

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

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

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

Financial Information & Operating Data

___ Other (describe) _____

Fiscal Period Covered: FYE 2014

___ Monthly ___ Quarterly 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> |
|-------------|---------------------|--------------|
| 08/15/16 | \$ 755,000 | 40223N LK0 |
| 08/15/17 | 795,000 | 40223N LL8 |
| | <u>\$ 1,550,000</u> | |

AMENDED
CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED AUGUST 31, 2014

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, 2014 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:

02/25/2015

Date

10/19/2015

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 Blomquist

**GULF COAST WATER AUTHORITY
CITY OF GALVESTON
2014 CONTRACT REVENUE DEBT REPORT**

AMENDED

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

| Fiscal Year Ending August 31 | Series 2006 ⁽²⁾ | Series 2011A ⁽³⁾ | Series 2011E ⁽⁴⁾ | Series 2012 ⁽⁵⁾ | Total Debt Service Requirements |
|------------------------------------|-------------------------------|--------------------------------|--------------------------------|-------------------------------|---------------------------------------|
| 2015 | \$ 1,025,315 | \$ 1,528,815 | \$ 811,625 | \$ 855,854 | \$ 4,221,608 |
| 2016 | 1,031,359 | 1,527,593 | 812,625 | 859,623 | 4,231,201 |
| 2017 | 1,035,479 | 2,486,227 | 814,875 | 852,939 | 5,189,519 |
| 2018 | | 2,433,062 | | 861,027 | 3,294,089 |
| 2019 | | 2,428,762 | | 858,548 | 3,287,310 |
| 2020 | | 2,430,716 | | 855,729 | 3,286,445 |
| 2021 | | 2,429,812 | | 857,569 | 3,287,381 |
| 2022 | | 2,432,011 | | 853,955 | 3,285,966 |
| | <u>\$ 3,092,153</u> | <u>\$17,696,997</u> | <u>\$ 2,439,125</u> | <u>\$ 6,855,242</u> | <u>\$ 30,083,517</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 97.73% 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 \$2,560,000. 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 | Total ⁽¹⁾ | | |
|----------------------|----------------------|----------------------|----------------------|
| | Principal | Interest | |
| 9/30 | | | |
| 2015 | \$ 2,310,000 | \$ 1,351,838 | \$ 3,661,838 |
| 2016 | 2,255,000 | 1,229,760 | 3,484,760 |
| 2017 | 2,320,000 | 1,162,445 | 3,482,445 |
| 2018 | 2,400,000 | 1,082,345 | 3,482,345 |
| 2019 | 2,490,000 | 998,500 | 3,488,500 |
| 2020 | 2,585,000 | 901,700 | 3,486,700 |
| 2021 | 1,865,000 | 794,100 | 2,659,100 |
| 2022 | 1,945,000 | 714,950 | 2,659,950 |
| 2023 | 2,035,000 | 632,300 | 2,667,300 |
| 2024 | 1,340,000 | 545,750 | 1,885,750 |
| 2025 | 1,405,000 | 478,750 | 1,883,750 |
| 2026 | 1,480,000 | 408,500 | 1,888,500 |
| 2027 | 1,555,000 | 334,500 | 1,889,500 |
| 2028 | 1,630,000 | 256,750 | 1,886,750 |
| 2029 | 1,710,000 | 175,250 | 1,885,250 |
| 2030 | 1,795,000 | 89,750 | 1,884,750 |
| | <u>\$ 31,120,000</u> | <u>\$ 11,157,188</u> | <u>\$ 42,277,188</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 December 31, 2014 are shown below:

TABLE 3 – FUND BALANCES

| | |
|------------------------------|--------------|
| Water Debt Service Fund..... | \$ 2,065,821 |
| Sewer Debt Service Fund..... | \$ 2,698,879 |
| Water Debt Reserve Fund..... | \$ 2,698,879 |
| Sewer Debt Reserve Fund..... | \$ 1,878,467 |

TABLE 4 – CURRENT INVESTMENTS

As of December 31, 2014, the City’s investable funds were invested in the following categories:

| Description | Percent of Total | Book Value | Market Value |
|----------------------|---------------------|----------------------|----------------------|
| TexPool | 30.46% | \$31,488,803 | \$31,488,803 |
| TexasTerm Investment | 43.54% | 45,003,622 | 45,003,622 |
| Investments at Par | 26.00% | 26,881,000 | 27,157,175 |
| | <u>100.00%</u> | <u>\$103,373,425</u> | <u>\$103,649,600</u> |

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

HISTORICAL WATER CONSUMPTION (GALLONS)

| Fiscal Year Ended 9/30 | Estimated City Population ⁽¹⁾ | Number of Customers ⁽²⁾ | Water Usage (MG) | | | Total Usage | Total Revenue |
|---------------------------------|--|---------------------------------------|----------------------|-------------------|---------------------|----------------|------------------|
| | | | Average Day Usage | Peak Day Usage | Peak Month Usage | | |
| 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 |
| 2014 | 48,733 | 23,435 | 15.703 | 19.930 | 546.490 | 5,731.710 | 16,971,871 |

(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, | | | | |
|---|---------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Current Assets: | | | | | |
| Cash and Temporary Investments | \$ 5,745,326 | \$ 7,420,900 | \$ 6,372,642 | \$ 5,571,419 | \$ 2,108,845 |
| Accounts Receivable ⁽¹⁾ | 2,923,447 | 3,175,177 | 3,348,559 | 3,197,700 | 2,298,808 |
| Due From Funds | - | 420,499 | 370,499 | 370,499 | 4,521,542 |
| Inventories | 71,004 | 60,334 | 42,544 | 12,267 | 12,912 |
| Prepaid Expenses | - | - | 5,861 | 16,907 | 15,655 |
| Restricted Assets: | | | | | |
| Cash and Investments | 8,379,978 | 7,539,066 | 11,760,769 | 13,373,584 | 13,874,476 |
| Investments With Trustee | - | - | 4,251,179 | 4,699,908 | 5,794,412 |
| Total Current Assets | \$ 17,119,755 | \$ 18,615,976 | \$ 26,152,053 | \$ 27,242,284 | \$ 28,626,650 |
| Noncurrent Assets: | | | | | |
| Deferred Charges | \$ - | \$ 831,357 | \$ 960,120 | \$ 1,044,695 | \$ 1,406,231 |
| Capital Assets, Not Being Depreciated | 5,910,969 | 17,081,792 | 12,264,047 | 20,541,519 | 27,006,475 |
| Capital Assets, Net of Depreciation | 97,415,136 | 88,610,531 | 87,698,306 | 73,373,499 | 58,076,643 |
| Total Noncurrent Assets | \$103,326,105 | \$106,523,680 | \$100,922,473 | \$ 94,959,713 | \$ 86,489,349 |
| Total Assets | \$120,445,860 | \$125,139,656 | \$127,074,526 | \$122,201,997 | \$115,115,999 |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable and Accrued Expenses | 1,014,496 | 1,832,295 | 1,205,721 | 668,094 | 1,246,518 |
| Accrued Interest Payable | 393,521 | 426,500 | 648,612 | 602,795 | 540,493 |
| Due to Other Governments | 152,036 | 152,036 | 5,730 | 7,174 | 5,779 |
| Due to Other Funds | 41,298 | - | - | - | - |
| Customer Deposits | 1,140,642 | 1,111,327 | 1,162,900 | 1,134,873 | 1,112,866 |
| Unearned Revenue | 290,447 | 1,124,464 | 776,585 | 776,524 | 2,000 |
| Compensated Absences | 22,000 | 22,000 | 6,006 | 6,006 | 6,006 |
| Contracts Payable | 2,055,674 | 1,992,885 | 2,976,629 | 2,889,183 | 2,839,152 |
| Notes Payable | 574,854 | 557,928 | 541,500 | 525,555 | 510,069 |
| Bonds and Certificates of Obligation Payable | 1,836,224 | 1,779,761 | 1,040,348 | 1,004,087 | 967,275 |
| Total Current Liabilities | \$ 7,521,192 | \$ 8,999,196 | \$ 8,364,031 | \$ 7,614,291 | \$ 7,230,158 |
| Non-Current Liabilities: | | | | | |
| Long-Term Debt, Non-Current Portion: | | | | | |
| Compensated Absences | 197,897 | 169,480 | 204,319 | 191,790 | 183,042 |
| Contracts Payable | 22,423,895 | 25,342,981 | 30,167,424 | 33,260,684 | 36,750,918 |
| Notes Payable | 386,895 | 961,739 | 5,019,656 | 5,561,147 | 6,086,691 |
| Bonds and Certificates of Obligation Payable | 19,764,194 | 20,870,954 | 21,936,251 | 22,962,135 | 23,951,758 |
| Total Non-Current Liabilities | 42,772,881 | 47,345,154 | 57,327,650 | 61,975,756 | 66,972,409 |
| Total Liabilities | \$ 50,294,073 | \$ 56,344,350 | \$ 65,691,681 | \$ 69,590,047 | \$ 74,202,567 |
| NET ASSETS | | | | | |
| Invested in Capital Assets, Net of Related Debt | 57,246,119 | 56,537,099 | 46,533,074 | 37,675,100 | 28,316,326 |
| Restricted for Debt Service | 3,271,301 | 3,310,074 | 7,129,301 | 7,577,626 | 6,648,518 |
| Restricted for Other Purposes | 3,968,035 | 3,117,665 | - | - | - |
| Unrestricted | 5,666,332 | 5,830,468 | 7,720,470 | 7,359,224 | 5,948,588 |
| Total Net Assets | \$ 70,151,787 | \$ 68,795,306 | \$ 61,382,845 | \$ 52,611,950 | \$ 40,913,432 |

(1) Net of Allowance for Doubtful Accounts.

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 |

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

WATERWORKS SYSTEM BALANCE SHEET ⁽¹⁾ (CONTINUED)

| | Fiscal Year Ended September 30, | | | |
|---|---------------------------------|----------------------|----------------------|----------------------|
| | 2003 | 2002 | 2001 | 2000 |
| <u>Current Liabilities</u> | | | | |
| 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 |
| <u>Current Liabilities - Restricted</u> | | | | |
| 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 |
| <u>Noncurrent Liabilities</u> | | | | |
| 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 |
| <u>Fund Equity</u> | | | | |
| 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, | | | | |
|---|---------------------------------|-----------------------|-----------------------|----------------------|----------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 4,937,701 | \$ 3,457,880 | \$ 2,745,618 | \$ 2,539,499 | \$ 3,068,747 |
| Accounts Receivable ⁽¹⁾ | 3,161,903 | 3,017,940 | 3,088,501 | 3,323,333 | 3,216,320 |
| Due from Other Funds | 29,250 | 1,043,410 | 1,043,410 | 1,057,907 | 1,487,794 |
| Inventories | 71,004 | 60,334 | 42,544 | 12,267 | 12,912 |
| Prepaid Expenses | - | - | 5,861 | 16,907 | 15,655 |
| Restricted Assets: | | | | | |
| Cash and Investments | 13,245,399 | 18,084,062 | 20,260,789 | 19,148,196 | 17,807,930 |
| Total Current Assets | \$ 21,445,257 | \$ 25,663,626 | \$ 27,186,723 | \$ 26,098,109 | \$ 25,609,358 |
| Noncurrent Assets: | | | | | |
| Deferred Charges | - | 764,655 | 836,915 | 447,900 | 472,017 |
| Capital Assets Not Being Depreciated | 77,481,263 | 49,268,650 | 24,126,805 | 10,039,019 | 4,983,734 |
| Capital Assets (Net of Depreciation) | 44,992,290 | 46,848,898 | 47,993,768 | 49,064,796 | 47,797,912 |
| Total Noncurrent Assets | \$ 122,473,553 | \$ 96,882,203 | \$ 72,957,488 | \$ 59,551,715 | \$ 53,253,663 |
| Total Assets | \$ 143,918,810 | \$ 122,545,829 | \$ 100,144,211 | \$ 85,649,824 | \$ 78,863,021 |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable and Accrued Expenses | 633,768 | 861,371 | 341,004 | 137,915 | 600,185 |
| Accrued Interest Payable | 436,228 | 459,314 | 430,851 | 521,218 | 541,763 |
| Due to Other Governments | - | - | 300 | 300 | - |
| Due to Other Funds | 205,358 | | | | |
| Customer Deposits | 1,140,642 | 1,111,326 | 1,162,894 | 1,141,375 | 1,119,368 |
| Unearned Revenue | 5,000 | 2,490 | 325 | 250 | 250 |
| Compensated Absences | 40,000 | 40,000 | 33,435 | 33,435 | 33,175 |
| Notes Payable | 574,844 | 557,917 | 541,490 | 525,545 | 510,069 |
| Bonds and Certificates of Obligation Payable | 1,652,076 | 1,593,039 | 1,586,052 | 1,436,813 | 1,387,225 |
| Total Current Liabilities | \$ 4,687,916 | \$ 4,625,457 | \$ 4,096,351 | \$ 3,796,851 | \$ 4,192,035 |
| Non-Current Liabilities: | | | | | |
| Compensated Absences | 465,390 | 452,679 | 382,993 | 405,007 | 370,743 |
| Notes Payable | 386,895 | 961,739 | 1,519,656 | 2,061,147 | 2,586,691 |
| Bonds and Certificates of Obligation Payable | 24,362,720 | 26,019,738 | 27,619,563 | 28,778,982 | 30,202,296 |
| Total Non-Current Liabilities | 25,215,005 | 27,434,156 | 29,522,212 | 31,245,136 | 33,159,730 |
| Total Liabilities | \$ 29,902,921 | \$ 32,059,613 | \$ 33,618,563 | \$ 35,041,987 | \$ 37,351,765 |
| Net Assets | | | | | |
| Invested in Capital Assets, Net of Related Debt | 96,458,757 | 69,269,426 | 5,575,574 | 40,491,468 | 30,407,557 |
| Restricted for Debt Service | 4,577,346 | 5,113,805 | 4,673,129 | 4,194,170 | 4,188,123 |
| Restricted for Other Purposes | 7,527,411 | 11,858,931 | - | - | - |
| Unrestricted | 5,452,375 | 4,244,054 | 56,276,945 | 5,922,199 | 6,915,576 |
| Total Net Assets | \$ 114,015,889 | \$ 90,486,216 | \$ 66,525,648 | \$ 50,607,837 | \$ 41,511,256 |

(1) Net of Allowance for Doubtful Accounts.

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 | \$ 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 |
| TOTAL ASSETS | \$ 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.

SEWER SYSTEM BALANCE SHEET ⁽¹⁾ (CONTINUED)

| | Fiscal Year Ended September 30, | | | |
|---|---------------------------------|----------------------|----------------------|----------------------|
| | 2003 | 2002 | 2001 | 2000 |
| <u>Current Liabilities</u> | | | | |
| 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, | | | | |
|---------------------------------|---------------------------------|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| <u>Revenues:</u> | | | | | |
| Charges for Sales & Services | \$ 17,479,081 | \$ 17,447,689 | \$ 16,801,988 | \$ 16,138,095 | \$ 15,008,680 |
| Interest and Investment Revenue | 19,067 | 57,668 | 52,523 | 98,581 | 114,528 |
| Insurance Proceeds | - | - | - | - | 114,688 |
| Total Revenues | \$ 17,498,148 | \$ 17,505,357 | \$ 16,854,511 | \$ 16,236,676 | \$ 15,237,896 |
| <u>Operating Expenses:</u> | | | | | |
| Personnel Services | \$ 1,794,870 | \$ 1,671,936 | \$ 1,561,696 | \$ 1,500,300 | \$ 1,486,037 |
| Contractual Services | 1,148,350 | 945,507 | 943,402 | 869,601 | 804,933 |
| Supplies and Materials | 872,690 | 881,992 | 941,207 | 915,607 | 794,411 |
| Surface Water Contract | 5,147,230 | 4,029,515 | 4,485,455 | 5,956,653 | 5,206,455 |
| Other Expenses | 449,823 | 471,708 | 407,327 | 479,742 | 356,862 |
| Administrative Charge | 637,138 | 628,335 | 616,015 | 603,940 | 592,098 |
| Non-Operating Interest Expense | 871,985 | 1,064,903 | 1,180,341 | 1,231,682 | 1,280,995 |
| Payment in Lieu of Taxes | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| | \$ 11,122,086 | \$ 9,893,896 | \$ 10,335,443 | \$ 11,757,525 | \$ 10,721,791 |
| Net Revenue From Operations | \$ 6,376,062 | \$ 7,611,461 | \$ 6,519,068 | \$ 4,479,151 | \$ 4,516,105 |
| System Customers | 23,294 | 20,595 | 21,323 | 21,910 | 25,083 |

SEWER SYSTEM COMPARATIVE STATEMENT OF AUDITED OPERATIONS

| | Fiscal Year Ended September 30, | | | | |
|---------------------------------|---------------------------------|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| <u>Revenues:</u> | | | | | |
| Operating Revenues | \$ 13,015,015 | \$ 12,967,850 | \$ 12,365,131 | \$ 12,108,105 | \$ 11,539,742 |
| Interest and Investment Revenue | 1,714 | 36,630 | 33,173 | 43,431 | 41,098 |
| Insurance Proceeds | - | - | - | 77,469 | - |
| Total Revenues | \$ 13,016,729 | \$ 13,004,480 | \$ 12,398,304 | \$ 12,229,005 | \$ 11,580,840 |
| <u>Expenses:</u> | | | | | |
| Personnel Services | \$ 3,772,818 | \$ 3,751,753 | \$ 3,348,494 | \$ 3,296,845 | \$ 3,111,419 |
| Contractual Services | 1,613,872 | 1,511,235 | 1,669,232 | 1,650,527 | 1,807,488 |
| Supplies and Materials | 1,425,040 | 1,664,392 | 1,439,344 | 1,263,803 | 1,197,001 |
| Other Expenses | 487,538 | 494,376 | 484,759 | 591,638 | 434,407 |
| Administrative Charge | 388,869 | 383,497 | 375,976 | 368,600 | 361,373 |
| Non-Operating Interest Expense | 2,622,255 | 2,695,311 | 1,292,827 | 1,431,512 | 1,993,006 |
| Payment in Lieu of Taxes | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Total Expenses | \$ 10,510,392 | \$ 10,700,564 | \$ 8,810,632 | \$ 8,802,925 | \$ 9,104,694 |
| Net Revenue From Operations | \$ 2,506,337 | \$ 2,303,916 | \$ 3,587,672 | \$ 3,426,080 | \$ 2,476,146 |

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

| | Budgeted Fiscal Year | Actual Fiscal Year |
|--|--------------------------|-------------------------|
| | <u>Ending 9/30/15</u> | <u>Ending 9/30/14</u> |
| <u>Revenues:</u> | | |
| Sales and Services | \$ 31,002,200 | \$ 30,589,536 |
| Insurance Proceeds | - | - |
| Interest Earned | 43,000 | 43,974 |
| Total Revenues | <u>\$ 31,045,200</u> | <u>\$ 30,633,510</u> |
| <u>Operating Expenses:</u> | | |
| Combined Operating Expenses | \$ 19,403,731 | \$ 19,405,116 |
| Administrative Service Charge | 1,056,787 | 1,026,007 |
| Payment in Lieu of Taxes | 400,000 | 400,000 |
| Total Expenses | <u>\$ 20,860,518</u> | <u>\$ 20,831,123</u> |
| Net Revenue From Operations | <u>\$ 10,184,682</u> | <u>\$ 9,802,387</u> |
| 2015 Principal and Interest Requirements..... | \$ 3,661,838 | |
| Coverage of 2014 Principal and Interest Requirements Net Income..... | 2.78X | 2.68X |
| Average Annual Principal and Interest Requirements (2015-2030).... | \$ 2,642,324 | |
| Coverage of Average Principal and Interest Requirements Net Income..... | 3.85X | 3.71X |

MONTHLY RATES (EFFECTIVE OCTOBER 1, 2011)

Water Rate

| Inside City Quantity | Rates |
|-------------------------------|-----------------|
| First 200 Cubic Feet | \$11.92 Minimum |
| Next 3,800 Cubic Feet | 3.12/100 CF |
| Next 46,000 Cubic Feet | 3.32/100 CF |
| Next 950,000 Cubic Feet | 3.37/100 CF |
| All over 1,000,000 Cubic Feet | 4.05/100 CF |

| Outside City Quantity | Rates |
|-------------------------------|------------------|
| First 200 Cubic Feet | \$23.82/ Minimum |
| Next 3,800 Cubic Feet | 6.22/100 CF |
| Next 46,000 Cubic Feet | 6.63/100 CF |
| Next 950,000 Cubic Feet | 6.77/100 F |
| All over 1,000,000 Cubic Feet | 7.39/100 CF |

Sewer Rate

| Quantity | Rates |
|----------------------|-----------------|
| First 500 Cubic Feet | \$18.98 Minimum |
| 600 Cubic Feet | \$22.79 |
| 700 Cubic Feet | \$26.60 |
| 800 Cubic Feet | \$30.41 |
| 900 Cubic Feet | \$34.22 |
| 1000 Cubic Feet | \$38.03 |

TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)

| <u>Customer</u> | <u>Type of Business</u> | <u>Estimated Fiscal Year 2014 Water Usage In Gallons</u> | <u>Estimated % of Total Water Usage</u> |
|---------------------------------|------------------------------------|--|---|
| UTMB | Commercial Hospital | 546,405,204 | 13.77% |
| Moody Gardens/Hope Charities | Commercial Entertainment/Hotel | 66,097,768 | 1.67% |
| Village of Jamaica Beach | Commercial/Subdivisions/Businesses | 63,707,160 | 1.61% |
| Port of Galveston | Commercial Port/Cruise Ship | 59,093,496 | 1.49% |
| Galveston Wharves | Local Government | 45,523,280 | 1.15% |
| City of Galveston Park Rec | Local Government | 40,124,964 | 1.01% |
| San Luis Hotel & Condominiums | Commercial Entertainment/Hotel | 32,615,044 | 0.82% |
| Gulf Sulphur Services LTD., LLP | Commercial | 31,104,832 | 0.78% |
| Silver Leaf Condos | Commercial | 23,528,340 | 0.59% |
| Schlitterbahn Water Park | Commercial | 18,171,912 | 0.46% |
| | | <u>926,372,000</u> | <u>23.34%</u> |

Source: The City.

TEN LARGEST WASTEWATER CUSTOMERS

| <u>Customer</u> | <u>Type of Business</u> | <u>Estimated Fiscal Year 2014 Wastewater Usage Measured by Revenues</u> | <u>Estimated % of Total Water Usage</u> |
|----------------------------------|----------------------------|---|---|
| UTMB | Commerical Hospital | \$ 253,688,748 | 6.39% |
| Silver Leaf Condos | Commerical | 23,580,700 | 0.59% |
| Moody Gardens/ Hope Charties | Commerical Entertainment | 17,427,652 | 0.44% |
| Sandpiper Cove Apartments | Commerical | 16,377,460 | 0.41% |
| Landry's Restaurant | Commerical | 16,129,908 | 0.41% |
| Village By The Sea APTS | Commerical | 10,014,972 | 0.25% |
| Casa Del Mar | Commerical /School Distric | 6,502,364 | 0.16% |
| San Luis Hotel & Conminiums | Commerical Enterainment | 4,737,000 | 0.12% |
| Galveston Housing | Local Government | 2,329,900 | 0.06% |
| Lake Side at Campeche Apartments | Commerical | 1,070,747 | 0.03% |
| | | <u>\$ 351,859,451</u> | <u>8.87%</u> |

Source: The City