,305,148</u>	<u>\$ 3,253,750</u>	<u>\$ 7,711,985</u>	<u>\$ 34,382,739</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 2006 Bonds, Series 2011A Bonds, Series 2011E Bonds and Series 2012 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 a portion of the total debt service on the Authority's Contract Revenue Bonds, Series 2006 (the "Series 2006 Bonds"). The Cities of Pearland, Galveston, and Texas City executed Interim Water Supply Contracts with the Authority to facilitate its issuance of the Series 2006 Bonds, which financed the purchase of the Chocolate Bayou Water Company.
- (3) Represents the City's agreement to pay 98.149% of the total debt service on the Authority's Water System Contract Revenue Refunding Bonds (South Project) Series 2011A (the "Series 2011A Bonds"). This percentage is estimated based on current construction costs. Several other municipalities and governmental entities that purchase potable water from the Authority pay for the remaining portion of the debt service on the Series 2011A Bonds and pay all of the debt service on the Authority's Water System Contract Revenue Refunding Bonds (South Project) Series 2011B (the "Series 2011B Bonds"). The City and those entities are jointly and severally obligated on the debt service on both of the Series 2011A Bonds and the Series 2011B Bonds. The currently outstanding principal amount of the Series 2011B Bonds is \$3,105,000. The Series 2011A Bonds and Series 2011B Bonds refunded the Authority's outstanding Water System Contract Revenue Bonds (South Project) Series 1998A Bonds and Water System Contract Revenue Bonds (South Project) Series 1998B Bonds, respectively, which financed the South Project, an expansion of the Authority's Mackey Plant and related transmission facilities from such Mackey Plant to bring potable water to the City and certain public entities on the mainland which formerly purchased potable water from the City.
- (4) Represents the City's agreement to pay the total debt service on the Authority's Water System Contract Revenue Refunding Bonds (City of Galveston Project) Series 2011E (the "Series 2011E Bonds"). The Series 2011E Bonds refunded the Authority's Water System Contract Revenue Bonds, Series 1997, which financed facilities for potable water transportation to and within the City.
- (5) Represents the City's agreement to pay the total debt service on the Authority's Water System Contract Revenue Refunding Bonds (City of Galveston Project) Series 2012 (the "Series 2012 Bonds"). The Series 2012 Bonds refunded the Authority's Water System Contract Revenue Bonds, Series 2002, which financed facilities for potable water transportation to and within the City.

**TABLE 2 – ADDITIONAL CITY OF GALVESTON WATER SYSTEM DEBT**

Fiscal Year Ended 9/30	Principal	Interest	Total <sup>(1)</sup>
2014	\$ 2,230,000	\$ 1,395,121	\$ 3,625,121
2015	2,310,000	1,313,086	3,623,086
2016	2,400,000	1,236,106	3,636,106
2017	2,480,000	1,155,176	3,635,176
2018	2,565,000	1,068,676	3,633,676
2019	2,665,000	977,056	3,642,056
2020	2,755,000	883,756	3,638,756
2021	2,030,000	780,356	2,810,356
2022	2,110,000	702,894	2,812,894
2023	2,200,000	620,619	2,820,619
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>\$ 35,755,000</u>	<u>\$ 12,383,360</u>	<u>\$ 48,138,360</u>

(1) Represents the City of Galveston, Texas Waterworks and Sewer System Revenue Bonds, Series 2003, the City of Galveston, Texas Waterworks and Sewer System Revenue and Refunding Bonds, Series 2006 and the City of Galveston, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2012.

**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, 2013 are shown below:

**TABLE 3 – FUND BALANCES**

Water Debt Service Fund.....	\$ 1,917,211
Sewer Debt Service Fund.....	\$ 2,595,833
Water Debt Reserve Fund.....	\$ 1,244,358
Sewer Debt Reserve Fund.....	\$ 2,414,776

**TABLE 4 – CURRENT INVESTMENTS**

As of November 30, 2013, the City’s investable funds were invested in the following categories:

Description	Percent of Total	Book Value	Market Value
TexPool	21.05%	\$20,577,154	\$25,159,581
TexasTerm Investment	46.04%	45,000,000	44,973,815
Investments at Par	32.91%	32,167,225	32,173,472
	<u>100.00%</u>	<u>\$97,744,379</u>	<u>\$102,306,868</u>

**APPENDIX A**

**GENERAL INFORMATION REGARDING THE CITY**

**HISTORICAL WATER CONSUMPTION (GALLONS)**

Fiscal Year Ended	Estimated City Population <sup>(1)</sup>	Number of Customers <sup>(2)</sup>	Water Usage (MG)			Total Usage	Total Revenue
			Average Day Usage	Peak Day Usage	Peak Month Usage		
9/30							
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
2012	48,444	21,323	14.666	18.118	525.510	5,778.564	16,319,290
2013	47,762	20,595	14.570	20.805	564.648	5,318.301	17,026,926

(1) Source: U.S. Census Bureau for 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,				
	2013	2012	2011	2010	2009
<b>Current Assets:</b>					
Cash and Temporary Investments	\$ 7,420,900	\$ 6,372,642	\$ 5,571,419	\$ 2,108,845	\$ 5,891,353
Accounts Receivable <sup>(1)</sup>	3,175,177	3,348,559	3,197,700	2,298,808	2,628,825
Due From Funds	420,499	370,499	370,499	4,521,542	353,565
Inventories	60,334	42,544	12,267	12,912	27,155
Prepaid Expenses	-	5,861	16,907	15,655	15,177
<b>Restricted Assets:</b>					
Cash and Investments	7,539,066	11,760,769	13,373,584	13,874,476	18,604,955
Debt Service	-	-	-	-	-
Investments With Trustee	-	4,251,179	4,699,908	5,794,412	5,869,527
Meter Deposits	-	-	-	-	-
<b>Total Current Assets</b>	<b>\$ 18,615,976</b>	<b>\$ 26,152,053</b>	<b>\$ 27,242,284</b>	<b>\$ 28,626,650</b>	<b>\$ 33,390,557</b>
<b>Noncurrent Assets:</b>					
Deferred Charges	\$ 831,357	\$ 960,120	\$ 1,044,695	\$ 1,406,231	\$ 1,506,395
Contractual Rights to Water Supply	-	-	-	-	-
Capital Assets, Not Being Depreciated	17,081,792	12,264,047	20,541,519	27,006,475	15,866,623
Capital Assets, Net of Depreciation	88,610,531	87,698,306	73,373,499	58,076,643	60,141,515
<b>Total Noncurrent Assets</b>	<b>\$106,523,680</b>	<b>\$100,922,473</b>	<b>\$ 94,959,713</b>	<b>\$ 86,489,349</b>	<b>\$ 77,514,533</b>
<b>Total Assets</b>	<b>\$125,139,656</b>	<b>\$127,074,526</b>	<b>\$122,201,997</b>	<b>\$115,115,999</b>	<b>\$110,905,090</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Accrued Expenses	1,832,295	1,205,721	668,094	1,246,518	2,016,223
Accrued Interest Payable	426,500	648,612	602,795	540,493	493,313
Due to Other Governments	152,036	5,730	7,174	5,779	21,621
Customer Deposits	1,111,327	1,162,900	1,134,873	1,112,866	1,106,579
Unearned Revenue	1,124,464	776,585	776,524	2,000	-
<b>Long-Term Debt, Current Portion:</b>					
Compensated Absences	22,000	6,006	6,006	6,006	8,916
Capital Lease Obligation	-	-	-	-	-
Contracts Payable	1,992,885	2,976,629	2,889,183	2,839,152	2,709,675
Notes Payable	557,928	541,500	525,555	510,069	495,050
Bonds and Certificates of Obligation Payable	1,779,761	1,040,348	1,004,087	967,275	938,266
<b>Total Current Liabilities</b>	<b>\$ 8,999,196</b>	<b>\$ 8,364,031</b>	<b>\$ 7,614,291</b>	<b>\$ 7,230,158</b>	<b>\$ 7,789,643</b>
<b>Non-Current Liabilities:</b>					
<b>Long-Term Debt, Non-Current Portion:</b>					
Compensated Absences	169,480	204,319	191,790	183,042	188,106
Contracts Payable	25,342,981	30,167,424	33,260,684	36,750,918	39,590,070
Notes Payable	961,739	5,019,656	5,561,147	6,086,691	5,596,761
Bonds and Certificates of Obligation Payable	20,870,954	21,936,251	22,962,135	23,951,758	24,904,568
<b>Total Non-Current Liabilities</b>	<b>47,345,154</b>	<b>57,327,650</b>	<b>61,975,756</b>	<b>66,972,409</b>	<b>70,279,505</b>
<b>Total Liabilities</b>	<b>\$ 56,344,350</b>	<b>\$ 65,691,681</b>	<b>\$ 69,590,047</b>	<b>\$ 74,202,567</b>	<b>\$ 78,069,148</b>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	56,537,099	46,533,074	37,675,100	28,316,326	21,450,664
Restricted for Debt Service	3,310,074	7,129,301	7,577,626	6,648,518	2,876,209
Restricted for Other Purposes	3,117,665	-	-	-	-
Unrestricted	5,830,468	7,720,470	7,359,224	5,948,588	8,509,069
<b>Total Net Assets</b>	<b>\$ 68,795,306</b>	<b>\$ 61,382,845</b>	<b>\$ 52,611,950</b>	<b>\$ 40,913,432</b>	<b>\$ 32,835,942</b>

(1) Net of Allowance for Doubtful Accounts.

**WATERWORKS SYSTEM BALANCE SHEET <sup>(1)</sup>**

	Fiscal Year Ended September 30,			
	2003	2002	2001	2000
<b>Current Assets</b>				
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
<b>Total Current Assets</b>	<b>\$ 3,537,130</b>	<b>\$ 4,201,302</b>	<b>\$ 3,746,265</b>	<b>\$ 8,537,672</b>
<b>Restricted Assets</b>				
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
<b>Total Restricted Assets</b>	<b>\$ 15,232,120</b>	<b>\$ 18,439,417</b>	<b>\$ 16,193,333</b>	<b>\$ 6,052,996</b>
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
<b>Fixed Assets</b>				
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
<b>Total Fixed Assets</b>	<b>55,305,453</b>	<b>52,705,012</b>	<b>51,824,312</b>	<b>62,183,067</b>
Less Accumulated Depreciation	21,366,605	20,259,354	19,195,730	20,679,920
<b>Net Fixed Assets</b>	<b>33,938,848</b>	<b>32,445,658</b>	<b>32,628,582</b>	<b>41,503,147</b>
<b>TOTAL ASSETS</b>	<b>\$ 74,405,580</b>	<b>\$ 76,729,857</b>	<b>\$ 77,677,712</b>	<b>\$ 81,328,741</b>

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

	Fiscal Year Ended September 30,			
	2003	2002	2001	2000
<b>Current Liabilities</b>				
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
<b>Total Current Liabilities</b>	<b>\$ 607,518</b>	<b>\$ 1,421,782</b>	<b>\$ 1,947,974</b>	<b>\$ 1,222,261</b>
<b>Current Liabilities - Restricted</b>				
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
<b>Total Current Liabilities - Restricted</b>	<b>\$ 2,521,248</b>	<b>\$ 2,871,125</b>	<b>\$ 12,169,699</b>	<b>\$ 8,781,490</b>
<b>Noncurrent Liabilities</b>				
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
<b>Total Noncurrent Liabilities</b>	<b>47,474,720</b>	<b>48,815,908</b>	<b>39,286,031</b>	<b>48,240,872</b>
<b>Total Liabilities</b>	<b>\$ 50,603,486</b>	<b>\$ 53,108,815</b>	<b>\$ 53,403,704</b>	<b>58,244,623</b>
<b>Fund Equity</b>				
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
<b>Retained Earnings</b>	<b>12,564,377</b>	<b>13,337,304</b>	<b>13,782,280</b>	<b>12,444,025</b>
<b>Total Fund Equity</b>	<b>23,802,094</b>	<b>23,621,042</b>	<b>24,274,008</b>	<b>23,084,118</b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$ 74,405,580</b>	<b>\$ 76,729,857</b>	<b>\$ 77,677,712</b>	<b>\$ 81,328,741</b>

(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,				
	2013	2012	2011	2010	2009
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 3,457,880	\$ 2,745,618	\$ 2,539,499	\$ 3,068,747	\$ 4,692,669
Accounts Receivable <sup>(1)</sup>	3,017,940	3,088,501	3,323,333	3,216,320	3,197,645
Due from Other Funds	1,043,410	1,043,410	1,057,907	1,487,794	1,057,907
Inventories	60,334	42,544	12,267	12,912	27,155
Prepaid Expenses	-	5,861	16,907	15,655	15,177
<b>Restricted Assets:</b>					
Cash and Investments	18,084,062	20,260,789	19,148,196	17,807,930	16,924,401
<b>Total Current Assets</b>	<b>\$ 25,663,626</b>	<b>\$ 27,186,723</b>	<b>\$ 26,098,109</b>	<b>\$ 25,609,358</b>	<b>\$ 25,914,954</b>
<b>Noncurrent Assets:</b>					
Deferred Charges	764,655	836,915	447,900	472,017	496,136
Capital Assets Not Being Depreciated	49,268,650	24,126,805	10,039,019	4,983,734	5,661,621
Capital Assets (Net of Depreciation)	46,848,898	47,993,768	49,064,796	47,797,912	47,212,090
<b>Total Noncurrent Assets</b>	<b>\$ 96,882,203</b>	<b>\$ 72,957,488</b>	<b>\$ 59,551,715</b>	<b>\$ 53,253,663</b>	<b>\$ 53,369,847</b>
<b>Total Assets</b>	<b>\$ 122,545,829</b>	<b>\$ 100,144,211</b>	<b>\$ 85,649,824</b>	<b>\$ 78,863,021</b>	<b>\$ 79,284,801</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Accrued Expenses	861,371	341,004	137,915	600,185	639,540
Accrued Interest Payable	459,314	430,851	521,218	541,763	561,526
Due to Other Governments	-	300	300	-	-
Customer Deposits	1,111,326	1,162,894	1,141,375	1,119,368	1,113,081
Unearned Revenue	2,490	325	250	250	500
Compensated Absences	40,000	33,435	33,435	33,175	36,085
Notes Payable	557,917	541,490	525,545	510,069	495,050
Bonds and Certificates of Obligation Payable	1,593,039	1,586,052	1,436,813	1,387,225	1,339,834
<b>Total Current Liabilities</b>	<b>\$ 4,625,457</b>	<b>\$ 4,096,351</b>	<b>\$ 3,796,851</b>	<b>\$ 4,192,035</b>	<b>\$ 4,185,616</b>
<b>Non-Current Liabilities:</b>					
Compensated Absences	452,679	382,993	405,007	370,743	347,665
Notes Payable	961,739	1,519,656	2,061,147	2,586,691	3,096,761
Bonds and Certificates of Obligation Payable	26,019,738	27,619,563	28,778,982	30,202,296	31,576,023
<b>Total Non-Current Liabilities</b>	<b>27,434,156</b>	<b>29,522,212</b>	<b>31,245,136</b>	<b>33,159,730</b>	<b>35,020,449</b>
<b>Total Liabilities</b>	<b>\$ 32,059,613</b>	<b>\$ 33,618,563</b>	<b>\$ 35,041,987</b>	<b>\$ 37,351,765</b>	<b>\$ 39,206,065</b>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	69,269,426	5,575,574	40,491,468	30,407,557	27,489,744
Restricted for Debt Service	5,113,805	4,673,129	4,194,170	4,188,123	4,182,305
Restricted for Other Purposes	11,858,931	-	-	-	-
Unrestricted	4,244,054	56,276,945	5,922,199	6,915,576	8,406,687
<b>Total Net Assets</b>	<b>\$ 90,486,216</b>	<b>\$ 66,525,648</b>	<b>\$ 50,607,837</b>	<b>\$ 41,511,256</b>	<b>\$ 40,078,736</b>

(1) Net of Allowance for Doubtful Accounts.

**SEWER SYSTEM BALANCE SHEET <sup>(1)</sup>**

	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	\$ 11,825,451	\$ 10,334,664	\$ 8,555,600	\$ 6,441,272
<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	\$ 8,195,855	\$ 2,316,889	\$ 6,271,463	\$ 10,062,422
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	55,291,415	50,879,307	47,396,809	42,692,175
Less Accumulated Depreciation	18,233,397	17,146,966	15,939,666	14,947,217
Net Fixed Assets	37,058,018	33,732,341	31,457,143	27,744,958
<b>TOTAL ASSETS</b>	<b>\$ 57,288,410</b>	<b>\$ 46,513,968</b>	<b>\$ 46,452,045</b>	<b>\$ 45,681,694</b>

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

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
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$ 57,288,410</b>	<b>\$ 46,513,968</b>	<b>\$ 46,452,045</b>	<b>\$ 45,681,694</b>

(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,				
<u>Revenues:</u>	2013	2012	2011	2010	2009
Charges for Sales & Services	\$ 17,447,689	\$ 16,801,988	\$ 16,138,095	\$ 15,008,680	\$ 14,192,001
Interest and Investment Revenue	57,668	52,523	98,581	114,528	670,344
Insurance Proceeds	-	-	-	114,688	353,565
Total Revenues	\$ 17,505,357	\$ 16,854,511	\$ 16,236,676	\$ 15,237,896	\$ 15,215,910
<u>Operating Expenses:</u>					
Personnel Services	\$ 1,671,936	\$ 1,561,696	\$ 1,500,300	\$ 1,486,037	\$ 1,299,197
Contractual Services	945,507	943,402	869,601	804,933	608,585
Supplies and Materials	881,992	941,207	915,607	794,411	817,946
Surface Water Contract	4,029,515	4,485,455	5,956,653	5,206,455	5,429,512
Other Expenses	471,708	407,327	479,742	356,862	332,060
Administrative Charge	628,335	616,015	603,940	592,098	580,482
Non-Operating Interest Expense	1,064,903	1,180,341	1,231,682	1,280,995	827,856
Payment in Lieu of Taxes	200,000	200,000	200,000	200,000	200,000
	\$ 9,893,896	\$ 10,335,443	\$ 11,757,525	\$ 10,721,791	\$ 10,095,638
Net Revenue From Operations	\$ 7,611,461	\$ 6,519,068	\$ 4,479,151	\$ 4,516,105	\$ 5,120,272
System Customers	20,595	21,323	21,910	25,083	20,559

**SEWER SYSTEM COMPARATIVE STATEMENT OF AUDITED OPERATIONS**

	Fiscal Year Ended September 30,				
<u>Revenues:</u>	2013	2012	2011	2010	2009
Operating Revenues	\$ 12,967,850	\$ 12,365,131	\$ 12,108,105	\$ 11,539,742	\$ 11,088,199
Interest and Investment Revenue	36,630	33,173	43,431	41,098	158,026
Insurance Proceeds	-	-	77,469	-	1,097,907
Total Revenues	\$ 13,004,480	\$ 12,398,304	\$ 12,229,005	\$ 11,580,840	\$ 12,344,132
<u>Expenses:</u>					
Personnel Services	\$ 3,751,753	\$ 3,348,494	\$ 3,296,845	\$ 3,111,419	\$ 2,450,648
Contractual Services	1,511,235	1,669,232	1,650,527	1,807,488	1,655,498
Supplies and Materials	1,664,392	1,439,344	1,263,803	1,197,001	915,390
Other Expenses	494,376	484,759	591,638	434,407	415,377
Administrative Charge	383,497	375,976	368,600	361,373	354,283
Non-Operating Interest Expense	2,695,311	1,292,827	1,431,512	1,993,006	1,572,630
Payment in Lieu of Taxes	200,000	200,000	200,000	200,000	200,000
Total Expenses	\$ 10,700,564	\$ 8,810,632	\$ 8,802,925	\$ 9,104,694	\$ 7,563,826
Net Revenue From Operations	\$ 2,303,916	\$ 3,587,672	\$ 3,426,080	\$ 2,476,146	\$ 4,780,306

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

	Budgeted Fiscal Year	Actual Fiscal Year
	<u>Ending 9/30/14</u>	<u>Ending 9/30/13</u>
<u>Revenues:</u>		
Sales and Services	\$ 30,642,940	\$ 30,090,848
Insurance Proceeds	-	-
Interest Earned	43,000	57,806
Total Revenues	<u>\$ 30,685,940</u>	<u>\$ 30,148,654</u>
 <u>Operating Expenses:</u>		
Combined Operating Expenses	\$ 18,726,142	\$ 18,399,043
Administrative Service Charge	1,026,007	1,011,832
Payment in Lieu of Taxes	400,000	400,000
Total Expenses	<u>\$ 20,152,149</u>	<u>\$ 19,810,875</u>
 Net Revenue From Operations	 <u>\$ 10,533,791</u>	 <u>\$ 10,337,779</u>
 2014 Principal and Interest Requirements.....	 \$ 3,625,121	
Coverage of 2014 Principal and Interest Requirements Net Income.....	2.91X	2.85X
 Average Annual Principal and Interest Requirements (2014-2030)....	 \$ 2,831,668	
Coverage of Average Principal and Interest Requirements Net Income.....	3.72X	3.65X

**MONTHLY RATES (EFFECTIVE FEBRUARY 20, 2014)**

**Water Rate  
Inside City Limits**

Inside City Quantity	Rates
First 200 Cubic Feet	\$12.39 Minimum
Next 3,800 Cubic Feet	3.24/100 CF
Next 46,000 Cubic Feet	3.45/100 CF
Next 950,000 Cubic Feet	3.50/100 CF
All over 1,000,000 Cubic Feet	4.21/100 CF

**Water Rate  
Outside City Limits**

Outside City Quantity	Rates
First 200 Cubic Feet	\$24.76/ Minimum
Next 3,800 Cubic Feet	6.47/100 CF
Next 46,000 Cubic Feet	6.89/100 CF
Next 950,000 Cubic Feet	7.04/100 F
All over 1,000,000 Cubic Feet	7.68/100 CF

**Sewer Rate**

Quantity	Rates
First 500 Cubic Feet	\$18.98 Minimum
Over 500 Cubic Feet	3.81/100 CF



**TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)**

<u>Customer</u>	<u>Type of Business</u>	Estimated Fiscal Year 2013 Water Usage In Gallons	Estimated % of Total Water Usage
UTMB	Commercial Hospital	466,494,266	8.77%
Village of Jamaica Beach	Commercial/Subdivisions/Businesses	86,079,840	1.62%
Port of Galveston	Commercial Port/Cruise Ship	85,968,591	1.62%
Moody Gardens/Hope Charities	Commercial Entertainment/Hotel	73,752,800	1.39%
San Luis Hotel & Condominiums	Commercial Entertainment/Hotel	52,349,528	0.98%
Texas A&M - Galveston	Commercial/School District	36,411,174	0.68%
Gulf Sulphur Services LTD., LLP	Commercial	35,602,556	0.67%
County of Galveston	Local Government	30,059,632	0.57%
Galveston ISD	Commercial/School District	23,977,380	0.45%
Landry's Restaurant	Commercial	26,898,278	0.51%
		<u>917,594,045</u>	<u>17.25%</u>

Source: The City.

**TEN LARGEST WASTEWATER CUSTOMERS**

<u>Customer</u>	<u>Type of Business</u>	Estimated Fiscal Year 2013 Wastewater Usage Measured by Revenues	Estimated % of Total Water Usage
UTMB	Commercial Hospital	\$ 1,997,527	15.82%
Silver Leaf Condominiums	Commercial	832,752	6.60%
Moody Gardens/Hope Charities	Commercial Entertainment/Hotel	352,075	2.79%
San Luis Hotel & Condominiums	Commercial Entertainment/Hotel	218,396	1.73%
Sandpiper Cove Apartments	Commercial/Residential Rentals	90,376	0.72%
Lakeside at Campeche Apartments	Commercial/Residential Rentals	87,688	0.69%
Landry's Restaurants	Commercial	79,118	0.63%
American National Insurance	Commercial	78,280	0.62%
County of Galveston	Local Government	72,631	0.58%
Galveston Housing Authority	Local Government	72,518	0.57%
		<u>\$ 3,881,361</u>	<u>30.74%</u>

Source: The City