

# **Brazoria County Municipal Utility District No. 6**

Brazoria County, Texas

Independent Auditor's Report and Financial Statements

December 31, 2015



**Brazoria County Municipal Utility District No. 6**  
**December 31, 2015**

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities of Brazoria County Municipal Utility District No. 6 (the District), which are comprised of a statement of net position as of December 31, 2015, and a statement of activities for the year then ended; as well as the accompanying financial statements of each major fund, which for governmental funds are comprised of a balance sheet as of December 31, 2015, and a statement of revenues, expenditures and changes in fund balances for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### *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 from 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 from 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 the assessment of the risks 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 major fund of the District as of December 31, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary information listed in the table of contents 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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.

**BKD, LLP**

Houston, Texas  
May 12, 2016

# **Brazoria County Municipal Utility District No. 6**

## **Management's Discussion and Analysis**

### **December 31, 2015**

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

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, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. 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, liabilities, and deferred inflows and outflows of resources of 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 assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' 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. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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 accounting period.

**Brazoria County Municipal Utility District No. 6**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2015**

Although the statement of activities looks different from a commercial enterprise's statement of income, 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 Funds**

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes 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, sewer and drainage 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 assets, liabilities, and deferred inflows and outflows of resources 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 is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to 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.

**Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

**Brazoria County Municipal Utility District No. 6**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2015**

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

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

**Summary of Net Position**

	<b><u>2015</u></b>	<b><u>2014</u></b>
Current and other assets	\$ 9,321,363	\$ 9,018,781
Capital assets	<u>26,683,408</u>	<u>27,374,131</u>
Total assets	<u>36,004,771</u>	<u>36,392,912</u>
Deferred outflows of resources	<u>621,471</u>	<u>695,532</u>
Total assets and deferred outflows of resources	<u>\$ 36,626,242</u>	<u>\$ 37,088,444</u>
Long-term liabilities	\$ 22,728,755	\$ 25,108,140
Other liabilities	<u>520,736</u>	<u>545,472</u>
Total liabilities	<u>23,249,491</u>	<u>25,653,612</u>
Deferred inflows of resources	<u>3,345,643</u>	<u>3,236,154</u>
Net position:		
Net investment in capital assets	5,181,651	3,581,115
Restricted	2,909,165	3,249,201
Unrestricted	<u>1,940,292</u>	<u>1,368,362</u>
Total net position	<u>\$ 10,031,108</u>	<u>\$ 8,198,678</u>

The total net position of the District increased by \$1,832,430, or about 22 percent. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Brazoria County Municipal Utility District No. 6**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2015**

**Summary of Changes in Net Position**

	<b>2015</b>	<b>2014</b>
Revenues:		
Property taxes	\$ 3,228,307	\$ 3,130,349
Charges for services	1,560,693	1,560,137
Other revenues	61,509	73,640
Total revenues	4,850,509	4,764,126
Expenses:		
Services	1,527,345	1,683,442
Depreciation	814,544	873,481
Debt service	676,190	1,002,530
Total expenses	3,018,079	3,559,453
Change in net position	1,832,430	1,204,673
Net position, beginning of year	8,198,678	6,994,005
Net position, end of year	\$ 10,031,108	\$ 8,198,678

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

The District's combined fund balances as of December 31, 2015, were \$5,660,509, an increase of \$201,608 from the prior period.

The general fund's fund balance increased by \$571,862, primarily due to the maintenance tax component of property taxes and service revenues exceeding service expenditures.

The debt service fund's fund balance decreased by \$356,395, primarily due to principal and interest requirements being greater than tax revenues generated.

The capital projects fund's fund balance decreased by \$13,859 primarily due to a transfer to the general fund for certain repairs of capital assets of the District.



**Brazoria County Municipal Utility District No. 6**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2015**

**General Fund Budgetary Highlights**

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to purchased services, professional fees, and repairs and maintenance expenditures being less than anticipated. In addition, capital outlay and recreation facilities expenditures were not budgeted. The fund balance as of December 31, 2015, was expected to be \$1,788,710 and the actual end-of-year fund balance was \$1,939,517.

**Capital Assets and Related Debt**

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized below:

**Capital Assets (Net of Accumulated Depreciation)**

	<b>2015</b>	<b>2014</b>
Land and improvements	\$ 7,444,338	\$ 7,444,338
Construction in progress	295,586	198,660
Water facilities	4,484,010	4,719,235
Wastewater facilities	6,208,875	6,478,103
Drainage facilities	7,344,257	7,582,523
Parks and recreational facilities	906,342	951,272
Total capital assets	<b>\$ 26,683,408</b>	<b>\$ 27,374,131</b>

During the current year, additions to capital assets were as follows:

Construction in progress related to Silverlake water plant improvements and crosswalk at Sasser Park	\$ 96,926
Pumps at wastewater treatment plant	20,836
Water fountain at Sasser Park	6,059
Total additions to capital assets	<b>\$ 123,821</b>

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 Commission. As of December 31, 2015, a liability for developer-constructed capital assets of \$1,915,880 was recorded in the government-wide financial statements.

**Brazoria County Municipal Utility District No. 6**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2015**

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2015, are summarized as follows:

Long-term debt payable, beginning of year	\$ 25,108,140
Decreases in long-term debt	<u>(2,379,385)</u>
Long-term debt payable, end of year	<u><u>\$ 22,728,755</u></u>

At December 31, 2015, the District had \$10,645,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's bonds carry an underlying rating of "A" by Standard & Poor's. The Series 2009 and 2010A bonds carry a "AA" rating by virtue of bond insurance issued by Assured Guaranty Corp. The Series 2011, 2012 and 2014 bonds carry a "AA" rating by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

**Other Relevant Factors**

Relationship to the City of Pearland and the City of Manvel

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Pearland and the City of Manvel (the Cities), the District must conform to the Cities' ordinances consenting to the creation of the District and consenting to the addition of land into the District. In addition, the District may be annexed by a city (the portion of the District within the respective city's extraterritorial jurisdiction) without the District's consent. If the District is annexed, the annexing city must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

**Brazoria County Municipal Utility District No. 6**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**December 31, 2015**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash	\$ 495,882	\$ 1,474,095	\$ 687,897	\$ 2,657,874	\$ -	\$ 2,657,874
Certificates of deposit	1,560,000	2,845,000	-	4,405,000	-	4,405,000
Receivables:						
Property taxes	338,110	1,691,961	-	2,030,071	-	2,030,071
Service accounts	105,258	-	-	105,258	-	105,258
Accrued penalty and interest	-	-	-	-	2,432	2,432
Accrued interest	2,190	9,604	-	11,794	-	11,794
Interfund receivable	191,465	-	-	191,465	(191,465)	-
Operating deposit	107,508	-	-	107,508	-	107,508
Prepaid expenditures	1,426	-	-	1,426	-	1,426
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	7,444,338	7,444,338
Construction in progress	-	-	-	-	295,586	295,586
Infrastructure	-	-	-	-	18,037,142	18,037,142
Parks and recreation	-	-	-	-	906,342	906,342
Total assets	<u>2,801,839</u>	<u>6,020,660</u>	<u>687,897</u>	<u>9,510,396</u>	<u>26,494,375</u>	<u>36,004,771</u>
<b>Deferred Outflows of Resources</b>						
Deferred amount on debt refundings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>621,471</u>	<u>621,471</u>
Total assets and deferred outflows of resources	<u>\$ 2,801,839</u>	<u>\$ 6,020,660</u>	<u>\$ 687,897</u>	<u>\$ 9,510,396</u>	<u>\$ 27,115,846</u>	<u>\$ 36,626,242</u>

**Brazoria County Municipal Utility District No. 6**  
**Statement of Net Position and Governmental Funds Balance Sheet (Continued)**  
**December 31, 2015**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Liabilities</b>						
Accounts payable	\$ 151,025	\$ 2,780	\$ -	\$ 153,805	\$ -	\$ 153,805
Accrued interest payable	-	-	-	-	214,016	214,016
Customer deposits	152,915	-	-	152,915	-	152,915
Interfund payable	-	191,465	-	191,465	(191,465)	-
Long-term liabilities:						
Due within one year	-	-	-	-	2,365,000	2,365,000
Due after one year	-	-	-	-	20,363,755	20,363,755
Total liabilities	<u>303,940</u>	<u>194,245</u>	<u>0</u>	<u>498,185</u>	<u>22,751,306</u>	<u>23,249,491</u>
<b>Deferred Inflows of Resources</b>						
Deferred property tax revenues	<u>558,382</u>	<u>2,793,320</u>	<u>0</u>	<u>3,351,702</u>	<u>(6,059)</u>	<u>3,345,643</u>
<b>Fund Balances/Net Position</b>						
Fund balances:						
Nonspendable, prepaid expenditures	1,426	-	-	1,426	(1,426)	-
Restricted:						
Unlimited tax bonds	-	3,033,095	-	3,033,095	(3,033,095)	-
Water, sewer and drainage	-	-	687,897	687,897	(687,897)	-
Assigned, operating deposit	107,508	-	-	107,508	(107,508)	-
Unassigned	<u>1,830,583</u>	<u>-</u>	<u>-</u>	<u>1,830,583</u>	<u>(1,830,583)</u>	<u>-</u>
Total fund balances	<u>1,939,517</u>	<u>3,033,095</u>	<u>687,897</u>	<u>5,660,509</u>	<u>(5,660,509)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,801,839</u>	<u>\$ 6,020,660</u>	<u>\$ 687,897</u>	<u>\$ 9,510,396</u>		
Net position:						
Net investment in capital assets					5,181,651	5,181,651
Restricted for debt service					2,826,795	2,826,795
Restricted for capital projects					82,370	82,370
Unrestricted					<u>1,940,292</u>	<u>1,940,292</u>
Total net position					<u>\$ 10,031,108</u>	<u>\$ 10,031,108</u>

**Brazoria County Municipal Utility District No. 6**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Year Ended December 31, 2015**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 563,751	\$ 2,667,909	\$ -	\$ 3,231,660	\$ (3,353)	\$ 3,228,307
Water service	816,373	-	-	816,373	-	816,373
Sewer service	732,368	-	-	732,368	-	732,368
Surface water conversion	11,952	-	-	11,952	-	11,952
Penalty and interest	19,995	11,707	-	31,702	(396)	31,306
Tap connection and inspection fees	7,955	-	-	7,955	-	7,955
Investment income	5,947	15,293	1,008	22,248	-	22,248
Total revenues	<u>2,158,341</u>	<u>2,694,909</u>	<u>1,008</u>	<u>4,854,258</u>	<u>(3,749)</u>	<u>4,850,509</u>
<b>Expenditures/Expenses</b>						
Service operations:						
Purchased services	561,156	-	-	561,156	-	561,156
Professional fees	98,164	2,706	-	100,870	320	101,190
Contracted services	422,861	44,131	-	466,992	747	467,739
Utilities	18,584	-	-	18,584	-	18,584
Repairs and maintenance	290,285	-	-	290,285	-	290,285
Other expenditures	84,606	2,983	802	88,391	-	88,391
Recreational facilities	86,752	-	-	86,752	(86,752)	-
Capital outlay	37,068	-	1,068	38,136	(38,136)	-
Depreciation	-	-	-	-	814,544	814,544
Debt service:						
Principal retirement	-	2,295,000	-	2,295,000	(2,295,000)	-
Interest and fees	-	706,484	-	706,484	(30,294)	676,190
Total expenditures/expenses	<u>1,599,476</u>	<u>3,051,304</u>	<u>1,870</u>	<u>4,652,650</u>	<u>(1,634,571)</u>	<u>3,018,079</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	558,865	(356,395)	(862)	201,608	1,630,822	
<b>Other Financing Sources (Uses)</b>						
Interfund transfers in (out)	<u>12,997</u>	<u>-</u>	<u>(12,997)</u>	<u>-</u>	<u>-</u>	
<b>Excess (Deficiency) of Revenues and Transfers In Over Expenditures and Transfers Out</b>	571,862	(356,395)	(13,859)	201,608	(201,608)	
<b>Change in Net Position</b>					1,832,430	1,832,430
<b>Fund Balances/Net Position</b>						
Beginning of year	<u>1,367,655</u>	<u>3,389,490</u>	<u>701,756</u>	<u>5,458,901</u>	<u>-</u>	<u>8,198,678</u>
End of year	<u>\$ 1,939,517</u>	<u>\$ 3,033,095</u>	<u>\$ 687,897</u>	<u>\$ 5,660,509</u>	<u>\$ 0</u>	<u>\$ 10,031,108</u>

**Brazoria County Municipal Utility District No. 6**  
**Notes to Financial Statements**  
**December 31, 2015**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

Brazoria County Municipal Utility District No. 6 (the District) was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective April 1, 1987, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District. The District also provides solid waste disposal services.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

***Reporting Entity***

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

***Government-wide and Fund Financial Statements***

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, such as the provision of water, wastewater, drainage and other related 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 with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

**Brazoria County Municipal Utility District No. 6**  
**Notes to Financial Statements**  
**December 31, 2015**

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

*General Fund* – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

*Special Revenue Fund* – Accounts for revenues and expenditures involving specific revenue sources that are legally restricted to expenditures for specified purposes. The primary source of revenue is participant fees.

*Debt Service Fund* – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

*Capital Projects Fund* – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

***Fund Balances – Governmental Funds***

The fund balances for the District's governmental funds can be displayed in up to five components:

*Nonspendable* – Amounts that are not in a spendable form or are required to be maintained intact.

*Restricted* – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

*Assigned* – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned* – The residual classification for the general fund and includes all amounts not contained in the other classifications.

# **Brazoria County Municipal Utility District No. 6**

## **Notes to Financial Statements**

### **December 31, 2015**

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

#### ***Measurement Focus and Basis of Accounting***

##### **Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as deferred inflows of resources.

##### **Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.



**Brazoria County Municipal Utility District No. 6**  
**Notes to Financial Statements**  
**December 31, 2015**

***Deferred Outflows and Inflows of Resources***

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

***Interfund Transactions***

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

***Pension Costs***

The District does not participate in a pension plan and, therefore, has no pension costs.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

***Investments and Investment Income***

Investments in certificates of deposit, mutual funds, U.S. Government and agency securities, and pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

***Property Taxes***

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal

**Brazoria County Municipal Utility District No. 6**  
**Notes to Financial Statements**  
**December 31, 2015**

district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Any collections on the current year tax levy are deferred and recognized in the subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal 2014 on the 2014 levy.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended December 31, 2015, the tax levied in October 2015 is recorded as receivable and deferred inflows of resources and will be considered earned during the fiscal year ended December 31, 2016. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<b>Years</b>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Park and recreational facilities	10-30

**Deferred Amount on Debt Refundings**

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

**Brazoria County Municipal Utility District No. 6**  
**Notes to Financial Statements**  
**December 31, 2015**

***Debt Issuance Costs***

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

***Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts 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 debt service expenditures.

***Net Position/Fund Balances***

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, generally, it is the District's policy to use restricted resources first.

***Reconciliation of Government-wide and Fund Financial Statements***

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 26,683,408
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	6,059
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	2,432
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	621,471

**Brazoria County Municipal Utility District No. 6**  
**Notes to Financial Statements**  
**December 31, 2015**

Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	\$ (214,016)
Long-term debt obligations are not due and payable in the current year and are not reported in the funds.	<u>(22,728,755)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ 4,370,599</u></u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ 201,608
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and noncapitalized costs exceeded capital outlay expenditures in the current year.	(690,723)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	2,295,000
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(3,749)
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 governmental funds.	<u>30,294</u>
Change in net position of governmental activities.	<u><u>\$ 1,832,430</u></u>

**Note 2: Deposits, Investments and Investment Income**

***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

**Brazoria County Municipal Utility District No. 6**  
**Notes to Financial Statements**  
**December 31, 2015**

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

**Investments**

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

At December 31, 2015, the District had no investments other than certificates of deposit.

**Investment Income**

Investment income of \$22,248 for the year ended December 31, 2015, consisted of interest income.

**Note 3: Capital Assets**

A summary of changes in capital assets for the year ended December 31, 2015, is as follows:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Additions</b>	<b>Balances, End of Year</b>
Capital assets, non-depreciable:			
Land and improvements	\$ 7,444,338	\$ -	\$ 7,444,338
Construction in progress	198,660	96,926	295,586
Total capital assets, non-depreciable	7,642,998	96,926	7,739,924

**Brazoria County Municipal Utility District No. 6**  
**Notes to Financial Statements**  
**December 31, 2015**

<b>Governmental Activities (Continued)</b>	<b>Balances, Beginning of Year</b>	<b>Additions</b>	<b>Balances, End of Year</b>
Capital assets, depreciable:			
Water production and distribution facilities	\$ 7,673,990	\$ -	\$ 7,673,990
Wastewater collection and treatment facilities	11,565,711	20,836	11,586,547
Drainage facilities	10,831,993	-	10,831,993
Parks and recreational facilities	<u>1,006,869</u>	<u>6,059</u>	<u>1,012,928</u>
Total capital assets, depreciable	<u>31,078,563</u>	<u>26,895</u>	<u>31,105,458</u>
Less accumulated depreciation:			
Water production and distribution facilities	(2,954,755)	(235,225)	(3,189,980)
Wastewater collection and treatment facilities	(5,087,608)	(290,064)	(5,377,672)
Drainage facilities	(3,249,470)	(238,266)	(3,487,736)
Parks and recreational facilities	<u>(55,597)</u>	<u>(50,989)</u>	<u>(106,586)</u>
Total accumulated depreciation	<u>(11,347,430)</u>	<u>(814,544)</u>	<u>(12,161,974)</u>
Total governmental activities, net	<u>\$ 27,374,131</u>	<u>\$ (690,723)</u>	<u>\$ 26,683,408</u>

**Note 4: Long-term Liabilities**

Changes in long-term liabilities for the year ended December 31, 2015, were as follows:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Decreases</b>	<b>Balances, End of Year</b>	<b>Amounts Due in One Year</b>
Bonds payable:				
General obligation bonds	\$ 22,490,000	\$ 2,295,000	\$ 20,195,000	\$ 2,365,000
Add premiums on bonds	799,488	92,452	707,036	-
Less discounts on bonds	<u>97,228</u>	<u>8,067</u>	<u>89,161</u>	<u>-</u>
	23,192,260	2,379,385	20,812,875	2,365,000
Due to developers	<u>1,915,880</u>	<u>-</u>	<u>1,915,880</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 25,108,140</u>	<u>\$ 2,379,385</u>	<u>\$ 22,728,755</u>	<u>\$ 2,365,000</u>

**Brazoria County Municipal Utility District No. 6**  
**Notes to Financial Statements**  
**December 31, 2015**

***General Obligation Bonds***

	<b>Series 2005</b>	<b>Refunding Series 2009</b>
Amounts outstanding, December 31, 2015	\$1,430,000	\$1,465,000
Interest rates	3.70% to 4.15%	3.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2016/2024	September 1, 2016/2019
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2015	N/A
	<b>Refunding Series 2010</b>	<b>Series 2010-A</b>
Amounts outstanding, December 31, 2015	\$1,365,000	\$855,000
Interest rates	3.00% to 4.00%	2.00% to 3.75%
Maturity dates, serially beginning/ending	September 1, 2016/2020	September 1, 2016/2024
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	N/A	September 1, 2019
	<b>Series 2011</b>	<b>Refunding Series 2012</b>
Amounts outstanding, December 31, 2015	\$985,000	\$2,575,000
Interest rates	2.500% to 4.125%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2016/2024	September 1, 2016/2021
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2020	N/A

\*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

**Brazoria County Municipal Utility District No. 6**  
**Notes to Financial Statements**  
**December 31, 2015**

	<b>Refunding Series 2013</b>	<b>Refunding Series 2014</b>
Amounts outstanding, December 31, 2015	\$4,140,000	\$7,380,000
Interest rates	2.00% to 2.50%	2.00% to 3.50%
Maturity dates, serially beginning/ending	September 1, 2016/2022	September 1, 2016/2024
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	N/A	N/A

\*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

**Annual Debt Service Requirements**

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at December 31, 2015.

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 2,365,000	\$ 642,050	\$ 3,007,050
2017	2,445,000	577,075	3,022,075
2018	2,510,000	509,374	3,019,374
2019	2,585,000	434,224	3,019,224
2020	2,410,000	348,675	2,758,675
2021-2024	7,880,000	645,050	8,525,050
Total	\$ 20,195,000	\$ 3,156,448	\$ 23,351,448

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

Bonds voted	\$ 51,500,000
Bonds sold	40,855,000
Refunding bonds voted	38,500,000
Refunding bonds authorization used	921,290*

\*The District has issued \$22,390,000 of refunding bonds, however, of such amount, \$921,290 has been applied to the voter-authorized bonds and the remaining \$21,468,710 has been issued pursuant to Chapter 1207 of the Texas Government Code.



**Brazoria County Municipal Utility District No. 6**  
**Notes to Financial Statements**  
**December 31, 2015**

***Due to Developers***

Developers of the District have constructed underground utilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the developers for these construction costs and interest to the extent approved by the Commission. The District's engineer estimates reimbursable costs for completed projects are \$1,915,880. The District has agreed to reimburse these amounts, plus interest, to the extent approved by the Commission from the proceeds of future bond sales. These amounts have been recorded in the financial statements as long-term liabilities.

**Note 5: Significant Bond Order and Commission Requirements**

- A. 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. During the year ended December 31, 2015, the District levied an ad valorem debt service tax at the rate of \$0.5000 per \$100 of assessed valuation, which resulted in a tax levy of \$2,788,037 on the taxable valuation of \$557,518,642 for the 2015 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$3,007,050.
- B. During the current year, the District transferred \$12,997 from the capital projects fund to the general fund. The transfer was in accordance with the rules of the Commission.

**Note 6: Maintenance Taxes**

At an election held May 3, 1997, voters authorized a maintenance tax not to exceed \$1.25 per \$100 valuation on all property within the District subject to taxation. During the year ended December 31, 2015, the District levied an ad valorem maintenance tax at the rate of \$0.1000 per \$100 of assessed valuation, which resulted in a tax levy of \$557,607 on the taxable valuation of \$557,518,642 for the 2015 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

**Note 7: Contracts With Other Districts**

***Joint Water Facility***

Effective September 1, 1999, the District entered into a Restated Joint Water Facilities Contract with Brazoria County Municipal Utility District No. 1 (Brazoria No. 1), Brazoria County Municipal Utility District No. 2 (Brazoria No. 2) and Brazoria County Municipal Utility District No. 3 (Brazoria No. 3), which was amended December 3, 2001, August 1, 2004, and May 25, 2006,

**Brazoria County Municipal Utility District No. 6**  
**Notes to Financial Statements**  
**December 31, 2015**

respectively, to provide for the joint production, treatment and storage of potable water. The City of Pearland (Pearland) annexed and dissolved Brazoria No. 1. Under the terms of the agreement, Brazoria No. 2 owns and operates the facilities on behalf of the participants. Costs of the facilities constructed are shared, based on capacity acquired by the participants. Fixed operating costs are shared, based on capacity owned and variable operating costs are shared, based on percentage of gallons billed. The participants' proportionate share of the facilities is as shown below:

	<b>Percentage of Ownership</b>				
	<b>Water Plant No. 1</b>	<b>Water Plant No. 2</b>	<b>Water Plant No. 3</b>	<b>Water Plant No. 4/ Well No. 5</b>	<b>Elevated Storage Tank</b>
City of Pearland	71.00 %	20.00 %	15.10 %	- %	25.78 %
Brazoria No. 2	24.00	23.00	12.80	-	20.08
Brazoria No. 3	5.00	24.60	22.60	-	22.54
The District	-	32.40	49.50	100.00	31.60
Totals	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

During the current year, the District paid \$265,301 as its share of operating costs. The following table is condensed audited financial information, audited by another certified public accounting firm, of the joint venture as of and for the year ended December 31, 2015.

	<b>Plant General Fund</b>
Total assets	\$ 212,057
Total liabilities	\$ 110,767
Total fund balance	101,290
Total liabilities and fund balance	\$ 212,057
Total revenues	\$ 704,519
Total expenditures	704,519
Excess revenues	\$ 0

***Wastewater Treatment***

Effective September 1, 1999, the District entered into a Restated Regional Wastewater Treatment Facilities Contract with Brazoria Nos. 1, 2 and 3, which was amended August 1, 2001, and August 1, 2004. Under the terms of the agreement, Brazoria No. 1 operates the facilities. However, in September 2006, operation of the facilities was transferred to Brazoria No. 3 as a result of Pearland's annexation and dissolution of Brazoria No. 1. As of December 31, 2015, the participants' pro rata share of capacity in the 2,400,000 gallons-per-day facility is as follows: Pearland – 24.58 percent,

**Brazoria County Municipal Utility District No. 6**  
**Notes to Financial Statements**  
**December 31, 2015**

Brazoria No. 2 – 16.71 percent, Brazoria No. 3 – 17.63 percent and the District – 41.08 percent. Fixed operating costs are shared, based on capacity owned and variable costs are shared, based on connections served. The District started participating in the operations in May 2001. In the current year, the District incurred charges of \$295,855 related to this agreement. The information shown below presents condensed audited financial information of the joint venture reflected in Brazoria No. 3's financial statements as of and for the year ended December 31, 2015.

	<b>Plant General Fund</b>
Total assets	\$ 210,366
Total liabilities	\$ 176,351
Total fund balance	34,015
Total liabilities and fund balance	\$ 210,366
Total revenues	\$ 933,339
Total expenditures	933,339
Excess revenues	\$ 0

**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; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

## **Required Supplementary Information**

**Brazoria County Municipal Utility District No. 6**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended December 31, 2015**

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 551,200	\$ 563,751	\$ 12,551
Water service	831,000	816,373	(14,627)
Sewer service	736,000	732,368	(3,632)
Surface water conversion	11,000	11,952	952
Penalty and interest	35,200	19,995	(15,205)
Tap connection and inspection fees	240	7,955	7,715
Investment income	6,200	5,947	(253)
	<u>2,170,840</u>	<u>2,158,341</u>	<u>(12,499)</u>
<b>Total revenues</b>			
<b>Expenditures</b>			
Service operations:			
Purchased services	668,535	561,156	107,379
Professional fees	132,600	98,164	34,436
Contracted services	438,700	422,861	15,839
Utilities	19,200	18,584	616
Repairs and maintenance	386,520	290,285	96,235
Other expenditures	104,230	84,606	19,624
Recreational facilities	-	86,752	(86,752)
Capital outlay	-	37,068	(37,068)
	<u>1,749,785</u>	<u>1,599,476</u>	<u>150,309</u>
<b>Total expenditures</b>			
<b>Excess of Revenues Over Expenditures</b>	421,055	558,865	137,810
<b>Other Financing Sources</b>			
Interfund transfers in	-	12,997	12,997
<b>Excess of Revenues and Transfers In Over Expenditures and Transfers Out</b>			
	421,055	571,862	150,807
<b>Fund Balance, Beginning of Year</b>	<u>1,367,655</u>	<u>1,367,655</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 1,788,710</u></u>	<u><u>\$ 1,939,517</u></u>	<u><u>\$ 150,807</u></u>

**Brazoria County Municipal Utility District No. 6**  
**Notes to Required Supplementary Information**  
**December 31, 2015**

***Budgets and Budgetary Accounting***

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during 2015.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current period.

## **Supplementary Information**

**Brazoria County Municipal Utility District No. 6**  
**Supplementary Schedules Included Within This Report**  
**December 31, 2015**

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

- [X] Notes Required by the Water District Accounting Manual  
See "Notes to Financial Statements," Pages 12-25
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –  
Five Years
- [X] Board Members, Key Personnel and Consultants



# Brazoria County Municipal Utility District No. 6

## Schedule of Services and Rates

### Year Ended December 31, 2015

1. Services provided by the District:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input checked="" type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input checked="" type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input checked="" type="checkbox"/> Security
<input checked="" type="checkbox"/> Solid Waste/Garbage	<input checked="" type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other _____		

2. Retail service providers

a. Retail rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
Water:	\$ 15.00	5,000	N	\$ 1.50	5,001 to 10,000
				\$ 1.75	10,001 to 20,000
				\$ 2.00	20,001 to No Limit
Wastewater:	\$ 28.40	0	Y		
Regional water fee:	\$ 0.04	1	N	\$ 0.04	1,001 to No Limit
Does the District employ winter averaging for wastewater usage?					Yes _____ No <u>X</u>
Total charges per 10,000 gallons usage (including fees):			Water	\$ 22.90	Wastewater \$ 28.40

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	564	560	x1.0	560
1"	816	816	x2.5	2,040
1 1/2"	19	19	x5.0	95
2"	86	86	x8.0	688
3"	3	3	x15.0	45
4"	-	-	x25.0	-
6"	3	3	x50.0	150
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	1,491	1,487		3,578
Total wastewater	1,376	1,372	x1.0	1,372

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	300,612
Gallons billed to customers:	300,612
Water accountability ratio (gallons billed/gallons pumped):	100.00%

\*"ESFC" means equivalent single-family connections

**Brazoria County Municipal Utility District No. 6**  
**Schedule of General Fund Expenditures**  
**Year Ended December 31, 2015**

<b>Personnel (including benefits)</b>		\$	-
<b>Professional Fees</b>			
Auditing	\$	16,800	
Legal		48,803	
Engineering		32,561	
Financial advisor		-	98,164
		-	
<b>Purchased Services for Resale</b>			
Bulk water and wastewater service purchases			561,156
<b>Regional Water Fee</b>			-
<b>Contracted Services</b>			
Bookkeeping		24,924	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		65,329	
Other contracted services		106,254	196,507
		106,254	
<b>Utilities</b>			18,584
<b>Repairs and Maintenance</b>			290,285
<b>Administrative Expenditures</b>			
Directors' fees		14,850	
Office supplies		15,146	
Insurance		12,343	
Other administrative expenditures		42,267	84,606
		42,267	
<b>Capital Outlay</b>			
Capitalized assets		37,068	
Expenditures not capitalized		-	37,068
		-	
<b>Tap Connection Expenditures</b>			-
<b>Solid Waste Disposal</b>			226,354
<b>Fire Fighting</b>			-
<b>Parks and Recreation</b>			86,752
<b>Other Expenditures</b>			-
Total expenditures			\$ 1,599,476

**Brazoria County Municipal Utility District No. 6**  
**Schedule of Temporary Investments**  
**December 31, 2015**

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Accrued Interest Receivable</b>
<b>General Fund</b>				
Certificates of Deposit				
No. 1002452752	0.40%	03/07/16	\$ 150,000	\$ 283
No. 100141947	0.40%	09/20/16	150,000	10
No. 9009010279	0.45%	02/22/16	120,000	324
No. 1112822704	0.20%	01/17/16	120,000	186
No. 220005336	0.45%	01/20/16	120,000	407
No. 310110	0.50%	06/24/16	150,000	195
No. 13087	0.50%	04/08/16	150,000	351
No. 32160000104	0.35%	05/06/16	150,000	206
No. 6000022415	0.35%	07/31/16	150,000	82
No. 5667	0.40%	08/21/16	150,000	59
No. 2003422	0.25%	07/03/16	150,000	87
			<u>1,560,000</u>	<u>2,190</u>
<b>Debt Service Fund</b>				
Certificates of Deposit				
No. 10024748581	0.40%	03/20/16	245,000	733
No. 66000312	0.30%	03/21/16	245,000	550
No. 100141954	0.40%	03/20/16	245,000	733
No. 9009003919	0.45%	03/21/16	245,000	825
No. 1112822844	0.20%	02/20/16	240,000	359
No. 220005932	0.45%	03/20/16	245,000	825
No. 5000327462	0.45%	02/20/16	245,000	948
No. 302547	0.60%	05/19/16	200,000	743
No. 12616	0.75%	04/13/16	245,000	1,314
No. 3116003242	0.35%	03/20/16	245,000	641
No. 6000021565	0.75%	04/13/16	245,000	1,314
No. 4987	0.50%	05/18/16	200,000	619
			<u>2,845,000</u>	<u>9,604</u>
Totals			<u>\$ 4,405,000</u>	<u>\$ 11,794</u>

**Brazoria County Municipal Utility District No. 6**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended December 31, 2015**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>
<b>Receivable, Beginning of Year</b>	\$ 318,195	\$ 1,509,556
Additions and corrections to prior years' taxes	(1,224)	(6,624)
Adjusted receivable, beginning of year	316,971	1,502,932
 <b>2015 Original Tax Levy</b>	 548,829	 2,744,144
Additions and corrections	8,778	43,893
Adjusted tax levy	557,607	2,788,037
Total to be accounted for	874,578	4,290,969
Tax collections: Current year	(220,272)	(1,101,359)
Prior years	(316,196)	(1,497,649)
Receivable, end of year	\$ 338,110	\$ 1,691,961
 <b>Receivable, by Years</b>		
2015	\$ 337,335	\$ 1,686,678
2014	313	1,480
2013	84	1,674
2012	45	892
2011	291	388
2010	42	840
2009	-	9
Receivable, end of year	\$ 338,110	\$ 1,691,961

**Brazoria County Municipal Utility District No. 6**  
**Analysis of Taxes Levied and Receivable (Continued)**  
**Year Ended December 31, 2015**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Property Valuations</b>				
Land	\$ 106,353,621	\$ 105,592,230	\$ 105,262,880	\$ 105,300,360
Improvements	492,331,247	434,480,021	412,407,851	407,241,602
Personal property	52,614,300	48,388,540	51,059,550	49,994,000
Exemptions	<u>(93,780,526)</u>	<u>(74,838,166)</u>	<u>(70,990,206)</u>	<u>(70,586,665)</u>
Total property valuations	<u>\$ 557,518,642</u>	<u>\$ 513,622,625</u>	<u>\$ 497,740,075</u>	<u>\$ 491,949,297</u>
<b>Tax Rates per \$100 Valuation</b>				
Debt service tax rates	\$ 0.5000	\$ 0.5200	\$ 0.6000	\$ 0.6000
Maintenance tax rates*	<u>0.1000</u>	<u>0.1100</u>	<u>0.0300</u>	<u>0.0300</u>
Total tax rates per \$100 valuation	<u>\$ 0.6000</u>	<u>\$ 0.6300</u>	<u>\$ 0.6300</u>	<u>\$ 0.6300</u>
<b>Tax Levy</b>	<u>\$ 3,345,644</u>	<u>\$ 3,236,153</u>	<u>\$ 3,135,908</u>	<u>\$ 3,099,750</u>
<b>Percent of Taxes Collected to Taxes Levied**</b>	<u>39%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

\*Maximum tax rate approved by voters: \$1.25 on May 3, 1997

\*\*Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

**Brazoria County Municipal Utility District No. 6**  
**Schedule of Long-term Debt Service Requirements by Years**  
**December 31, 2015**

Due During Fiscal Years Ending December 31	Series 2005		
	Principal Due September 1	Interest Due September 1, March 1	Total
2016	\$ 125,000	\$ 57,768	\$ 182,768
2017	135,000	53,018	188,018
2018	140,000	47,618	187,618
2019	150,000	42,018	192,018
2020	160,000	36,018	196,018
2021	165,000	29,618	194,618
2022	175,000	22,853	197,853
2023	185,000	15,678	200,678
2024	195,000	8,093	203,093
Totals	\$ 1,430,000	\$ 312,682	\$ 1,742,682

**Brazoria County Municipal Utility District No. 6**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**December 31, 2015**

<b>Due During Fiscal Years Ending December 31</b>	<b>Refunding Series 2009</b>		
	<b>Principal Due September 1</b>	<b>Interest Due September 1, March 1</b>	<b>Total</b>
2016	\$ 340,000	\$ 58,600	\$ 398,600
2017	355,000	45,000	400,000
2018	375,000	30,800	405,800
2019	395,000	15,800	410,800
Totals	\$ 1,465,000	\$ 150,200	\$ 1,615,200

**Brazoria County Municipal Utility District No. 6**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**December 31, 2015**

Due During Fiscal Years Ending December 31	Refunding Series 2010		
	Principal Due September 1	Interest Due September 1, March 1	Total
2016	\$ 250,000	\$ 54,600	\$ 304,600
2017	260,000	44,600	304,600
2018	275,000	34,200	309,200
2019	285,000	23,200	308,200
2020	295,000	11,800	306,800
Totals	\$ 1,365,000	\$ 168,400	\$ 1,533,400



**Brazoria County Municipal Utility District No. 6**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**December 31, 2015**

Due During Fiscal Years Ending December 31	Series 2010-A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2016	\$ 80,000	\$ 29,638	\$ 109,638
2017	85,000	27,238	112,238
2018	85,000	24,688	109,688
2019	90,000	21,713	111,713
2020	95,000	18,563	113,563
2021	100,000	15,238	115,238
2022	105,000	11,738	116,738
2023	105,000	8,063	113,063
2024	110,000	4,125	114,125
Totals	<u>\$ 855,000</u>	<u>\$ 161,004</u>	<u>\$ 1,016,004</u>

**Brazoria County Municipal Utility District No. 6**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**December 31, 2015**

Due During Fiscal Years Ending December 31	Series 2011		Total
	Principal Due September 1	Interest Due September 1, March 1	
2016	\$ 90,000	\$ 36,344	\$ 126,344
2017	95,000	33,644	128,644
2018	100,000	30,793	130,793
2019	105,000	27,793	132,793
2020	110,000	24,119	134,119
2021	115,000	19,719	134,719
2022	115,000	15,119	130,119
2023	125,000	10,519	135,519
2024	130,000	5,362	135,362
Totals	<u>\$ 985,000</u>	<u>\$ 203,412</u>	<u>\$ 1,188,412</u>

**Brazoria County Municipal Utility District No. 6**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**December 31, 2015**

Due During Fiscal Years Ending December 31	Refunding Series 2012		
	Principal Due September 1	Interest Due September 1, March 1	Total
2016	\$ 385,000	\$ 87,025	\$ 472,025
2017	400,000	77,400	477,400
2018	420,000	67,400	487,400
2019	435,000	54,800	489,800
2020	455,000	37,400	492,400
2021	480,000	19,200	499,200
Totals	\$ 2,575,000	\$ 343,225	\$ 2,918,225

**Brazoria County Municipal Utility District No. 6**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**December 31, 2015**

<b>Due During Fiscal Years Ending December 31</b>	<b>Refunding Series 2013</b>		
	<b>Principal Due September 1</b>	<b>Interest Due September 1, March 1</b>	<b>Total</b>
2016	\$ 520,000	\$ 95,300	\$ 615,300
2017	540,000	84,900	624,900
2018	580,000	74,100	654,100
2019	595,000	62,500	657,500
2020	610,000	47,625	657,625
2021	630,000	32,375	662,375
2022	665,000	16,625	681,625
Totals	<u>\$ 4,140,000</u>	<u>\$ 413,425</u>	<u>\$ 4,553,425</u>

**Brazoria County Municipal Utility District No. 6**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**December 31, 2015**

Due During Fiscal Years Ending December 31	Refunding Series 2014		
	Principal Due September 1	Interest Due September 1, March 1	Total
2016	\$ 575,000	\$ 222,775	\$ 797,775
2017	575,000	211,275	786,275
2018	535,000	199,775	734,775
2019	530,000	186,400	716,400
2020	685,000	173,150	858,150
2021	840,000	152,600	992,600
2022	1,165,000	127,400	1,292,400
2023	1,215,000	86,625	1,301,625
2024	1,260,000	44,100	1,304,100
Totals	\$ 7,380,000	\$ 1,404,100	\$ 8,784,100

**Brazoria County Municipal Utility District No. 6**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**December 31, 2015**

Due During Fiscal Years Ending December 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2016	\$ 2,365,000	\$ 642,050	\$ 3,007,050
2017	2,445,000	577,075	3,022,075
2018	2,510,000	509,374	3,019,374
2019	2,585,000	434,224	3,019,224
2020	2,410,000	348,675	2,758,675
2021	2,330,000	268,750	2,598,750
2022	2,225,000	193,735	2,418,735
2023	1,630,000	120,885	1,750,885
2024	1,695,000	61,680	1,756,680
Totals	\$ 20,195,000	\$ 3,156,448	\$ 23,351,448

**Brazoria County Municipal Utility District No. 6**  
**Changes in Long-term Bonded Debt**  
**Year Ended December 31, 2015**

	<b>Bond</b>		
	<b>Series 2005</b>	<b>Refunding Series 2009</b>	<b>Refunding Series 2010</b>
Interest rates	3.70% to 4.15%	3.00% to 4.00%	3.00% to 4.00%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2016/2024	September 1, 2016/2019	September 1, 2016/2020
Bonds outstanding, beginning of current year	\$ 1,550,000	\$ 1,785,000	\$ 1,605,000
Retirements, principal	<u>120,000</u>	<u>320,000</u>	<u>240,000</u>
Bonds outstanding, end of current year	<u>\$ 1,430,000</u>	<u>\$ 1,465,000</u>	<u>\$ 1,365,000</u>
Interest paid during current year	<u>\$ 62,328</u>	<u>\$ 71,400</u>	<u>\$ 61,800</u>

Paying agent's name and address:

<b>Series 2005</b>	- Wells Fargo Bank, N.A., Houston, Texas
<b>Series 2009</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2010</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2010-A</b>	- Wells Fargo Bank, N.A., Houston, Texas
<b>Series 2011</b>	- Wells Fargo Bank, N.A., Houston, Texas
<b>Series 2012</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2013</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2014</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	<b>Tax Bonds</b>	<b>Other Bonds</b>	<b>Refunding Bonds</b>
Amount authorized by voters	\$ 51,500,000	0	\$ 38,500,000
Amount issued/authorization used	<u>\$ 40,855,000</u>	<u>0</u>	<u>\$ 921,290</u>
Remaining to be issued	<u>\$ 10,645,000</u>	<u>0</u>	<u>\$ 37,578,710</u>
Debt service fund cash and temporary investment balances as of December 31, 2015:			<u>\$ 4,319,095</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 2,594,605</u>

**Issues**

<b>Series 2010-A</b>	<b>Series 2011</b>	<b>Refunding Series 2012</b>	<b>Refunding Series 2013</b>	<b>Refunding Series 2014</b>	<b>Totals</b>
2.00% to 3.75%	2.500% to 4.125%	2.00% to 4.00%	2.00% to 2.50%	2.00% to 3.50%	
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	
September 1, 2016/2024	September 1, 2016/2024	September 1, 2016/2021	September 1, 2016/2022	September 1, 2016/2024	
\$ 930,000	\$ 1,070,000	\$ 2,950,000	\$ 4,645,000	\$ 7,955,000	\$ 22,490,000
<u>75,000</u>	<u>85,000</u>	<u>375,000</u>	<u>505,000</u>	<u>575,000</u>	<u>2,295,000</u>
<u>\$ 855,000</u>	<u>\$ 985,000</u>	<u>\$ 2,575,000</u>	<u>\$ 4,140,000</u>	<u>\$ 7,380,000</u>	<u>\$ 20,195,000</u>
<u>\$ 31,888</u>	<u>\$ 38,468</u>	<u>\$ 96,400</u>	<u>\$ 105,400</u>	<u>\$ 234,275</u>	<u>\$ 701,959</u>



**Brazoria County Municipal Utility District No. 6**  
**Comparative Schedule of Revenues and Expenditures – General Fund**  
**Five Years Ended December 31,**

	Amounts				
	2015	2014	2013	2012	2011
<b>General Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 563,751	\$ 148,886	\$ 148,902	\$ 1,323,745	\$ 148,472
Water service	816,373	819,545	828,217	920,852	1,006,478
Sewer service	732,368	730,334	702,890	583,235	569,766
Surface water conversion	11,952	10,258	9,859	9,921	12,650
Penalty and interest	19,995	34,678	45,927	27,197	26,704
Tap connection and inspection fees	7,955	8,465	1,375	700	7,314
Investment income	5,947	4,058	8,987	12,500	7,268
Total revenues	<u>2,158,341</u>	<u>1,756,224</u>	<u>1,746,157</u>	<u>2,878,150</u>	<u>1,778,652</u>
<b>Expenditures</b>					
Service operations:					
Purchased services	561,156	561,656	607,881	531,366	635,456
Professional fees	98,164	96,652	120,784	104,775	117,121
Contracted services	422,861	419,418	393,259	385,385	397,629
Utilities	18,584	17,682	15,199	16,095	15,693
Repairs and maintenance	290,285	324,286	214,855	137,533	201,135
Other expenditures	84,606	128,713	75,740	92,894	91,802
Tap connections	-	2,675	3,997	-	7,114
Recreational facilities	86,752	163,819	938,318	113,444	959
Capital outlay	37,068	272,450	338,165	40,616	28,275
Total expenditures	<u>1,599,476</u>	<u>1,987,351</u>	<u>2,708,198</u>	<u>1,422,108</u>	<u>1,495,184</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	558,865	(231,127)	(962,041)	1,456,042	283,468
<b>Other Financing Sources (Uses)</b>					
Interfund transfers in (out)	12,997	-	(12,484)	12,484	-
<b>Excess (Deficiency) of Revenues and Transfers In Over Expenditures and Transfers Out</b>	571,862	(231,127)	(974,525)	1,468,526	283,468
<b>Fund Balance, Beginning of Year</b>	<u>1,367,655</u>	<u>1,598,782</u>	<u>2,573,307</u>	<u>1,104,781</u>	<u>821,313</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,939,517</u>	<u>\$ 1,367,655</u>	<u>\$ 1,598,782</u>	<u>\$ 2,573,307</u>	<u>\$ 1,104,781</u>
<b>Total Active Retail Water Connections</b>	<u>1,487</u>	<u>1,485</u>	<u>1,485</u>	<u>1,482</u>	<u>1,478</u>
<b>Total Active Retail Wastewater Connections</b>	<u>1,372</u>	<u>1,370</u>	<u>1,367</u>	<u>1,374</u>	<u>1,359</u>

**Percent of Fund Total Revenues**

2015	2014	2013	2012	2011
26.1 %	8.5 %	8.5 %	46.0 %	8.4 %
37.8	46.7	47.4	32.0	56.6
33.9	41.6	40.3	20.3	32.0
0.6	0.6	0.6	0.3	0.7
0.9	1.9	2.6	0.9	1.5
0.4	0.5	0.1	0.1	0.4
0.3	0.2	0.5	0.4	0.4
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
26.0	32.0	34.8	18.5	35.7
4.6	5.5	6.9	3.6	6.6
19.6	23.9	22.5	13.4	22.3
0.9	1.0	0.9	0.6	0.9
13.4	18.5	12.3	4.8	11.3
3.9	7.3	4.3	3.2	5.2
-	0.2	0.2	-	0.4
4.0	9.3	53.8	3.9	0.1
1.7	15.5	19.4	1.4	1.6
<u>74.1</u>	<u>113.2</u>	<u>155.1</u>	<u>49.4</u>	<u>84.1</u>
<u><u>25.9 %</u></u>	<u><u>(13.2) %</u></u>	<u><u>(55.1) %</u></u>	<u><u>50.6 %</u></u>	<u><u>15.9 %</u></u>

**Brazoria County Municipal Utility District No. 6**  
**Comparative Schedule of Revenues and Expenditures – Debt Service Fund**  
**Five Years Ended December 31,**

	Amounts				
	2015	2014	2013	2012	2011
<b>Debt Service Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 2,667,909	\$ 2,976,736	\$ 2,946,666	\$ 1,776,413	\$ 2,969,437
Penalty and interest	11,707	10,033	11,911	22,525	12,673
Investment income	15,293	13,744	16,877	28,829	43,481
Total revenues	<u>2,694,909</u>	<u>3,000,513</u>	<u>2,975,454</u>	<u>1,827,767</u>	<u>3,025,591</u>
<b>Expenditures</b>					
Current:					
Professional fees	2,706	2,735	2,469	6,546	1,544
Contracted services	44,131	48,704	42,571	37,240	43,712
Other expenditures	2,983	3,751	3,636	3,875	3,495
Debt service:					
Principal retirement	2,295,000	2,290,000	2,145,000	2,060,000	1,865,000
Interest and fees	706,484	808,852	930,024	1,063,350	1,237,056
Bond issuance costs	-	263,861	159,295	167,177	-
Debt defeasance	-	-	45,000	35,000	-
Total expenditures	<u>3,051,304</u>	<u>3,417,903</u>	<u>3,327,995</u>	<u>3,373,188</u>	<u>3,150,807</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(356,395)</u>	<u>(417,390)</u>	<u>(352,541)</u>	<u>(1,545,421)</u>	<u>(125,216)</u>
<b>Other Financing Sources (Uses)</b>					
Interfund transfers in (out)	-	-	12,484	(12,484)	-
General obligation bonds issued	-	8,060,000	4,750,000	3,870,000	-
Premium on debt issued	-	334,021	204,816	299,731	-
Deposit with escrow agent	-	(8,119,719)	(4,782,318)	(3,991,086)	-
Total other financing sources	<u>0</u>	<u>274,302</u>	<u>184,982</u>	<u>166,161</u>	<u>0</u>
<b>Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>(356,395)</u>	<u>(143,088)</u>	<u>(167,559)</u>	<u>(1,379,260)</u>	<u>(125,216)</u>
<b>Fund Balance, Beginning of Year</b>	<u>3,389,490</u>	<u>3,532,578</u>	<u>3,700,137</u>	<u>5,079,397</u>	<u>5,204,613</u>
<b>Fund Balance, End of Year</b>	<u>\$ 3,033,095</u>	<u>\$ 3,389,490</u>	<u>\$ 3,532,578</u>	<u>\$ 3,700,137</u>	<u>\$ 5,079,397</u>

**Percent of Fund Total Revenues**

<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
99.0 %	99.2 %	99.0 %	97.2 %	98.1 %
0.4	0.3	0.4	1.2	0.4
0.6	0.5	0.6	1.6	1.5
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.1	0.1	0.1	0.4	0.1
1.6	1.6	1.4	2.0	1.4
0.1	0.1	0.1	0.2	0.1
85.2	76.3	72.1	112.7	61.6
26.2	27.0	31.3	58.2	40.9
-	8.8	5.3	9.2	-
<u>-</u>	<u>-</u>	<u>1.5</u>	<u>1.9</u>	<u>-</u>
<u>113.2</u>	<u>113.9</u>	<u>111.8</u>	<u>184.6</u>	<u>104.1</u>
<u><u>(13.2) %</u></u>	<u><u>(13.9) %</u></u>	<u><u>(11.8) %</u></u>	<u><u>(84.6) %</u></u>	<u><u>(4.1) %</u></u>

**Brazoria County Municipal Utility District No. 6**  
**Board Members, Key Personnel and Consultants**  
**Year Ended December 31, 2015**

Complete District mailing address:	Brazoria County Municipal Utility District No. 6 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 1400 Houston, Texas 77056
District business telephone number:	713.623.4531
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	February 3, 2015
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
L' Sheryl D. Hudson	Elected 05/14- 05/18	\$ 1,800	\$ 0	President
Richard A. Skotak	Elected 05/12- 05/16	3,750	1,235	Vice President
R. Michael Haney	Appointed 07/13- 05/16	2,100	1,055	Secretary
Erich R. Bell	Elected 05/12- 05/16	1,050	0	Assistant Secretary
Rick King	Elected 05/14- 05/18	6,150	2,777	Assistant Secretary

\*Fees are the amounts actually paid to a director during the District's fiscal year.

**Brazoria County Municipal Utility District No. 6**  
**Board Members, Key Personnel and Consultants (Continued)**  
**Year Ended December 31, 2015**

<b>Consultants</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title</b>
BKD, LLP	08/24/98	\$ 16,800	Auditor
Brazoria County Appraisal District	Legislative Action	23,526	Appraiser
Jones & Carter, Inc.	06/18/96	64,439	Engineer
Thomas W. Lee, RTA	01/26/98	23,322	Tax Assessor/ Collector
Municipal Accounts & Consulting, L.P.	06/08/87	28,410	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	01/26/98	2,706	Delinquent Tax Attorney
RBC Capital Markets, LLC	08/06/03	250	Financial Advisor
Schwartz, Page & Harding, L.L.P.	06/08/87	50,671	Attorney
Si Environmental LLC	04/20/12	333,858	Operator
<b>Investment Officers</b>			
Mark M. Burton and Ghia Lewis	03/28/00	N/A	Bookkeepers