

GALVESTON COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 6  
GALVESTON COUNTY, TEXAS  
ANNUAL AUDIT REPORT  
SEPTEMBER 30, 2013

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# Roth & Eyring, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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February 3, 2014

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Galveston County Municipal  
Utility District No. 6  
Galveston County, Texas

We have audited the accompanying financial statements of the governmental activities and each fund of Galveston County Municipal Utility District No. 6, as of and for the year ended September 30, 2013, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risk of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Galveston County Municipal Utility District No. 6 as of September 30, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 7 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 20 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 21 to 39 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by our firm.

A handwritten signature in black ink that reads "North & Arising, PLLC". The signature is written in a cursive, flowing style.

## Management's Discussion and Analysis

### Using this Annual Report

Within this section of the Galveston County Municipal Utility District No. 6 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2013.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

#### *Government-Wide Financial Statements*

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred. The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

#### *Fund Financial Statements*

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

### **Financial Analysis of the District as a Whole**

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information. As further described in Note 9, under the terms of an agreement with the City of League City, the District has transferred to the City of League City the ownership of the capital assets constructed by the District. Under the terms of the agreement, the District is to pay for construction of a water distribution system, a sanitary sewer collection system and a drainage system to serve the District. The District shall be the owner of each phase of the system until such phase is completed and approved by the City, at which time ownership of such phase shall be transferred to the City. However, the District shall have a security interest therein until all bonds issued by the District pursuant to the Agreement are retired. Accordingly, the District has no capital assets. In accordance with generally accepted accounting principles, the amount of outstanding long-term debt related to the acquisition of capital assets has been netted against the total of unrestricted net position, which resulted in a negative unrestricted net asset balance at September 30, 2013.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Current and other assets	\$ 1,378,778	\$ 2,749,853	\$ (1,371,075)
Capital assets	1,230,364	1,230,364	0
Total assets	<u>2,609,142</u>	<u>3,980,217</u>	<u>(1,371,075)</u>
Long-term liabilities	13,371,825	16,165,085	(2,793,260)
Other liabilities	1,720,126	1,674,558	45,568
Total liabilities	<u>15,091,951</u>	<u>17,839,643</u>	<u>(2,747,692)</u>
Net position:			
Restricted	1,040,830	2,378,463	(1,337,633)
Unrestricted	(13,523,639)	(16,237,889)	2,714,250
Total net position	<u>\$ (12,482,809)</u>	<u>\$ (13,859,426)</u>	<u>\$ 1,376,617</u>

Summary of Changes in Net Position

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 1,550,042	\$ 1,466,220	\$ 83,822
Tax rebate from City of League City	717,039	735,172	(18,133)
Other revenues	8,129	15,682	(7,553)
Total revenues	<u>2,275,210</u>	<u>2,217,074</u>	<u>58,136</u>
Expenses:			
Administration and amortization	170,064	137,879	32,185
Debt service	728,529	763,475	(34,946)
Total expenses	<u>898,593</u>	<u>901,354</u>	<u>(2,761)</u>
Change in net position	1,376,617	1,315,720	60,897
Net position, beginning of year	<u>(13,859,426)</u>	<u>(15,175,146)</u>	<u>1,315,720</u>
Net position, end of year	<u>\$ (12,482,809)</u>	<u>\$ (13,859,426)</u>	<u>\$ 1,376,617</u>

**Financial Analysis of the District's Funds**

The District's combined fund balances as of the end of the fiscal year ended September 30, 2013, were \$1,350,349, a decrease of \$1,382,907 from the prior year.

The General Fund balance decreased by \$29,106, in accordance with the District's financial plan.

The Debt Service Fund balance decreased by \$1,339,462, in accordance with the District's financial plan.

The Capital Projects Fund balance decreased by \$14,339, as authorized expenditures exceeded interest earnings.

### *General Fund Budgetary Highlights*

The Board of Directors did not amend the budget during the fiscal year. There were significant differences between the budgeted and actual amounts for the fiscal year. A comparison of actual to budgeted amounts is presented on Page 20 of this report. The budgetary fund balance as of September 30, 2013, was expected to be \$171,389 and the actual end of year fund balance was \$152,143.

### **Capital Asset and Debt Administration**

#### *Capital Assets*

As further described in Note 9 of the notes to the financial statements, the District has transferred to the City of League City the ownership of the capital assets constructed by the District. Accordingly, the District has no capital assets.

#### *Debt*

Changes in the bonded debt position of the District during the fiscal year ended September 30, 2013, are summarized as follows:

Bonded debt payable, beginning of year	\$ 16,760,000
Bonds paid	<u>(2,805,000)</u>
Bonded debt payable, end of year	<u>\$ 13,955,000</u>

At September 30, 2013, the District had \$28,340,000 unlimited tax bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

On October 24, 2013, the District issued \$1,815,000 in unlimited tax refunding bonds to refund \$1,825,000 of outstanding Series 2003 bonds. The net proceeds of \$1,836,659 (after payment of \$86,302 in underwriting fees and other issuance costs) were used to call and retire the refunded bonds. As a result, these bonds will be considered defeased and the liability for these bonds has been removed from the financial statements.

The District refunded the bonds to reduce total debt service payments over future years by approximately \$125,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$118,000.

The bonds have an underlying rating of A- by Standard & Poor's. The Series 2003 bonds are insured by Radian Asset Assurance Inc. The Series 2005 and 2005-A bonds are insured by Ambac Assurance Corporation. The Series 2006 and 2008 bonds are insured by Assured Guaranty Corp. The Series 2010 and 2011 bonds are not insured. Because of the insurance, the Series 2006 and 2008 bonds are rated AA- by Standard & Poor's and the other bond series carry the underlying rating of A- by Standard & Poor's. There was no change in the bond ratings during the fiscal year ended September 30, 2013.

As further described in Note 5 of the notes to the financial statements, developers within the District are constructing water, sewer and drainage facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Texas Commission on Environmental Quality. At September 30, 2013, the estimated amount due to developers was \$1,230,364.

### **RELEVANT FACTORS**

#### *Property Tax Base*

The District's tax base increased approximately \$6,900,000 for the 2012 tax year (about 2%), primarily due to the decrease in tax exemptions on property.



*Relationship to the City of League City*

The District is located totally within the corporate limits of the City of League City (the "City") and obtains water, sewer and drainage service from the City. As described in Note 9 of the notes to the financial statements, the City and the District entered into an Amended and Restated Utility Agreement (the "Agreement") on August 27, 1981, to provide a water distribution system, sanitary sewer collection system and a drainage system (the "System") to serve the area within the District. In consideration of the District's acquiring and constructing the System on behalf of the City, the City agreed, pursuant to the terms and conditions of the Agreement, to own, operate and maintain the System.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

SEPTEMBER 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash, including interest-bearing accounts, Note 7	\$ 129,730	\$ 38,028	\$ 243,114	\$ 410,872	\$	\$ 410,872
Certificates of deposit, at cost, Note 7		345,000	564,661	909,661		909,661
Temporary investments, at cost, Note 7	18,852	12,906	7,530	39,288		39,288
Receivables:						
Property taxes	762	13,958		14,720		14,720
Accrued penalty and interest on property taxes				0	3,687	3,687
Accrued interest		203	347	550		550
Due from other fund	12,908			12,908	(12,908)	0
Maintenance taxes collected not yet transferred from other fund	121			121	(121)	0
Capital assets not being depreciated, Note 4				0	1,230,364	1,230,364
<b>Total Assets</b>	<u>\$ 162,373</u>	<u>\$ 410,095</u>	<u>\$ 815,652</u>	<u>\$ 1,388,120</u>	<u>1,221,022</u>	<u>2,609,142</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 9,468	\$ 554	\$	\$ 10,022		10,022
Accrued interest payable				0	46,467	46,467
Due to other fund			12,908	12,908	(12,908)	0
Maintenance taxes collected not yet transferred to other fund		121		121	(121)	0
Long-term liabilities, Note 5:						
Due within one year				0	1,663,637	1,663,637
Due in more than one year				0	13,371,825	13,371,825
<b>Total liabilities</b>	<u>9,468</u>	<u>675</u>	<u>12,908</u>	<u>23,051</u>	<u>15,068,900</u>	<u>15,091,951</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property tax revenues	<u>762</u>	<u>13,958</u>	<u>0</u>	<u>14,720</u>	<u>(14,720)</u>	<u>0</u>
<b>FUND BALANCES / NET POSITION</b>						
Fund balances:						
Restricted for future construction, Note 7			128,554	128,554	(128,554)	0
Assigned to:						
Debt service		395,462		395,462	(395,462)	0
Capital projects			674,190	674,190	(674,190)	0
Unassigned	<u>152,143</u>			<u>152,143</u>	<u>(152,143)</u>	<u>0</u>
<b>Total fund balances</b>	<u>152,143</u>	<u>395,462</u>	<u>802,744</u>	<u>1,350,349</u>	<u>(1,350,349)</u>	<u>0</u>
<b>Total liabilities, deferred inflows, and fund balances</b>	<u>\$ 162,373</u>	<u>\$ 410,095</u>	<u>\$ 815,652</u>	<u>\$ 1,388,120</u>		
Net position:						
Restricted for debt service					366,640	366,640
Restricted for capital projects					674,190	674,190
Unrestricted, Note 4					(13,523,639)	(13,523,639)
<b>Total net position</b>					<u>\$ (12,482,809)</u>	<u>\$ (12,482,809)</u>

The accompanying notes are an integral part of the financial statements.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
<b>REVENUES</b>						
Property taxes	\$ 80,062	\$ 1,454,802	\$	\$ 1,534,864	\$ 5,701	\$ 1,540,565
Tax rebate from City of League City, Note 9		717,039		717,039		717,039
Penalty and interest		8,112		8,112	1,365	9,477
Interest on deposits and investments	<u>383</u>	<u>6,037</u>	<u>1,709</u>	<u>8,129</u>		<u>8,129</u>
Total revenues	<u>80,445</u>	<u>2,185,990</u>	<u>1,709</u>	<u>2,268,144</u>	<u>7,066</u>	<u>2,275,210</u>
<b>EXPENDITURES / EXPENSES</b>						
Administration:						
Professional fees	96,882	2,475	16,048	115,405		115,405
Contracted services	6,000	37,509		43,509		43,509
Administrative expenditures	6,669	4,481		11,150		11,150
Debt service:						
Principal retirement		2,805,000		2,805,000	(2,805,000)	0
Interest and fees		<u>675,987</u>		<u>675,987</u>	<u>52,542</u>	<u>728,529</u>
Total expenditures / expenses	<u>109,551</u>	<u>3,525,452</u>	<u>16,048</u>	<u>3,651,051</u>	<u>(2,752,458)</u>	<u>898,593</u>
Excess (deficiency) of revenues over expenditures	<u>(29,106)</u>	<u>(1,339,462)</u>	<u>(14,339)</u>	<u>(1,382,907)</u>	<u>2,759,524</u>	<u>1,376,617</u>
Net change in fund balances / net position	(29,106)	(1,339,462)	(14,339)	(1,382,907)	2,759,524	1,376,617
Beginning of year	<u>181,249</u>	<u>1,734,924</u>	<u>817,083</u>	<u>2,733,256</u>	<u>(16,592,682)</u>	<u>(13,859,426)</u>
End of year	<u>\$ 152,143</u>	<u>\$ 395,462</u>	<u>\$ 802,744</u>	<u>\$ 1,350,349</u>	<u>\$(13,833,158)</u>	<u>\$(12,482,809)</u>

The accompanying notes are an integral part of the financial statements.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6NOTES TO THE FINANCIAL STATEMENTSSEPTEMBER 30, 2013

## NOTE 1: REPORTING ENTITY

Galveston County Municipal Utility District No. 6 (the "District") was created by an order of the Texas Water Commission (now the Texas Commission on Environmental Quality) on March 14, 1979, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on March 19, 1979, and the first bonds were sold on September 1, 1982. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is located totally within the corporate limits of the City of League City (the "City"), and obtains water, sewer and drainage service from the City. As described in Note 9, the City and the District entered into a Utility Agreement (the "Agreement") on June 4, 1979, subsequently amended on August 27, 1981, to provide a water distribution system, sanitary sewer collection system and a drainage system (the "System") to serve the area within the District. In consideration of the District's acquiring and constructing the System on behalf of the City, the City agreed, pursuant to the terms and conditions of the Agreement, to own and operate the System and to provide a source of income to the District to aid it in meeting its obligations to pay principal and interest on the District's bonds sold to acquire and construct the System.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

#### Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

### Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

### Receivables

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

### Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures of the fund from which they are paid.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$	1,350,349
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			
Total capital assets, net			1,230,364
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:			
Bonds payable	\$ (13,955,000)		
Less: Deferred charge on refunding (to be amortized as interest expense)	36,588		
Less: Issuance discount net of premium (to be amortized as interest expense)	113,314		
Due to developers	<u>(1,230,364)</u>	(15,035,462)	
Some receivables that do not provide current financial resources are not reported as receivables in the funds:			
Accrued penalty and interest on property taxes receivable	3,687		
Uncollected property taxes	<u>14,720</u>	18,407	
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:			
Accrued interest		<u>(46,467)</u>	
Net position, end of year		<u>\$ (12,482,809)</u>	

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$	(1,382,907)
The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:			
Principal reduction			2,805,000
The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:			
Refunding costs	\$ (10,043)		
Issuance discount (premium)	<u>(51,901)</u>	(61,944)	
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:			
Accrued penalty and interest on property taxes receivable	1,365		
Uncollected property taxes	<u>5,701</u>	7,066	
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:			
Accrued interest		<u>9,402</u>	
Change in net position		<u>\$ 1,376,617</u>	

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### NOTE 4: CAPITAL ASSETS

As further described in Note 9, under the terms of an agreement with the City of League City, the District has transferred to the City of League City the ownership of the capital assets constructed by the District. Under the terms of the agreement, the District is to pay for construction of a water distribution system, a sanitary sewer collection system and a drainage system to serve the District. The District shall be the owner of each phase of the system until such phase is completed and approved by the City, at which time ownership of such phase shall be transferred to the City. However, the District shall have a security interest therein until all bonds issued by the District pursuant to the Agreement are retired. Accordingly, the District has no capital assets. In accordance with generally accepted accounting principles, the amount of outstanding net long-term debt related to the acquisition of capital assets, \$13,676,544, has been netted against the total of unrestricted net position, \$152,905, which resulted in a negative unrestricted net asset balance of \$13,523,639 at September 30, 2013.

Capital asset activity for the fiscal year ended September 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 1,230,364	\$ 0	\$ 0	\$ 1,230,364

### NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 16,760,000	\$	\$ 2,805,000	\$ 13,955,000	\$ 1,690,000
Less deferred amounts:					
For issuance premiums (discounts)	(165,215)		(51,901)	(113,314)	(17,099)
For refunding	(46,631)		(10,043)	(36,588)	(9,264)
Total bonds payable	<u>16,548,154</u>	<u>0</u>	<u>2,743,056</u>	<u>13,805,098</u>	<u>1,663,637</u>
Due to developers (see below)	<u>1,230,364</u>	<u>0</u>	<u>0</u>	<u>1,230,364</u>	<u>0</u>
Total long-term liabilities	<u>\$ 17,778,518</u>	<u>\$ 0</u>	<u>\$ 2,743,056</u>	<u>\$ 15,035,462</u>	<u>\$ 1,663,637</u>

On October 24, 2013, the District issued \$1,815,000 in unlimited tax refunding bonds to refund \$1,825,000 of outstanding Series 2003 bonds. The net proceeds of \$1,836,659 (after payment of \$86,302 in underwriting fees and other issuance costs) were used to call and retire the refunded bonds. As a result, these bonds will be considered defeased and the liability for these bonds has been removed from the financial statements.

The District refunded the bonds to reduce total debt service payments over future years by approximately \$125,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$118,000.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

Developer Construction Commitments and Liabilities

Developers within the District are constructing water distribution systems, sanitary sewer collection systems and drainage systems to serve the District. The District has agreed to reimburse the developers for these costs, related engineering and interest not to exceed the interest rate of the applicable bond issue. These are to be reimbursed from the proceeds of future District bond issues to the extent approved by the Texas Commission on Environmental Quality. The developer's engineer stated that as of September 30, 2013, construction and engineering costs incurred or in progress by the District for reimbursement to the developers were \$1,230,364. This amount has been recorded in the government-wide financial statements and in the schedule in Note 5.

As of September 30, 2013, the debt service requirements on the bonds payable were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,690,000	\$ 557,604	\$ 2,247,604
2015	1,765,000	497,581	2,262,581
2016	1,510,000	437,435	1,947,435
2017	1,550,000	377,550	1,927,550
2018	1,600,000	313,040	1,913,040
2019 - 2023	5,010,000	727,951	5,737,951
2024	830,000	35,387	865,387
	<u>\$ 13,955,000</u>	<u>\$ 2,946,548</u>	<u>\$ 16,901,548</u>

Bonds voted	\$ 60,550,000
Bonds approved for sale and sold	32,210,000
Bonds voted and not issued	28,340,000
Refunding bonds voted	One and one-half times the amount of unlimited tax bonds previously issued

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

The bond issues payable at September 30, 2013, were as follows:

	<u>Series 2003</u>	<u>Series 2005</u>	<u>Series 2005-A</u>
Amounts outstanding, September 30, 2013	\$2,075,000	\$3,395,000	\$1,655,000
Interest rates	4.00% to 4.50%	3.45% to 4.00%	4.00% to 4.50%
Maturity dates, serially beginning/ending	September 1, 2014/2020	September 1, 2014/2024	September 1, 2014/2024
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	September 1, 2013*	September 1, 2014*	September 1, 2015*

\*Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>Series 2006</u>	<u>Series 2008</u>	<u>Refunding Series 2010</u>
Amounts outstanding, September 30, 2013	\$1,215,000	\$1,500,000	\$3,515,000
Interest rates	4.00%	5.25% to 6.00%	3.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2014/2024	September 1, 2014/2024	September 1, 2014/2019
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	September 1, 2016*	September 1, 2017*	Not callable
		<u>Series 2011</u>	
Amounts outstanding, September 30, 2013		\$600,000	
Interest rates		2.00%	
Maturity dates, serially beginning/ending		September 1, 2014/2015	
Interest payment dates		March 1/September 1	
Callable dates		Not callable	

\*Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District.

**NOTE 6: PROPERTY TAXES**

The Galveston Central Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

At an election held April 7, 1979, the voters within the District authorized a maintenance tax not to exceed \$1.00 per \$100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

On October 1, 2012, the District levied the following ad valorem taxes for the 2012 tax year on the adjusted taxable valuation of \$351,111,102:

	<u>Rate</u>	<u>Amount</u>
Debt service	\$ 0.4161	\$ 1,460,973
Maintenance	<u>0.0229</u>	<u>80,404</u>
	<u>\$ 0.4390</u>	<u>\$ 1,541,377</u>

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2012 tax year total property tax levy	\$ 1,541,377
Appraisal district adjustments to prior year taxes	<u>(812)</u>
Statement of Activities property tax revenues	<u>\$ 1,540,565</u>

**NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS**

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and in TexPool, a local government investment pool sponsored by the State Comptroller. TexPool is rated AAAM by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits and the bank balance was \$1,359,821. Of the bank balance, \$1,198,844 was covered by federal insurance and \$160,977 was covered by the market value of collateral held by the District's custodial bank in the District's name. The market value of collateral was reported to the District by the depository.

At the balance sheet date the carrying value and market value of the investments in TexPool was \$39,288.

Deposits and temporary investments restricted by state statutes and the Bond Orders:

Debt Service Fund

For payment of debt principal and interest,  
paying agent fees and costs of assessing and  
collecting taxes:

Cash	\$ 38,028
Certificates of deposit	345,000
Temporary investments	<u>12,906</u>
	<u>\$ 395,934</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Capital Projects Fund

For construction of capital assets:

Cash	\$ 243,114
Certificates of deposit	564,661
Temporary investments	<u>7,530</u>
	<u>\$ 815,305</u>

At September 30, 2013, the Texas Commission on Environmental Quality required that the District escrow \$90,846 from the proceeds of its Series 2003 issue and \$37,708 from the proceeds of its Series 2011 issue . At the balance sheet date, these funds were invested in interest-bearing cash accounts.

### NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At September 30, 2013, the District had comprehensive general liability coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate, umbrella liability coverage of \$1,000,000, pollution liability coverage of \$1,000,000, consultant's crime coverage of \$10,000 and a tax assessor-collector bond of \$10,000.

### NOTE 9: CONTRACT WITH THE CITY OF LEAGUE CITY

The District entered into a Utility Agreement (the "Agreement") with the City of League City (the "City") on June 14, 1979, subsequently amended August 27, 1981 (the "Amendment"), for a period of forty years. Under the terms of the Agreement, the District is to pay for construction of a water distribution system, a sanitary sewer collection system and a drainage system to serve the District. The District shall be the owner of the system until the system is completed and approved by the City, at which time ownership of the system shall vest in the City. However, the District shall have a security interest therein until all bonds issued by the District pursuant to the Agreement are retired. The City approved the Agreement by ordinance and approved the Amendment by resolution. The Agreement provided for a minimum 40% City tax rebate and the Amendment increased the tax rebate to 50% and added a requirement for the City to rebate water and sewer revenues collected in the District, net of the cost of providing the service. The City has never rebated net revenue to the District.

During the term of the Agreement, the City is obligated to maintain and operate the system in good working condition and to provide service to users within the District without discrimination. The City will fix rates and charges for customers in the District equal and uniform to the rates charged other similar users within the City. The City agrees to reserve the "rated capacity" of the sewage treatment plant and water plant which has been paid for by the District to serve persons within the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The City is obligated under the Agreement to pay to the District a percentage of the ad valorem taxes collected by the City in future years on land and improvement thereon within the District during the term of the District's bonds after deducting the costs of collection. Since the 1996 tax year, the percentage of rebate has been 40% of City taxes less costs of collection (see paragraph above). In addition, the City has deducted the costs of collection of 3%. Ad valorem tax rebates are not recorded as revenues to the District until they are received. Ad valorem tax rebates of \$717,039 were received from the City during the fiscal year ended September 30, 2013.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUNDFOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 76,000	\$ 76,000	\$ 80,062	\$ 4,062
Interest on deposits and investments	<u>500</u>	<u>500</u>	<u>383</u>	<u>(117)</u>
TOTAL REVENUES	<u>76,500</u>	<u>76,500</u>	<u>80,445</u>	<u>3,945</u>
EXPENDITURES				
Administration:				
Professional fees	74,000	74,000	96,882	22,882
Contracted services	6,000	6,000	6,000	0
Administrative expenditures	<u>6,360</u>	<u>6,360</u>	<u>6,669</u>	<u>309</u>
TOTAL EXPENDITURES	<u>86,360</u>	<u>86,360</u>	<u>109,551</u>	<u>23,191</u>
EXCESS REVENUES (EXPENSES)	(9,860)	(9,860)	(29,106)	(19,246)
FUND BALANCE, BEGINNING OF YEAR	<u>181,249</u>	<u>181,249</u>	<u>181,249</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 171,389</u>	<u>\$ 171,389</u>	<u>\$ 152,143</u>	<u>\$ (19,246)</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION  
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITYSEPTEMBER 30, 2013

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -  
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6  
SCHEDULE OF SERVICES AND RATES  
SEPTEMBER 30, 2013

1. Services Provided by the District during the Fiscal Year:

- |   |   |                                     |
|---|---|-------------------------------------|
| <input type="checkbox"/> Retail Water   | <input type="checkbox"/> Wholesale Water      | <input type="checkbox"/> Drainage   |
| <input type="checkbox"/> Retail Wastewater  | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation   | <input type="checkbox"/> Fire Protection      | <input type="checkbox"/> Security   |
| <input type="checkbox"/> Solid Waste/Garbage  | <input type="checkbox"/> Flood Control        | <input type="checkbox"/> Roads      |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) |   |                                     |
| <input checked="" type="checkbox"/> Other <u>All services are provided by the City of League City.</u>                                |   |                                     |

2. Retail Service Providers

- a. Retail Rates for a 5/8" meter (or equivalent):  
Contact the City of League City.
- b. Water and Wastewater Retail Connections within the District as of fiscal year end. Provide actual numbers and single family equivalents (ESFC) as noted:  
Contact the City of League City.

3. Total Water Consumption during the Fiscal Year (rounded to thousands):  
Contact the City of League City.

4. Standby Fees (authorized only under TWC Section 49.231):

- Does the District have Debt Service standby fees? Yes ☐ No ☒
- If yes, date of the most recent Commission Order: \_\_\_\_\_
- Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒
- If yes, date of the most recent Commission Order: \_\_\_\_\_



GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6EXPENDITURESFOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>CURRENT</b>				
Professional fees:				
Auditing	\$ 6,325	\$	\$	\$ 6,325
Engineering	12,280		16,048	28,328
Legal	78,277	2,475		80,752
	<u>96,882</u>	<u>2,475</u>	<u>16,048</u>	<u>115,405</u>
Contracted services:				
Bookkeeping	6,000			6,000
Tax assessor-collector		26,779		26,779
Central appraisal district		10,730		10,730
	<u>6,000</u>	<u>37,509</u>	<u>0</u>	<u>43,509</u>
Administrative expenditures:				
Director fees	250			250
Insurance	5,378	50		5,428
Other	1,041	4,431		5,472
	<u>6,669</u>	<u>4,481</u>	<u>0</u>	<u>11,150</u>
<b>DEBT SERVICE</b>				
Principal retirement	<u>0</u>	<u>2,805,000</u>	<u>0</u>	<u>2,805,000</u>
Interest and fees:				
Interest		672,987		672,987
Paying agent fees		3,000		3,000
	<u>0</u>	<u>675,987</u>	<u>0</u>	<u>675,987</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 109,551</u>	<u>\$ 3,525,452</u>	<u>\$ 16,048</u>	<u>\$ 3,651,051</u>

See accompanying independent auditor's report.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6

ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS  
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues excluding maintenance taxes	\$ 383	\$ 2,186,253	\$ 1,717	\$ 2,188,353
Maintenance tax receipts		80,062		80,062
Transfer of maintenance taxes	80,017			80,017
Overpayments from taxpayers		<u>12,754</u>		<u>12,754</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	<u>80,400</u>	<u>2,279,069</u>	<u>1,717</u>	<u>2,361,186</u>
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	105,339	43,911	3,140	152,390
Debt service		3,480,987		3,480,987
Other fund	12,908			12,908
Transfer of maintenance taxes		80,017		80,017
Refund of taxpayer overpayments		<u>12,754</u>		<u>12,754</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	<u>118,247</u>	<u>3,617,669</u>	<u>3,140</u>	<u>3,739,056</u>
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	(37,847)	(1,338,600)	(1,423)	(1,377,870)
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	<u>186,429</u>	<u>1,734,534</u>	<u>816,728</u>	<u>2,737,691</u>
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	<u>\$ 148,582</u>	<u>\$ 395,934</u>	<u>\$ 815,305</u>	<u>\$ 1,359,821</u>

See accompanying independent auditor's report.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6

SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS

SEPTEMBER 30, 2013

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
<b>GENERAL FUND</b>				
TexPool				
No. 2550200003	Market	On demand	<u>\$ 18,852</u>	<u>\$ 0</u>
<b>DEBT SERVICE FUND</b>				
Certificates of Deposit				
No. 516377	0.20%	4/10/14	\$ 245,000	\$ 192
No. 3300041162	0.30%	3/17/14	<u>100,000</u>	<u>11</u>
			<u>\$ 345,000</u>	<u>\$ 203</u>
TexPool				
No. 2550200001	Market	On demand	<u>\$ 12,906</u>	<u>\$ 0</u>
<b>CAPITAL PROJECTS FUND</b>				
Certificates of Deposit				
No. 0899602002	0.10%	10/13/13	\$ 105,200	\$ 100
No. 0899601988	0.10%	10/13/13	214,461	207
No. 4000021820	0.50%	10/08/13	<u>245,000</u>	<u>40</u>
			<u>\$ 564,661</u>	<u>\$ 347</u>
TexPool				
No. 2550200002	Market	On demand	<u>\$ 7,530</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 948,949</u>	<u>\$ 550</u>

See accompanying independent auditor's report.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 462	\$ 8,558
Additions and corrections to prior year taxes	<u>(42)</u>	<u>(771)</u>
Adjusted receivable, beginning of year	420	7,787
2012 ADJUSTED TAX ROLL	<u>80,404</u>	<u>1,460,973</u>
Total to be accounted for	80,824	1,468,760
Tax collections: Current tax year	(79,898)	(1,451,771)
Prior tax years	<u>(164)</u>	<u>(3,031)</u>
RECEIVABLE, END OF YEAR	<u>\$ 762</u>	<u>\$ 13,958</u>
RECEIVABLE, BY YEARS		
2006	\$ 13	\$ 182
2007	11	252
2008	22	454
2009	22	411
2010	30	576
2011	158	2,881
2012	<u>506</u>	<u>9,202</u>
RECEIVABLE, END OF YEAR	<u>\$ 762</u>	<u>\$ 13,958</u>

See accompanying independent auditor's report.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6TAXES LEVIED AND RECEIVABLE (Continued)FOR THE YEAR ENDED SEPTEMBER 30, 2013

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Land	\$ 70,849,640	\$ 70,732,800	\$ 70,502,820	\$ 70,052,120
Improvements	281,516,595	282,008,180	280,619,490	273,441,020
Personal property	4,233,420	3,556,947	3,229,907	2,518,695
Less exemptions	<u>(5,488,553)</u>	<u>(12,128,248)</u>	<u>(7,463,322)</u>	<u>(6,353,644)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 351,111,102</u>	<u>\$ 344,169,679</u>	<u>\$ 346,888,895</u>	<u>\$ 339,658,191</u>
TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.41610	\$ 0.40000	\$ 0.38000	\$ 0.38000
Maintenance tax rates*	<u>0.02290</u>	<u>0.02200</u>	<u>0.02000</u>	<u>0.02000</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.43900</u>	<u>\$ 0.42200</u>	<u>\$ 0.40000</u>	<u>\$ 0.40000</u>
TAX ROLLS	<u>\$ 1,541,377</u>	<u>\$ 1,452,558</u>	<u>\$ 1,387,556</u>	<u>\$ 1,358,633</u>
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	<u>99.4 %</u>	<u>99.8 %</u>	<u>99.9 %</u>	<u>99.9 %</u>

\*Maximum tax rate approved by voters on April 7, 1979: \$1.00

See accompanying independent auditor's report.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARSSEPTEMBER 30, 2013

Due During Fiscal Years Ending September 30	Series 2003		
	Principal Due September 1	Interest Due March 1, September 1	Total
2014	\$ 250,000	\$ 89,192	\$ 339,192
2015	265,000	79,193	344,193
2016	280,000	68,460	348,460
2017	295,000	56,700	351,700
2018	310,000	44,015	354,015
2019	330,000	30,375	360,375
2020	345,000	15,525	360,525
TOTALS	<u>\$ 2,075,000</u>	<u>\$ 383,460</u>	<u>\$ 2,458,460</u>

See accompanying independent auditor's report.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2013

<u>Series 2005</u>			
<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2014	\$ 425,000	\$ 129,212	\$ 554,212
2015	375,000	112,213	487,213
2016	300,000	99,275	399,275
2017	250,000	88,625	338,625
2018	250,000	79,500	329,500
2019	275,000	70,250	345,250
2020	275,000	59,938	334,938
2021	300,000	49,350	349,350
2022	310,000	37,800	347,800
2023	310,000	25,400	335,400
2024	<u>325,000</u>	<u>13,000</u>	<u>338,000</u>
TOTALS	<u>\$ 3,395,000</u>	<u>\$ 764,563</u>	<u>\$ 4,159,563</u>

<u>Series 2005-A</u>			
<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2014	\$ 115,000	\$ 68,050	\$ 183,050
2015	125,000	62,875	187,875
2016	130,000	57,250	187,250
2017	135,000	51,400	186,400
2018	140,000	46,000	186,000
2019	150,000	40,400	190,400
2020	155,000	34,400	189,400
2021	165,000	28,200	193,200
2022	170,000	21,600	191,600
2023	180,000	14,800	194,800
2024	<u>190,000</u>	<u>7,600</u>	<u>197,600</u>
TOTALS	<u>\$ 1,655,000</u>	<u>\$ 432,575</u>	<u>\$ 2,087,575</u>

See accompanying independent auditor's report.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2013

<u>Series 2006</u>			
<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2014	\$ 80,000	\$ 48,600	\$ 128,600
2015	90,000	45,400	135,400
2016	100,000	41,800	141,800
2017	100,000	37,800	137,800
2018	100,000	33,800	133,800
2019	110,000	29,800	139,800
2020	115,000	25,400	140,400
2021	120,000	20,800	140,800
2022	125,000	16,000	141,000
2023	135,000	11,000	146,000
2024	140,000	5,600	145,600
TOTALS	<u>\$ 1,215,000</u>	<u>\$ 316,000</u>	<u>\$ 1,531,000</u>

<u>Series 2008</u>			
<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2014	\$ 100,000	\$ 82,125	\$ 182,125
2015	100,000	76,125	176,125
2016	125,000	70,125	195,125
2017	125,000	62,625	187,625
2018	125,000	55,125	180,125
2019	125,000	48,563	173,563
2020	150,000	42,000	192,000
2021	150,000	34,125	184,125
2022	150,000	26,250	176,250
2023	175,000	18,375	193,375
2024	175,000	9,187	184,187
TOTALS	<u>\$ 1,500,000</u>	<u>\$ 524,625</u>	<u>\$ 2,024,625</u>

See accompanying independent auditor's report.



GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)SEPTEMBER 30, 2013

<u>Series 2010</u>			
<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2014	\$ 425,000	\$ 128,425	\$ 553,425
2015	505,000	115,675	620,675
2016	575,000	100,525	675,525
2017	645,000	80,400	725,400
2018	675,000	54,600	729,600
2019	690,000	27,600	717,600
TOTALS	<u>\$ 3,515,000</u>	<u>\$ 507,225</u>	<u>\$ 4,022,225</u>

<u>Series 2011</u>			
<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2014	\$ 295,000	\$ 12,000	\$ 307,000
2015	305,000	6,100	311,100
TOTALS	<u>\$ 600,000</u>	<u>\$ 18,100</u>	<u>\$ 618,100</u>

See accompanying independent auditor's report.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)SEPTEMBER 30, 2013

Due During Fiscal Years Ending September 30	Annual Requirements for All Series		
	Total Principal Due	Total Interest Due	Total
2014	\$ 1,690,000	\$ 557,604	\$ 2,247,604
2015	1,765,000	497,581	2,262,581
2016	1,510,000	437,435	1,947,435
2017	1,550,000	377,550	1,927,550
2018	1,600,000	313,040	1,913,040
2019	1,680,000	246,988	1,926,988
2020	1,040,000	177,263	1,217,263
2021	735,000	132,475	867,475
2022	755,000	101,650	856,650
2023	800,000	69,575	869,575
2024	830,000	35,387	865,387
TOTALS	<u>\$ 13,955,000</u>	<u>\$ 2,946,548</u>	<u>\$ 16,901,548</u>

See accompanying independent auditor's report.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBTFOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>
Bond Series:	2003	2005	2005-A
Interest Rate:	4.00% to 4.50%	3.45% to 4.70%	4.00% to 4.50%
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity Dates:	September 1, 2014/2020	September 1, 2014/2024	September 1, 2014/2024
Bonds Outstanding at Beginning of Current Year	\$ 3,475,000	\$ 3,870,000	\$ 1,765,000
Less Retirements	<u>(1,400,000)</u>	<u>(475,000)</u>	<u>(110,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 2,075,000</u>	<u>\$ 3,395,000</u>	<u>\$ 1,655,000</u>
Current Year Interest Paid	<u>\$ 155,024</u>	<u>\$ 148,213</u>	<u>\$ 73,000</u>

Bond Descriptions and Original Amount of Issue

- (1) Galveston County Municipal Utility District No. 6 Unlimited Tax Bonds, Series 2003 (\$5,140,000)
- (2) Galveston County Municipal Utility District No. 6 Unlimited Tax Bonds, Series 2005 (\$4,970,000)
- (3) Galveston County Municipal Utility District No. 6 Unlimited Tax Bonds, Series 2005-A (\$1,970,000)

Paying Agent/Registrar

- (1) (2) (3) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

See accompanying independent auditor's report.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6  
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>
Bond Series:	2006	2008	2010
Interest Rate:	4.00%	5.25% to 6.00%	3.00% to 4.00%
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity Dates:	September 1, 2014/2024	September 1, 2014/2024	September 1, 2014/2019
Bonds Outstanding at Beginning of Current Year	\$ 1,295,000	\$ 1,600,000	\$ 3,875,000
Less Retirements	<u>(80,000)</u>	<u>(100,000)</u>	<u>(360,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 1,215,000</u>	<u>\$ 1,500,000</u>	<u>\$ 3,515,000</u>
Current Year Interest Paid	<u>\$ 51,800</u>	<u>\$ 88,125</u>	<u>\$ 139,225</u>

Bond Descriptions and Original Amount of Issue

- (4) Galveston County Municipal Utility District No. 6 Unlimited Tax Bonds, Series 2006 (\$1,700,000)  
(5) Galveston County Municipal Utility District No. 6 Unlimited Tax Bonds, Series 2008 (\$1,980,000)  
(6) Galveston County Municipal Utility District No. 6 Unlimited Tax Refunding Bonds, Series 2010 (\$4,185,000)

Paying Agent/Registrar

- (4) (5) (6) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6  
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>(7)</u>	<u>Totals</u>
Bond Series:	2011	
Interest Rate:	2.00%	
Dates Interest Payable:	March 1/ September 1	
Maturity Dates:	September 1, 2014/2015	
Bonds Outstanding at Beginning of Current Year	\$ 880,000	\$ 16,760,000
Less Retirements	<u>(280,000)</u>	<u>(2,805,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 600,000</u>	<u>\$ 13,955,000</u>
Current Year Interest Paid	<u>\$ 17,600</u>	<u>\$ 672,987</u>

Bond Descriptions and Original Amount of Issue

(7) Galveston County Municipal Utility District No. 6 Unlimited Tax Bonds, Series 2011 (\$1,150,000)

Paying Agent/Registrar

(7) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$60,550,000	\$0	1.5 times the
Amount Issued:	32,210,000		amount of
Remaining to be Issued:	28,340,000		outstanding bonds

Net Debt Service Fund deposits and investments balances as of September 30, 2013:	\$395,462
Average annual debt service payment for remaining term of all debt:	1,536,504

See accompanying independent auditor's report.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6  
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
GENERAL FUND  
FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
REVENUES										
Property taxes	\$ 80,062	\$ 76,237	\$ 69,263	\$ 67,707	\$ 65,304	99.5 %	99.4 %	98.5 %	97.7 %	97.2 %
Interest on deposits and investments	<u>383</u>	<u>433</u>	<u>1,039</u>	<u>1,562</u>	<u>1,868</u>	<u>0.5</u>	<u>0.6</u>	<u>1.5</u>	<u>2.3</u>	<u>2.8</u>
TOTAL REVENUES	<u>80,445</u>	<u>76,670</u>	<u>70,302</u>	<u>69,269</u>	<u>67,172</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES										
Administration:										
Professional fees	96,882	79,767	88,245	81,402	41,950	120.4	104.1	117.5	117.5	62.5
Contracted services	6,000	6,000	6,000	6,000	6,000	7.5	7.8	8.7	8.7	8.9
Administrative expenditures	6,669	5,706	11,241	22,676	14,922	8.3	7.4	32.7	32.7	22.2
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL EXPENDITURES	<u>109,551</u>	<u>91,473</u>	<u>105,486</u>	<u>110,078</u>	<u>62,872</u>	<u>136.2</u>	<u>119.3</u>	<u>158.9</u>	<u>158.9</u>	<u>93.6</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ (29,106)</u>	<u>\$ (14,803)</u>	<u>\$ (35,184)</u>	<u>\$ (40,809)</u>	<u>\$ 4,300</u>	<u>(36.2) %</u>	<u>(19.3) %</u>	<u>(58.9) %</u>	<u>(58.9) %</u>	<u>6.4 %</u>

See accompanying independent auditor's report.

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6  
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
DEBT SERVICE FUND  
FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
REVENUES										
Property taxes	\$ 1,454,802	\$ 1,387,112	\$ 1,316,354	\$ 1,286,722	\$ 1,371,215	66.5 %	64.4 %	63.4 %	61.6 %	64.5 %
Penalty and interest	8,112	16,788	11,047	10,575	16,104	0.4	0.8	0.5	0.5	0.8
Tax rebate from City of League City	717,039	735,172	736,726	760,836	709,281	32.8	34.2	35.5	36.5	33.4
Accrued interest on bonds received at date of sale	0	0	511	4,058	3,081	0.0	0.0	0.0	0.2	0.1
Interest on deposits and investments	6,037	12,084	12,789	25,058	24,659	0.3	0.6	.6	1.2	1.2
TOTAL REVENUES	2,185,990	2,151,156	2,077,427	2,087,249	2,124,340	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Professional fees	2,475	5,632	2,760	2,601	4,435	0.1	0.3	0.1	0.1	0.2
Contracted services	37,509	36,989	37,553	37,923	39,561	1.7	1.7	1.8	1.8	1.9
Other expenditures	4,481	2,909	3,659	3,346	6,048	0.2	0.1	0.2	0.2	0.3
Debt service:										
Principal retirement	2,805,000	1,575,000	1,095,000	1,310,000	1,235,000	128.4	73.2	52.6	62.8	58.1
Refunding contribution	0	0	0	52,079	0	0.0	0.0	0.0	2.5	0.0
Interest and fees	675,987	730,872	934,900	836,401	933,410	30.9	34.0	45.0	40.1	43.9
TOTAL EXPENDITURES	3,525,452	2,351,402	2,073,872	2,242,350	2,218,454	161.3	109.3	99.7	107.5	104.4
EXCESS REVENUES (EXPENDITURES)	<u>\$(1,339,462)</u>	<u>\$ (200,246)</u>	<u>\$ 3,555</u>	<u>\$ (155,101)</u>	<u>\$ (94,114)</u>	<u>(61.3) %</u>	<u>(9.3) %</u>	<u>0.3 %</u>	<u>(7.5) %</u>	<u>(4.4) %</u>

GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSSEPTEMBER 30, 2013

Complete District Mailing Address: Galveston County Municipal Utility District No. 6  
 c/o Gregg & Gregg P.C.  
 16055 Space Center Boulevard, Suite 150  
 Houston, Texas 77062

District Business Telephone No.: 281-480-1211

Submission date of the most recent District Registration Form: June 10, 2013

Limit on Fees of Office that a Director may receive during a fiscal year: \$6,000

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Wayde Shipman c/o Gregg & Gregg P.C. 16055 Space Center Boulevard, Suite 150 Houston, Texas 77062	Elected 5/08/10- 11/04/14	\$ 0	\$ 0	President
Bill Heins c/o Gregg & Gregg P.C. 16055 Space Center Boulevard, Suite 150 Houston, Texas 77062	Elected 5/08/10- 11/04/14	100	0	Vice President
Mark Domma c/o Gregg & Gregg P.C. 16055 Space Center Boulevard, Suite 150 Houston, Texas 77062	Appointed 12/06/10- 11/04/14	100	0	Secretary
Tye Cowan c/o Gregg & Gregg P.C. 16055 Space Center Boulevard, Suite 150 Houston, Texas 77062	Elected 11/06/12- 11/01/16	50	0	Director
Gary Burt c/o Gregg & Gregg P.C. 16055 Space Center Boulevard, Suite 150 Houston, Texas 77062	Elected 11/06/12- 11/01/16	0	0	Director

See accompanying independent auditor's report.



GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 6

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

SEPTEMBER 30, 2013

CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Gregg & Gregg P.C. 16055 Space Center Boulevard, Suite 150 Houston, Texas 77062	6/07/10	\$ 78,277	Attorney
Linebarger, Heard, Goggan, Blair & Sampson, L.L.P. P. O. Drawer 2789 Texas City, Texas 77592-2789	5/02/11	2,475	Delinquent Tax Attorney
Municipal Business Services, Inc. P.O. Box 890466 Houston, Texas 77289	4/13/00	6,000	Bookkeeper
Bob Ideus Municipal Business Services, Inc. P.O. Box 890466 Houston, Texas 77289	4/13/00	0	Investment Officer
Island Engineering 1407 39 <sup>th</sup> Street Galveston, Texas 77550	Replaced 11/20/12	0	Engineer
Blackline Engineering 2100 W. Loop South, Suite 700 Houston, Texas 77027	11/20/12	28,328	Engineer
Thomas W. Lee P.O. Box 1368 Friendswood, Texas 77546	Prior to 10/01/86	28,987	Tax Assessor- Collector
Galveston Central Appraisal District P.O. Box 3647 Texas City, Texas 77592	Legislative Action	10,730	Central Appraisal District
RBC Capital Markets, L.L.C. 1001 Fannin, Suite 1200 Houston, Texas 77002	Replaced 7/01/13	0	Financial Advisor
The GMS Group, Inc. 5075 Westheimer, Suite 1175 Houston, Texas 77056	7/01/13	0	Financial Advisor
Roth & Eyring, PLLC 4915 S. Main, Suite 114 Stafford, Texas 77477	Prior to 10/01/93	6,325	Independent Auditor

See accompanying independent auditor's report.