

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

GULF COAST WATER AUTHORITY

GCWA DEBT - LEAGUE CITY DEBT



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):

\$ 2,250,000 Water System Contract Revenue Refunding Bonds, Series 2011F (League City)

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 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 2011F (League City)

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/15/14	\$ 210,000	40223N LP9
08/15/15	210,000	40223N LQ7
08/15/16	220,000	40223N LR5
08/15/17	225,000	40223N LS3
08/15/18	235,000	40223N LT1
08/15/19	240,000	40223N LU8
08/15/20	250,000	40223N LV6
08/15/21	260,000	40223N LW4
	<u>\$ 1,850,000</u>	

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

Bob Webb
Business Administrator

Approved for Submission:

02/28/2014

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/ Kristin Garcia

**GULF COAST WATER AUTHORITY
CITY OF LEAGUE CITY
2013 CONTRACT REVENUE DEBT REPORT**

DEBT INFORMATION

TABLE 1 – CITY OF LEAGUE CITY CONTRACT DEBT SERVICE REQUIREMENTS

Fiscal Year				Total
Ending August 31	Series 2011A Bonds ⁽¹⁾	Series 2011B Bonds ⁽²⁾	Series 2011F Bonds	Debt Service Requirements
2014	\$ 28,897	\$ 7,785	\$ 270,288	\$ 306,970
2015	28,956	7,821	266,088	302,864
2016	28,933	7,748	269,788	306,468
2017	47,089	7,775	268,188	323,051
2018	46,082	7,734	271,438	325,253
2019	46,001	7,787	268,800	322,588
2020	46,038	7,725	270,400	324,163
2021	46,020	7,758	270,400	324,179
2022	46,062	7,779		53,841
	<u>\$ 364,077</u>	<u>\$ 69,912</u>	<u>\$ 2,155,388</u>	<u>\$ 2,589,376</u>

- (1) Represents 1.851% of the Series 2011A debt service. The Series 2011A Bonds were issued in connection with the South Project, which is a special project of the Authority. The City of Galveston pays the remaining portion of the Series 2011A debt service. The City and the other political subdivisions participating in the South Project are legally jointly and severally obligated on the debt service for the Series 2011A. See footnote 2.
- (2) Represents 2.04920% of the Series 2011B debt service. The remaining portion of the Series 2011B debt service is paid by various political subdivisions involved in the South Project. The City and the other political subdivisions participating in the South Project are legally, jointly and severally obligated on the debt service for the Series 2011B Bonds. See footnote 1.

TABLE 2 – ADDITIONAL CITY OF LEAGUE CITY WATER SYSTEM DEBT

Fiscal Year Ended 9/30	Principal	Interest	Total ⁽¹⁾
2014	\$ 5,120,000	\$ 3,250,654	\$ 8,370,654
2015	4,980,000	3,069,764	8,049,764
2016	4,665,000	2,896,353	7,561,353
2017	4,305,000	2,732,533	7,037,533
2018	4,135,000	2,574,981	6,709,981
2019	3,950,000	2,420,450	6,370,450
2020	3,780,000	2,269,750	6,049,750
2021	4,170,000	2,110,383	6,280,383
2022	4,000,000	1,943,201	5,943,201
2023	4,040,000	1,775,371	5,815,371
2024	3,850,000	1,606,028	5,456,028
2025	3,665,000	1,438,303	5,103,303
2026	4,455,000	1,249,053	5,704,053
2027	4,305,000	1,040,764	5,345,764
2028	4,155,000	834,706	4,989,706
2029	2,660,000	665,250	3,325,250
2030	2,735,000	530,375	3,265,375
2031	2,815,000	391,625	3,206,625
2032	2,080,000	269,250	2,349,250
2033	2,140,000	163,750	2,303,750
2034	2,205,000	55,125	2,260,125
	<u>\$ 78,210,000</u>	<u>\$ 33,287,667</u>	<u>\$ 111,497,667</u>

(1) Represents the City's Waterworks and Sewer System Revenue Bonds, Series 2004, 2008, 2009 and 2011, and the City's Waterworks and Sewer System Revenue Refunding Bonds, Series 2005.

FUND BALANCES

The Bond Resolution requires the Authority to maintain certain funds related to the Series 1999B and Series 2011F Bonds. The balances of these funds as of November 30, 2013 are shown below:

Interest and Sinking Fund	\$92,518
Reserve Fund	\$224,998

Source: The Authority.

TABLE 3 - CURRENT INVESTMENTS

As of December 31, 2013, League City's investable funds were invested in the following categories:

Description	of Total	Book Value	Market Value
Cash	0.73%	\$ 1,186,833	\$ 1,186,836
Texpool	67.26%	108,723,777	108,723,777
TexSTAR	25.61%	41,397,713	41,397,714
Certificates of Deposit	6.39%	10,328,482	10,328,482
Portfolio Investments	2.06%	3,334,112	3,333,496
	<u>100.00%</u>	<u>\$ 161,636,805</u>	<u>\$ 161,636,809</u>

As of December 31, 2013 the Gulf Coast Water Authority's investable funds were invested in the following categories:

Description	of Total	Book Value	Market Value
Money Market Accounts	96.12%	\$ 45,357,383	\$ 45,357,383
Certificates of Deposit	3.88%	1,833,056	1,833,056
	<u>100.00%</u>	<u>\$ 47,190,439</u>	<u>\$ 47,190,439</u>

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

HISTORICAL WATER CONSUMPTION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Number of Customers	Water Usage (MGD)			Total Usage	Total Water & Sewer Sales
			Average Day Usage	Peak Day Usage	Peak Month Usage		
2009	81,300	26,368	10.153	18.577	406.337	3,705.783	\$ 27,278,933
2010	83,560	27,092	8.858	15.853	379.300	3,238.000	25,731,620
2011	85,300	27,669	10.908	19.038	468.527	3,976.626	30,646,567
2012	87,400	28,383	10.000	15.551	419.484	3,777.256	27,596,741
2013	90,300	29,326	10.500	17.277	412.608	3,385.382	29,854,054

(1) Population estimated by the City.

ENTERPRISE FUNDS STATEMENT OF NET ASSETS

	Fiscal Year Ended September 30,			
	2013 ⁽¹⁾	2012	2011	2010
Operating Revenues:				
Charges for Services	\$ 29,830,436	\$ 27,582,569	\$ 30,646,567	\$ 25,731,620
Miscellaneous	23,618	14,172	-	-
Total Operating Revenues	<u>\$ 29,854,054</u>	<u>\$ 27,596,741</u>	<u>\$ 30,646,567</u>	<u>\$ 25,731,620</u>
Operating Expenses				
Personnel	\$ 5,589,894	\$ 5,189,783	\$ 5,363,971	\$ 5,216,754
Contractual Services	4,406,481	3,901,606	4,077,368	3,595,665
Utilities	1,245,096	1,081,894	1,533,427	1,352,897
Repairs and Maintenance	1,636,262	1,439,563	1,184,800	1,150,787
Other Supplies and Expenses	1,231,604	2,125,240	994,419	1,025,589
Depreciation	4,440,820	4,285,308	3,628,427	3,401,471
Total Operating Expenses	<u>\$ 18,550,157</u>	<u>\$ 18,023,394</u>	<u>\$ 16,782,412</u>	<u>\$ 15,743,163</u>
Operating Income (Loss)	<u>\$ 11,303,897</u>	<u>\$ 9,573,347</u>	<u>\$ 13,864,155</u>	<u>\$ 9,988,457</u>
Non-Operating Revenues (Expenses)				
Investment Earnings	\$ 120,856	\$ 357,077	\$ 196,367	\$ 214,491
Interest Expense	(6,248,692)	(5,914,725)	(4,565,944)	(4,545,009)
Intergovernmental		-	-	131,943
Gain (Loss) on Disposal of Capital Assets	2,067	636	1,632	17,807
Total Non-Operating Revenue (Expenses)	<u>\$ (6,125,769)</u>	<u>\$ (5,557,012)</u>	<u>\$ (4,367,945)</u>	<u>\$ (4,180,768)</u>
Income (Loss) Before Transfers	<u>\$ 5,178,128</u>	<u>\$ 4,016,335</u>	<u>\$ 9,496,210</u>	<u>\$ 5,807,689</u>
Capital Contributions from Developers	\$ 9,183,573	\$ 4,000,723	\$ 4,410,184	\$ 4,718,099
Transfers Out	(2,250,000)	(2,240,000)	(686,001)	(1,000,000)
Change in Net Assets	<u>\$ 12,111,701</u>	<u>\$ 5,777,058</u>	<u>\$ 13,220,393</u>	<u>\$ 9,525,788</u>
Beginning Net Assets - October 1	158,980,940	154,108,017 ⁽²⁾	140,887,624	131,361,836
Prior Period Adjustment	-	(904,135)	-	-
Ending Net Assets - September 30	<u>\$ 171,092,641</u>	<u>\$ 158,980,940</u>	<u>\$ 154,108,017</u>	<u>\$ 140,887,624</u>

(1) Unaudited.

(2) Restated.

WATERWORKS SYSTEM BALANCE SHEET ⁽¹⁾⁽²⁾

	Fiscal Year Ended September 30,		
	2003	2002	2001
ASSETS			
Cash - Including Cash Equivalents	\$ 6,809,473	\$ 13,153,888	\$ 9,261,852
Investments	1,501,923	-	-
Accounts Receivable	1,918,588	2,398,008	1,137,258
Other Receivables	705,087	15,361	27,677
Deferred Charges	2,010,409	-	-
Prepaid Expenses	-	-	102
Total Current Assets	<u>\$ 12,945,480</u>	<u>\$ 15,567,257</u>	<u>\$ 10,426,889</u>
Due from Other Funds			
Restricted Assets			
Cash - Including Cash Equivalents	\$ 16,248,322	\$ 17,753,710	\$ 19,824,045
Property, Plant and Equipment - At Cost			
Land	628,957 ⁽¹⁾	391,760	391,760
Infrastructure	49,180,970 ⁽¹⁾		
Building & Improvements	64,399 ⁽¹⁾	160,903	160,903
Furniture & Equipment	2,267,240 ⁽¹⁾	4,391,778	2,023,074
Water and Wastewater System		68,322,373	54,446,983
Construction in Progress	4,986,656 ⁽¹⁾	6,372,500	8,634,939
	<u>\$ 57,128,222</u>	<u>\$ 79,639,314</u>	<u>\$ 65,657,659</u>
Less Allowance for Depreciation	-	(14,996,259)	(13,622,786)
	<u>\$ 57,128,222</u>	<u>\$ 64,643,055</u>	<u>\$ 52,034,873</u>
Contracts - Water Rights	13,942,485	5,770,245	5,918,200
Bond Issue Costs	-	-	-
TOTAL ASSETS	<u><u>\$ 100,264,509</u></u>	<u><u>\$ 103,734,267</u></u>	<u><u>\$ 88,204,007</u></u>
LIABILITIES AND FUND EQUITY			
Current Liabilities			
Accounts Payable	\$ 986,603	\$ 2,137,107	\$ 623,441
Bonds		3,235,186	3,087,347
Equipment Notes		-	-
Accrued Expenses	456,336	1,004,971	958,496
Salaries Payable	101,752		
Accrued Interest Payable	732,533		
Due to Other Funds		-	-
	<u>\$ 2,277,224</u>	<u>\$ 6,377,264</u>	<u>\$ 4,669,284</u>
Current Liabilities - From Restricted Assets			
Customer Deposits	-	412,315	337,592
Compensated Absences	254,904	-	-
Accounts Payable	-	140,661	1,002,072
	<u>\$ 254,904</u>	<u>\$ 552,976</u>	<u>\$ 1,339,664</u>
Noncurrent Liabilities - Less Current Portion			
General Obligation & Revenue Bonds	54,650,967	52,497,789	43,098,162
Equipment Notes	-	-	-
	<u>\$ 54,650,967</u>	<u>\$ 52,497,789</u>	<u>\$ 43,098,162</u>
Total Liabilities	\$ 57,183,094	\$ 59,428,028	\$ 49,107,109
Fund Equity			
Contributed Capital	\$ 25,746,285	\$ 20,446,674	\$ 21,488,231
Retained Earnings			
Reserved for Construction	\$ 6,189,147	\$ 23,859,565	\$ 17,608,667
Reserved for Debt Service	1,554,169		
Unreserved	9,591,813	-	-
Total Retained Earnings	<u>\$ 17,335,129</u>	<u>\$ 23,859,565</u>	<u>\$ 17,608,667</u>
Total Fund Equity	<u>43,081,414</u>	<u>44,306,239</u>	<u>39,096,898</u>
TOTAL LIABILITIES & FUND EQUITY	<u><u>\$ 100,264,508</u></u>	<u><u>\$ 103,734,267</u></u>	<u><u>\$ 88,204,007</u></u>

(1) Assets shown net of depreciation.

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

COMPARATIVE STATEMENT OF REVENUES AND EXPENSES; CUSTOMER COUNT

Revenues:	Fiscal Year Ended September 30,				
	2013 ⁽¹⁾	2012	2011	2010	2009
Charges for Services	\$ 29,830,436	\$ 27,582,569	\$ 30,646,567	\$ 25,731,620	\$ 27,278,933
Interest Earned	120,856	357,077	196,367	214,491	516,379
Gain on Disposal of Capital Assets	2,067	636	1,632	17,807	3,726
Other Revenues	-	-	-	131,943	150,107
Total Revenues	\$ 29,953,359	\$ 27,940,282	\$ 30,844,566	\$ 26,095,861	\$ 27,949,145
Operating Expenses:					
Personnel	\$ 5,589,894	\$ 5,189,783	\$ 5,363,971	\$ 5,216,754	\$ 4,812,418
Contractual Services	4,406,481	3,901,606	4,077,368	3,595,665	3,299,194
Utilities	1,245,096	1,081,894	1,533,427	1,352,897	1,501,081
Repairs and Maintenance	1,636,262	1,439,563	1,184,800	1,150,787	966,975
Other Supplies and Expenses	1,231,604	2,125,240	994,419	1,025,589	833,440
Gulf Coast Water Authority Debt Service ⁽²⁾	307,467	799,234	503,584	758,677	828,454
	\$ 14,416,804	\$ 14,537,320	\$ 13,657,569	\$ 13,100,369	\$ 12,241,562
Net Revenue From Operations	\$ 15,536,555	\$ 13,402,962	\$ 17,186,997	\$ 12,995,492	\$ 15,707,583
System Connections	29,326	28,383	27,669	27,092	26,368

(1) Unaudited.

(2) Contract Revenue Bonds issued by the Gulf Coast Water Authority that are treated as an operating expense of the System.

MONTHLY WATER RATES (EFFECTIVE NOVEMBER 1, 2008)

First 3,000 Gallons ⁽¹⁾	\$ 7.13
Each additional 1,000 Gallons	5.90

(1) Multiple unit, single-metered dwellings with more than 4 units are billed at the minimum rate per month per unit based on 90% of the total number of units.

MONTHLY SEWER RATES (EFFECTIVE NOVEMBER 1, 2008)

First 3,000 Gallons ⁽¹⁾	\$ 13.88
Each additional 1,000 Gallons	4.62

Maximum residential sewer charge is based on 11,000 gallons.

(1) Multiple unit, single-metered dwellings with more than 4 units are billed at the minimum rate per month per unit based on 90% of the total number of units.

DEBT SERVICE COVERAGE

	Fiscal Year Ended September 30,				
	2013 ⁽¹⁾	2012	2011	2010	2009
Gross Revenues ⁽²⁾	\$ 29,976,977	\$ 27,954,454	\$ 30,844,566	\$ 25,963,918	\$ 27,799,038
Operating Expenses ⁽³⁾	(18,550,157)	(18,023,394)	(16,782,412)	(15,780,459)	(14,593,413)
Net Revenues Available for Debt Service	<u>\$ 11,426,820</u>	<u>\$ 9,931,060</u>	<u>\$ 14,062,154</u>	<u>\$ 10,183,459</u>	<u>\$ 13,205,625</u>
Debt Service Requirements: ⁽⁴⁾					
Principal	\$ 5,120,000	\$ 3,190,000	\$ 1,960,000	\$ 1,380,000	\$ 1,365,000
Interest	3,250,654	3,400,844	3,998,470	3,549,816	3,741,435
Total	<u>\$ 8,370,654</u>	<u>\$ 6,590,844</u>	<u>\$ 5,958,470</u>	<u>\$ 4,929,816</u>	<u>\$ 5,106,435</u>
Coverage of Debt Service Requirements	1.37X	1.51X	2.36X	2.07X	2.59X

Source: The City's Comprehensive Annual Financial Reports.

- (1) Unaudited
- (2) Gross revenues, as defined in the revenue bond ordinances, includes operating and non-operating revenue and excludes capital contributions, grant revenues, and capital recovery fees.
- (3) Total operating expenses, as defined in the City's revenue bond ordinances, does not include amortization, bond interest, and fiscal charges.
- (4) Debt service requirements represent the expected debt service payments for the succeeding fiscal year.

TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)

Customer	Type of Industry	Estimated Fiscal Year 2013 Water Usage In Gallons	Estimated % of Total Water Usage
Mar Bella Community, Inc	Commercial-Landscaping	127,325,000	3.76%
Westover Park	Commercial-Landscaping	84,554,000	2.50%
CCISD	School	84,313,000	2.49%
Lakes of South Shore Harbour	Commercial-Landscaping	68,812,000	2.03%
Village of Tuscan Lakes	Commercial-Landscaping	47,828,000	1.41%
Fairways @ SSH HOA	Commercial-Landscaping	42,405,000	1.25%
Tuscan Lakes CAI	Commercial-Landscaping	40,401,000	1.19%
City of League City	Municipality	40,220,000	1.19%
Broadstone Walker Commons	Multi Units' Apartments	19,963,000	0.59%
Brittany Lakes	Commercial-Landscaping	18,416,000	0.54%
		<u>574,237,000</u>	<u>16.96%</u>