

**GALVESTON COUNTY MUNICIPAL  
UTILITY DISTRICT NO. 66**

**GALVESTON COUNTY, TEXAS**

**FINANCIAL REPORT**

**May 31, 2024**



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# **McGRATH & CO., PLLC**

*Certified Public Accountants*

2900 North Loop West, Suite 880

Houston, Texas 77092

## **Independent Auditor's Report**

Board of Directors  
Galveston County Municipal Utility District No. 66  
Galveston County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Galveston County Municipal Utility District No. 66 (the "District"), as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 Galveston County Municipal Utility District No. 66, as of May 31, 2024, 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.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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

***Board of Directors  
Galveston County Municipal Utility District No. 66  
Galveston County, Texas***

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 financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information schedules are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

*McGuire & Co, P.C.*

Houston, Texas  
September 20, 2024

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

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***Galveston County Municipal Utility District No. 66  
Management's Discussion and Analysis  
May 31, 2024***

## **Using this Annual Report**

Within this section of the financial report of Galveston County Municipal Utility District No. 66 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended May 31, 2024. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

## **Overview of the Financial Statements**

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

## **Government-Wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***Galveston County Municipal Utility District No. 66***  
***Management's Discussion and Analysis***  
***May 31, 2024***

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

**Fund Financial Statements**

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. 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, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

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

The District's net position at May 31, 2024, was negative \$10,860,203. The District's net position is negative because the District incurs debt to construct water, sewer and drainage facilities which it conveys to the City of Texas City. A comparative summary of the District's overall financial position, as of May 31, 2024 and 2023, is as follows:

	2024	2023
Current and other assets	\$ 3,459,654	\$ 3,190,834
Capital assets	3,279,234	3,276,976
Total assets	<u>6,738,888</u>	<u>6,467,810</u>
Current liabilities	655,654	474,509
Long-term liabilities	16,943,437	15,262,648
Total liabilities	<u>17,599,091</u>	<u>15,737,157</u>
Net position		
Net investment in capital assets	(342,271)	(612,002)
Restricted	1,431,733	1,035,912
Unrestricted	(11,949,665)	(9,693,257)
Total net position	<u>\$ (10,860,203)</u>	<u>\$ (9,269,347)</u>

***Galveston County Municipal Utility District No. 66***  
***Management's Discussion and Analysis***  
***May 31, 2024***

The total net position of the District decreased during the current fiscal year by \$1,590,856. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2024	2023
Revenues		
Property taxes, penalties and interest	\$ 1,370,148	\$ 1,084,246
Other	149,559	70,170
Total revenues	<u>1,519,707</u>	<u>1,154,416</u>
Expenses		
Operating and administrative	109,003	156,020
Debt interest and fees	472,865	364,913
Developer interest	43,262	298,478
Debt issuance costs		391,653
Amortization	43,117	43,117
Total expenses	<u>668,247</u>	<u>1,254,181</u>
Change in net position before other items	851,460	(99,765)
Other items		
Transfers to other governments	<u>(2,442,316)</u>	<u>(1,763,109)</u>
Change in net position	(1,590,856)	(1,862,874)
Net position, beginning of year	<u>(9,269,347)</u>	<u>(7,406,473)</u>
Net position, end of year	<u><u>\$ (10,860,203)</u></u>	<u><u>\$ (9,269,347)</u></u>

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

The District's combined fund balances, as of May 31, 2024, were \$3,367,130, which consists of \$1,187,173 in the General Fund, \$1,496,008 in the Debt Service Fund and \$683,949 in the Capital Projects Fund.

***General Fund***

A comparative summary of the General Fund's financial position as of May 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	<u><u>\$ 1,222,456</u></u>	<u><u>\$ 1,365,421</u></u>
Total liabilities	\$ 24,138	\$ 29,381
Total deferred inflows	11,145	7,842
Total fund balance	<u>1,187,173</u>	<u>1,328,198</u>
Total liabilities, deferred inflows and fund balance	<u><u>\$ 1,222,456</u></u>	<u><u>\$ 1,365,421</u></u>

***Galveston County Municipal Utility District No. 66***  
***Management's Discussion and Analysis***  
***May 31, 2024***

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2024	2023
Total revenues	\$ 294,039	\$ 222,152
Total expenditures	(435,064)	(96,232)
Revenues over/(under) expenditures	(141,025)	125,920
Other changes in fund balance		(21,487)
Net change in fund balance	\$ (141,025)	\$ 104,433

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, which is dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year. Financial resources are influenced by a variety of factors each year:

*Debt Service Fund*

A comparative summary of the Debt Service Fund's financial position as of May 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	\$ 1,553,249	\$ 1,176,040
Total liabilities	\$ 5,216	\$ -
Total deferred inflows	52,025	31,231
Total fund balance	1,496,008	1,144,809
Total liabilities, deferred inflows and fund balance	\$ 1,553,249	\$ 1,176,040

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2024	2023
Total revenues	\$ 1,166,996	\$ 907,825
Total expenditures	(815,797)	(609,438)
Revenues over expenditures	\$ 351,199	\$ 298,387

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

***Galveston County Municipal Utility District No. 66  
Management's Discussion and Analysis  
May 31, 2024***

*Capital Projects Fund*

A comparative summary of the Capital Projects Fund's financial position as of May 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	<u>\$ 683,949</u>	<u>\$ 649,373</u>
Total fund balance	<u>\$ 683,949</u>	<u>\$ 649,373</u>

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2024	2023
Total revenues	<u>\$ 34,576</u>	<u>\$ 16,874</u>
Total expenditures		<u>(4,272,502)</u>
Revenues over/(under) expenditures	<u>34,576</u>	<u>(4,255,628)</u>
Other changes in fund balance		<u>4,621,487</u>
Net change in fund balance	<u>\$ 34,576</u>	<u>\$ 365,859</u>

The District did not have any significant capital asset activity in the current year. During the prior year, capital asset activity was financed with proceeds from the issuance of its Series 2023 Unlimited Tax Bonds.

**General Fund Budgetary Highlights**

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$317,736 less than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

**Capital Assets**

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

***Galveston County Municipal Utility District No. 66***  
***Management's Discussion and Analysis***  
***May 31, 2024***

Capital assets held by the District at May 31, 2024 and 2023, are summarized as follows:

	2024	2023
Capital assets not being depreciated		
Land and improvements	\$ 1,882,239	\$ 1,836,864
Capital assets being amortized		
Impact fees	1,562,163	1,562,163
Less accumulated amortization	(165,168)	(122,051)
Subtotal depreciable capital assets, net	1,396,995	1,440,112
Capital assets, net	\$ 3,279,234	\$ 3,276,976

Capital asset additions during the current year include land acquisition for mainland medical plaza detention pond.

The District and the City of Texas City (the "City") have entered into an agreement which obligates the District to construct water, wastewater, and certain storm drainage facilities to serve the District and, when completed, to convey title to the facilities to the City. Detention facilities and certain other capital assets are retained by the District. For the year ended May 31, 2024, capital assets in the amount of \$2,442,316 have been completed and recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 10.

### **Long-Term Debt and Related Liabilities**

As of May 31, 2024, the District owes approximately \$5,374,438 to its developers for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of \$647,692 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers is trued up when the developers are reimbursed.

At May 31, 2024 and 2023, the District had total bonded debt outstanding as shown below:

Series	2024	2023
2014	\$ 1,600,000	\$ 1,655,000
2016	1,555,000	1,645,000
2018	2,130,000	2,210,000
2020	2,275,000	2,355,000
2023	4,600,000	4,600,000
	<u>\$ 12,160,000</u>	<u>\$ 12,465,000</u>



***Galveston County Municipal Utility District No. 66***  
***Management's Discussion and Analysis***  
***May 31, 2024***

At May 31, 2024, the District had \$29,520,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$3,000,000 for parks and recreational facilities; and \$16,295,000 for refunding purposes.

**Next Year's Budget**

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	<u>2024 Actual</u>	<u>2025 Budget</u>
Total revenues	\$ 294,039	\$ 263,706
Total expenditures	<u>(435,064)</u>	<u>(107,364)</u>
Revenues over/(under) expenditures	(141,025)	156,342
Beginning fund balance	<u>1,328,198</u>	<u>1,187,173</u>
Ending fund balance	<u><u>\$ 1,187,173</u></u>	<u><u>\$ 1,343,515</u></u>

**Property Taxes**

The District's property tax base increased approximately \$13,111,000 for the 2024 tax year from \$148,030,637 to \$161,141,741. This increase was primarily due to new construction in the District and increased property values.

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## **Basic Financial Statements**

**Galveston County Municipal Utility District No. 66**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**May 31, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash	\$ 708	\$ 36,097	\$ 36,484	\$ 73,289	\$ -	\$ 73,289
Investments	1,215,140	1,460,590	647,465	3,323,195		3,323,195
Taxes receivable	11,145	52,025		63,170		63,170
Internal balances	(4,537)	4,537				
Capital assets not being depreciated					1,882,239	1,882,239
Capital assets, net					1,396,995	1,396,995
Total Assets	<u>\$ 1,222,456</u>	<u>\$ 1,553,249</u>	<u>\$ 683,949</u>	<u>\$ 3,459,654</u>	<u>3,279,234</u>	<u>6,738,888</u>
<b>Liabilities</b>						
Accounts payable	\$ 9,692	\$ -	\$ -	\$ 9,692		9,692
Other payables	14,446	5,216		19,662		19,662
Accrued interest payable					116,300	116,300
Due to developers					5,374,438	5,374,438
Long-term debt						
Due within one year					510,000	510,000
Due after one year					11,568,999	11,568,999
Total Liabilities	<u>24,138</u>	<u>5,216</u>		<u>29,354</u>	<u>17,569,737</u>	<u>17,599,091</u>
<b>Deferred Inflows of Resources</b>						
Deferred property taxes	<u>11,145</u>	<u>52,025</u>		<u>63,170</u>	<u>(63,170)</u>	
<b>Fund Balances/Net Position</b>						
<b>Fund Balances</b>						
Restricted		1,496,008	683,949	2,179,957	(2,179,957)	
Unassigned	<u>1,187,173</u>			<u>1,187,173</u>	<u>(1,187,173)</u>	
Total Fund Balances	<u>1,187,173</u>	<u>1,496,008</u>	<u>683,949</u>	<u>3,367,130</u>	<u>(3,367,130)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,222,456</u>	<u>\$ 1,553,249</u>	<u>\$ 683,949</u>	<u>\$ 3,459,654</u>		
<b>Net Position</b>						
Net investment in capital assets					(342,271)	(342,271)
Restricted for debt service					1,431,733	1,431,733
Unrestricted					(11,949,665)	(11,949,665)
Total Net Position					<u>\$ (10,860,203)</u>	<u>\$ (10,860,203)</u>

See notes to basic financial statements.

**Galveston County Municipal Utility District No. 66****Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances****For the Year Ended May 31, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 233,501	\$ 1,108,639	\$ -	\$ 1,342,140	\$ 19,489	\$ 1,361,629
Penalties and interest		3,912		3,912	4,607	8,519
Investment earnings	60,538	54,445	34,576	149,559		149,559
Total Revenues	294,039	1,166,996	34,576	1,495,611	24,096	1,519,707
<b>Expenditures/Expenses</b>						
Operating and administrative						
Professional fees	56,611			56,611		56,611
Contracted services	16,753	16,447		33,200		33,200
Administrative	13,479	1,730		15,209		15,209
Other	3,292	691		3,983		3,983
Capital outlay	301,667			301,667	(301,667)	
Debt service						
Principal		305,000		305,000	(305,000)	
Interest and fees		491,929		491,929	(19,064)	472,865
Developer interest	43,262			43,262		43,262
Amortization					43,117	43,117
Total Expenditures/Expenses	435,064	815,797		1,250,861	(582,614)	668,247
<b>Revenues Over/(Under) Expenditures/Expenses</b>	(141,025)	351,199	34,576	244,750	606,710	851,460
<b>Other Items</b>						
Transfers to other governments					(2,442,316)	(2,442,316)
<b>Net Change in Fund Balances</b>	(141,025)	351,199	34,576	244,750	(244,750)	
<b>Change in Net Position</b>					(1,590,856)	(1,590,856)
Fund Balances/Net Position						
Beginning of the year	1,328,198	1,144,809	649,373	3,122,380	(12,391,727)	(9,269,347)
<b>End of the year</b>	<u>\$ 1,187,173</u>	<u>\$ 1,496,008</u>	<u>\$ 683,949</u>	<u>\$ 3,367,130</u>	<u>\$ (14,227,333)</u>	<u>\$ (10,860,203)</u>

See notes to basic financial statements.

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***Galveston County Municipal Utility District No. 66***  
***Notes to Financial Statements***  
***May 31, 2024***

**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of Galveston County Municipal Utility District No. 66 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

**Creation**

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality, dated January 18, 2006, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on September 6, 2006, and the first bonds were issued on May 22, 2014.

The District’s primary activities include construction, sewer and drainage facilities. As further discussed in Note 10, the District transfers these facilities to the City of Texas City for operation and maintenance upon completion of construction. Certain detention facilities (ponds, lakes, open ditches and drainage channels) constructed by the District will be maintained by outside entities for the benefit of the District. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

**Reporting Entity**

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

**Government-Wide and Fund Financial Statements**

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Government-Wide and Fund Financial Statements (continued)**

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District and all other financial transactions not reported in other funds. The principal source of revenue is property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District’s general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District’s water, sewer and drainage facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.



**Note 1 – Summary of Significant Accounting Policies (continued)**

**Use of Restricted Resources**

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At May 31, 2024, an allowance for uncollectible accounts was not considered necessary.

**Interfund Activity**

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

**Capital Assets**

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$50,000 or more and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets are not capitalized. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of impact fees, are amortized using straight-line method over the life of the District's contract with the City of Texas City. The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

**Deferred Inflows and Outflows of Financial Resources**

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Deferred Inflows and Outflows of Financial Resources (continued)**

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

**Net Position – Governmental Activities**

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

**Fund Balances – Governmental Funds**

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District’s restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned - all other spendable amounts in the General Fund.

**Note 1 – Summary of Significant Accounting Policies (continued)**

***Galveston County Municipal Utility District No. 66***  
***Notes to Financial Statements***  
***May 31, 2024***

**Fund Balances – Governmental Funds (continued)**

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; the value of capital assets transferred to the City of Texas City and the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

***Galveston County Municipal Utility District No. 66***  
***Notes to Financial Statements***  
***May 31, 2024***

**Note 2 – Adjustment from Governmental to Government-wide Basis**

**Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position***

Total fund balances, governmental funds	\$ 3,367,130
---	--------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 3,444,402	
Less accumulated amortization	<u>(165,168)</u>	
Change due to capital assets		3,279,234

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:

Bonds payable, net	(12,078,999)	
Interest payable on bonds	<u>(116,300)</u>	
Change due to long-term debt		(12,195,299)

Amounts due to the District's developers for prefunded construction are recorded as a liability in the <i>Statement of Net Position</i> .	(5,374,438)
---	-------------

Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.

63,170

Total net position - governmental activities	<u><u>\$ (10,860,203)</u></u>
--	-------------------------------

***Galveston County Municipal Utility District No. 66***  
***Notes to Financial Statements***  
***May 31, 2024***

**Note 2 – Adjustment from Governmental to Government-wide Basis (continued)**

**Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities***

Net change in fund balances - total governmental funds	\$ 244,750
--	------------

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes and related penalties and interest.	24,096
--	--------

Capital outlays for developer reimbursements are recorded as expenditures in the fund, but reduce the liability for due to developers in the <i>Statement of Net Position</i> .	301,667
---	---------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.

Principal payments	\$ 305,000	
Interest expense accrual	<u>19,064</u>	
		324,064

In the <i>Statement of Activities</i> , the cost of capital assets is charged to amortization expense over the estimated useful life of the asset.	(43,117)
--	----------

The District conveys its infrastructure to the City of Texas City upon completion of construction. Since these improvements are funded by the developers, financial resources are not expended in the fund financial statements; however, in the <i>Statement of Activities</i> , these amounts are reported as transfers to other governments.	(2,442,316)
---	-------------

Change in net position of governmental activities	<u><u>\$ (1,590,856)</u></u>
---	------------------------------

### **Note 3 – Deposits and Investments**

#### **Deposit Custodial Credit Risk**

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

#### **Investments**

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or 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, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

***Galveston County Municipal Utility District No. 66***  
***Notes to Financial Statements***  
***May 31, 2024***

**Note 3 – Deposits and Investments (continued)**

**Investments (continued)**

As of May 31, 2024, the District’s investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	\$ 5,455	AAAm	40 days
	Debt Service	5,455		
		<u>10,910</u>		
Texas CLASS	General	1,209,685	AAAm	25 days
	Debt Service	1,455,135		
	Capital Projects	647,465		
		<u>3,312,285</u>		
Total		<u>\$ 3,323,195</u>		

**TexPool**

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District’s position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

**Texas CLASS**

The District also participates in Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS is managed by an elected Board of Trustees consisting of members of the pool. Additionally, the Board of Trustees has established an advisory board, the function of which is to provide guidance on investment policies and strategies. The Board of Trustees has selected Public Trust Advisors, LLC as the program administer and UMB Bank N.A., as the custodian.

***Galveston County Municipal Utility District No. 66***  
***Notes to Financial Statements***  
***May 31, 2024***

**Note 3 – Deposits and Investments (continued)**

**Texas CLASS (continued)**

The District's investment in Texas CLASS is reported at fair value because Texas CLASS uses fair value to report investments (other than repurchase agreements which are valued at amortized cost). Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District's investment in Texas CLASS is measured using published fair value per share (level 1 inputs).

Investments in Texas CLASS may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

**Investment Credit and Interest Rate Risk**

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

**Note 4 – Interfund Balances and Transactions**

Amounts due to/from other funds at May 31, 2024, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
Debt Service Fund	General Fund	\$ 4,537	Over transfer of maintenance tax collections as a result of refunds

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.



**Galveston County Municipal Utility District No. 66**  
**Notes to Financial Statements**  
**May 31, 2024**

**Note 5 – Capital Assets**

A summary of changes in capital assets, for the year ended May 31, 2024, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 1,836,864	\$ 45,375	\$ 1,882,239
Capital assets being amortized			
Impact fees	1,562,163		1,562,163
Less accumulated amortization	(122,051)	(43,117)	(165,168)
Subtotal depreciable capital assets, net	1,440,112	(43,117)	1,396,995
Capital assets, net	\$ 3,276,976	\$ 2,258	\$ 3,279,234

Amortization expense for the current fiscal year was \$43,117.

**Note 6 – Due to Developers**

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer and drainage facilities and park and recreational facilities. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developers are reimbursed.

Changes in the estimated amounts due to developers during the year are as follows:

Due to developers, beginning of year	\$ 3,188,414
Developer reimbursements	(301,667)
Developer funded construction and adjustments	2,487,691
Due to developers, end of year	<u>\$ 5,374,438</u>

In addition, the District will owe the developers approximately \$647,692, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percentage Complete
Utilities to serve Sunrise Cove - Section 2	\$ 647,692	91%

***Galveston County Municipal Utility District No. 66***  
***Notes to Financial Statements***  
***May 31, 2024***

**Note 7 – Long-Term Debt**

Long-term debt is comprised of the following:

Bonds payable	\$ 12,160,000
Unamortized discounts	(81,001)
	<u>\$ 12,078,999</u>
Due within one year	<u>\$ 510,000</u>

The District's bonds payable at May 31, 2024, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2014	\$ 1,600,000	\$ 2,000,000	3.50 - 5.25%	September 1, 2015/2040	September 1, March 1	September 1, 2022
2016	1,555,000	2,185,000	2.00 - 4.35%	September 1, 2017/2040	September 1, March 1	September 1, 2023
2018	2,130,000	2,490,000	3.00 - 4.125%	September 1, 2019/2041	September 1, March 1	September 1, 2024
2020	2,275,000	2,500,000	2.00 - 4.50%	September 1, 2021/2043	September 1, March 1	September 1, 2025
2023	4,600,000	4,600,000	4.00%	September 1, 2024/2047	September 1, March 1	September 1, 2029
	<u>\$ 12,160,000</u>					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At May 31, 2024, the District had authorized but unissued bonds in the amount of \$29,520,000 for water, sewer and drainage facilities; \$3,000,000 for park and recreational facilities; and \$16,295,000 for refunding purposes.

The change in the District's long-term debt during the year is as follows:

Bonds payable, beginning of year	\$ 12,465,000
Bonds retired	(305,000)
Bonds payable, end of year	<u>\$ 12,160,000</u>

***Galveston County Municipal Utility District No. 66***  
***Notes to Financial Statements***  
***May 31, 2024***

**Note 7 – Long-Term Debt (continued)**

As of May 31, 2024, annual debt service requirements on bonds outstanding are as follows:

Fiscal Year Ending May 31	Principal	Interest	Totals
2025	\$ 510,000	\$ 450,362	\$ 960,362
2026	510,000	430,619	940,619
2027	525,000	411,263	936,263
2028	535,000	392,126	927,126
2029	545,000	372,351	917,351
2030	550,000	352,251	902,251
2031	565,000	331,614	896,614
2032	580,000	310,263	890,263
2033	590,000	288,370	878,370
2034	605,000	265,782	870,782
2035	620,000	242,444	862,444
2036	630,000	218,444	848,444
2037	650,000	193,538	843,538
2038	670,000	167,727	837,727
2039	685,000	141,250	826,250
2040	705,000	113,978	818,978
2041	725,000	85,723	810,723
2042	495,000	62,581	557,581
2043	340,000	48,184	388,184
2044	345,000	36,881	381,881
2045	195,000	27,300	222,300
2046	195,000	19,500	214,500
2047	195,000	11,700	206,700
2048	195,000	3,900	198,900
	<u>\$ 12,160,000</u>	<u>\$ 4,978,151</u>	<u>\$ 17,138,151</u>

**Note 8 – Property Taxes**

On November 7, 2006, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Galveston Central Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

***Galveston County Municipal Utility District No. 66***  
***Notes to Financial Statements***  
***May 31, 2024***

**Note 8 – Property Taxes (continued)**

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2024 fiscal year was financed through the 2023 tax levy, pursuant to which the District levied property taxes of \$0.92 per \$100 of assessed value, of which \$0.16 was allocated to maintenance and operations and \$0.76 was allocated to debt service. The resulting tax levy was \$1,361,882 on the adjusted taxable value of \$148,030,637.

Property taxes receivable, at May 31, 2024, consisted of the following:

Current year taxes receivable	\$ 31,780
Prior years taxes receivable	19,471
	<hr/> 51,251
Penalty and interest receivable	11,919
Property taxes receivable	<hr/> <u>\$ 63,170</u>

**Note 9 – Transfers to Other Governments**

In accordance with an agreement between the District and the City of Texas City (the “City”), the District transfers all of its water, sewer, and certain drainage facilities to the City (see Note 10). Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developers are subsequently reimbursed. For the year ended May 31, 2024, the District reported transfers to other governments in the amount of \$2,442,316 for projects completed and transferred to the City.

**Note 10 – Utility Agreement with the City of Texas City**

On August 7, 2007, the District entered into a utility agreement with the City of Texas City (the “City”) for construction and extension of water distribution lines, sanitary sewer collection systems and drainage facilities to serve the District. As the system is acquired or constructed, the District shall transfer the system to the City but will reserve a security interest in the system and provide service to all users in the District. The term of the agreement is 50 years, renewable in one-year increments thereafter.

Water and sewer rates charged by the City to users in the District, shall be the same rates charged to similar users within the City. All revenue derived from these charges belong to the City.

Detention ponds, amenity lakes, open ditches and drainage channels will be maintained by entities other than the City or District.

***Galveston County Municipal Utility District No. 66***  
***Notes to Financial Statements***  
***May 31, 2024***

**Note 11 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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## **Required Supplementary Information**

***Galveston County Municipal Utility District No. 66***  
***Required Supplementary Information - Budgetary Comparison Schedule - General Fund***  
***For the Year Ended May 31, 2024***

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Property taxes	\$ 255,474	\$ 233,501	\$ (21,973)
Investment earnings	18,000	60,538	42,538
Total Revenues	<u>273,474</u>	<u>294,039</u>	<u>20,565</u>
<b>Expenditures</b>			
Operating and administrative			
Professional fees	60,200	56,611	3,589
Contracted services	16,640	16,753	(113)
Administrative	19,523	13,479	6,044
Other	400	3,292	(2,892)
Capital Outlay		301,667	(301,667)
Debt service			
Developer interest		43,262	(43,262)
Total Expenditures	<u>96,763</u>	<u>435,064</u>	<u>(338,301)</u>
<b>Revenues Over/(Under) Expenditures</b>	176,711	(141,025)	(317,736)
<b>Fund Balance</b>			
Beginning of the year	1,328,198	1,328,198	
End of the year	<u>\$ 1,504,909</u>	<u>\$ 1,187,173</u>	<u>\$ (317,736)</u>



***Galveston County Municipal Utility District No. 66***  
***Notes to Required Supplementary Information***  
***May 31, 2024***

**Budgets and Budgetary Accounting**

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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## **Texas Supplementary Information**

**Galveston County Municipal Utility District No. 66**  
**TSI-1. Services and Rates**  
**May 31, 2024**

1. Services provided by the District During the Fiscal Year:

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

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	Usage Levels
Water:					to
Wastewater:					to
Surcharge:					to

District employs winter averaging for wastewater usage? ☐ Yes ☐ No

Total charges per 10,000 gallons usage: Water \_\_\_\_\_ Wastewater \_\_\_\_\_

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"			x 1.0	
1"			x 2.5	
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water				
Total Wastewater			x 1.0	

See accompanying auditor's report.

***Galveston County Municipal Utility District No. 66***  
***TSI-1. Services and Rates***  
***May 31, 2024***

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	<u>N/A</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>N/A</u>	(Gallons billed / Gallons pumped)
		<u>N/A</u>

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: \_\_\_\_\_

5. Location of District:

Is the District located entirely within one county? Yes ☒ No ☐

County(ies) in which the District is located: Galveston County

Is the District located within a city? Entirely ☒ Partly ☐ Not at all ☐

City(ies) in which the District is located: City of Texas City

Is the District located within a city's extra territorial jurisdiction (ETJ)?

Entirely ☐ Partly ☐ Not at all ☒

ETJs in which the District is located: \_\_\_\_\_

Are Board members appointed by an office outside the district? Yes ☐ No ☒

If Yes, by whom? \_\_\_\_\_

See accompanying auditor's report.

***Galveston County Municipal Utility District No. 66***  
***TSI-2. General Fund Expenditures***  
***For the Year Ended May 31, 2024***

Professional fees	
Legal	\$ 29,890
Audit	15,500
Engineering	11,221
	<u>56,611</u>
Contracted services	
Bookkeeping	<u>16,753</u>
Administrative	
Directors fees	6,188
Printing and office supplies	1,015
Insurance	2,455
Other	3,821
	<u>13,479</u>
Other	<u>3,292</u>
Capital outlay	<u>301,667</u>
Debt service	
Developer interest	<u>43,262</u>
Total expenditures	<u><u>\$ 435,064</u></u>

See accompanying auditor's report.

***Galveston County Municipal Utility District No. 66***  
***TSI-3. Investments***  
***May 31, 2024***

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexPool	Variable	N/A	\$ 5,455
Texas Class	Variable	N/A	1,209,685
			<u>1,215,140</u>
Debt Service			
TexPool	Variable	N/A	5,455
Texas Class	Variable	N/A	1,455,135
			<u>1,460,590</u>
Capital Projects			
Texas Class	Variable	N/A	<u>647,465</u>
Total - All Funds			<u><u>\$ 3,323,195</u></u>

See accompanying auditor's report.

**Galveston County Municipal Utility District No. 66**  
**TSI-4. Taxes Levied and Receivable**  
**May 31, 2024**

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 7,842	\$ 23,919	\$ 31,761	
Adjustments	(46)	(206)	(252)	
Adjusted Receivable	7,796	23,713	31,509	
2023 Original Tax Levy	217,678	1,033,971	1,251,649	
Adjustments	19,171	91,062	110,233	
Adjusted Tax Levy	236,849	1,125,033	1,361,882	
Total to be accounted for	244,645	1,148,745	1,393,391	
Tax collections:				
Current year	231,322	1,098,780	1,330,102	
Prior years	2,178	9,859	12,037	
Total Collections	233,500	1,108,639	1,342,139	
Taxes Receivable, End of Year	\$ 11,145	\$ 40,106	\$ 51,251	
Taxes Receivable, By Years				
2023	\$ 5,527	\$ 26,253	\$ 31,780	
2022	1,356	6,144	7,500	
2021	1,747	2,995	4,742	
2020 and prior	2,515	4,714	7,229	
Taxes Receivable, End of Year	\$ 11,145	\$ 40,106	\$ 51,251	
	2023	2022	2021	2020
Property Valuations:				
Land	\$ 26,634,719	\$ 21,251,300	\$ 18,701,270	\$ 16,642,370
Improvements	142,501,832	103,859,111	89,454,527	75,741,251
Personal Property	950,370	1,779,810	1,351,940	1,471,100
Exemptions	(22,056,284)	(12,387,547)	(10,062,956)	(9,612,775)
Total Property Valuations	\$ 148,030,637	\$ 114,502,674	\$ 99,444,781	\$ 84,241,946
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.16	\$ 0.17	\$ 0.35	\$ 0.280
Debt service tax rates	0.76	0.77	0.60	0.685
	\$ 0.92	\$ 0.94	\$ 0.950	\$ 0.9650
Adjusted Tax Levy:	\$ 1,361,882	\$ 1,076,325	\$ 944,725	\$ 812,935
Percentage of Taxes Collected to Taxes Levied **	97.67%	99.30%	99.50%	100.00%

\* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on November 7, 2006

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

See accompanying auditor's report.



***Galveston County Municipal Utility District No. 66***  
***TSI-5. Long-Term Debt Service Requirements***  
***Series 2014--by Years***  
***May 31, 2024***

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 60,000	\$ 79,675	\$ 139,675
2026	60,000	77,050	137,050
2027	65,000	74,156	139,156
2028	70,000	70,863	140,863
2029	75,000	67,238	142,238
2030	75,000	63,488	138,488
2031	80,000	59,613	139,613
2032	85,000	55,488	140,488
2033	90,000	51,113	141,113
2034	95,000	46,488	141,488
2035	100,000	41,613	141,613
2036	110,000	36,225	146,225
2037	115,000	30,319	145,319
2038	120,000	24,150	144,150
2039	125,000	17,719	142,719
2040	135,000	10,894	145,894
2041	140,000	3,675	143,675
	<u>\$ 1,600,000</u>	<u>\$ 809,767</u>	<u>\$ 2,409,767</u>

See accompanying auditor's report.

***Galveston County Municipal Utility District No. 66***  
***TSI-5. Long-Term Debt Service Requirements***  
***Series 2016--by Years***  
***May 31, 2024***

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 90,000	\$ 59,900	\$ 149,900
2026	90,000	56,863	146,863
2027	90,000	53,713	143,713
2028	90,000	50,450	140,450
2029	90,000	47,075	137,075
2030	90,000	43,700	133,700
2031	90,000	40,269	130,269
2032	90,000	36,725	126,725
2033	90,000	33,125	123,125
2034	90,000	29,469	119,469
2035	90,000	25,756	115,756
2036	90,000	22,044	112,044
2037	95,000	18,169	113,169
2038	95,000	14,131	109,131
2039	95,000	10,094	105,094
2040	95,000	6,056	101,056
2041	95,000	2,019	97,019
	<u>\$ 1,555,000</u>	<u>\$ 549,558</u>	<u>\$ 2,104,558</u>

See accompanying auditor's report.

***Galveston County Municipal Utility District No. 66***  
***TSI-5. Long-Term Debt Service Requirements***  
***Series 2018--by Years***  
***May 31, 2024***

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 85,000	\$ 80,306	\$ 165,306
2026	85,000	77,650	162,650
2027	90,000	74,750	164,750
2028	95,000	71,569	166,569
2029	95,000	68,244	163,244
2030	100,000	64,769	164,769
2031	105,000	60,988	165,988
2032	110,000	56,956	166,956
2033	115,000	52,738	167,738
2034	120,000	48,181	168,181
2035	125,000	43,281	168,281
2036	125,000	38,281	163,281
2037	130,000	33,181	163,181
2038	140,000	27,781	167,781
2039	145,000	22,081	167,081
2040	150,000	16,088	166,088
2041	155,000	9,798	164,798
2042	160,000	3,300	163,300
	<u>\$ 2,130,000</u>	<u>\$ 849,942</u>	<u>\$ 2,979,942</u>

See accompanying auditor's report.

***Galveston County Municipal Utility District No. 66***  
***TSI-5. Long-Term Debt Service Requirements***  
***Series 2020--by Years***  
***May 31, 2024***

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 85,000	\$ 50,281	\$ 135,281
2026	85,000	46,456	131,456
2027	90,000	43,644	133,644
2028	90,000	41,844	131,844
2029	95,000	39,994	134,994
2030	95,000	38,094	133,094
2031	100,000	36,144	136,144
2032	105,000	34,094	139,094
2033	105,000	31,994	136,994
2034	110,000	29,844	139,844
2035	115,000	27,594	142,594
2036	115,000	25,294	140,294
2037	120,000	22,869	142,869
2038	125,000	20,265	145,265
2039	130,000	17,556	147,556
2040	135,000	14,740	149,740
2041	140,000	11,731	151,731
2042	140,000	8,581	148,581
2043	145,000	5,284	150,284
2044	150,000	1,781	151,781
	<u>\$ 2,275,000</u>	<u>\$ 548,084</u>	<u>\$ 2,823,084</u>

See accompanying auditor's report.

***Galveston County Municipal Utility District No. 66***  
***TSI-5. Long-Term Debt Service Requirements***  
***Series 2023--by Years***  
***May 31, 2024***

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 190,000	\$ 180,200	\$ 370,200
2026	190,000	172,600	362,600
2027	190,000	165,000	355,000
2028	190,000	157,400	347,400
2029	190,000	149,800	339,800
2030	190,000	142,200	332,200
2031	190,000	134,600	324,600
2032	190,000	127,000	317,000
2033	190,000	119,400	309,400
2034	190,000	111,800	301,800
2035	190,000	104,200	294,200
2036	190,000	96,600	286,600
2037	190,000	89,000	279,000
2038	190,000	81,400	271,400
2039	190,000	73,800	263,800
2040	190,000	66,200	256,200
2041	195,000	58,500	253,500
2042	195,000	50,700	245,700
2043	195,000	42,900	237,900
2044	195,000	35,100	230,100
2045	195,000	27,300	222,300
2046	195,000	19,500	214,500
2047	195,000	11,700	206,700
2048	195,000	3,900	198,900
	<u>\$ 4,600,000</u>	<u>\$ 2,220,800</u>	<u>\$ 6,820,800</u>

See accompanying auditor's report.

***Galveston County Municipal Utility District No. 66***  
***TSI-5. Long-Term Debt Service Requirements***  
***All Bonded Debt Series--by Years***  
***May 31, 2024***

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 510,000	\$ 450,362	\$ 960,362
2026	510,000	430,619	940,619
2027	525,000	411,263	936,263
2028	535,000	392,126	927,126
2029	545,000	372,351	917,351
2030	550,000	352,251	902,251
2031	565,000	331,614	896,614
2032	580,000	310,263	890,263
2033	590,000	288,370	878,370
2034	605,000	265,782	870,782
2035	620,000	242,444	862,444
2036	630,000	218,444	848,444
2037	650,000	193,538	843,538
2038	670,000	167,727	837,727
2039	685,000	141,250	826,250
2040	705,000	113,978	818,978
2041	725,000	85,723	810,723
2042	495,000	62,581	557,581
2043	340,000	48,184	388,184
2044	345,000	36,881	381,881
2045	195,000	27,300	222,300
2046	195,000	19,500	214,500
2047	195,000	11,700	206,700
2048	195,000	3,900	198,900
	<u>\$ 12,160,000</u>	<u>\$ 4,978,151</u>	<u>\$ 17,138,151</u>

See accompanying auditor's report.

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**Galveston County Municipal Utility District No. 66**  
**TSI-6. Change in Long-Term Bonded Debt**  
**May 31, 2024**

	Bond Issue			
	Series 2014	Series 2016	Series 2018	Series 2020
Interest rate	3.50 - 5.25%	2.00 - 4.25%	3.00 - 4.125%	2.00 - 4.50%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1 ; 3/1
Maturity dates	9/1/15 - 9/1/40	9/1/17 - 9/1/40	9/1/19 - 9/1/41	9/1/21 - 9/1/43
Beginning bonds outstanding	\$ 1,655,000	\$ 1,645,000	\$ 2,210,000	\$ 2,355,000
Bonds retired	<u>(55,000)</u>	<u>(90,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>
Bonds outstanding	<u>\$ 1,600,000</u>	<u>\$ 1,555,000</u>	<u>\$ 2,130,000</u>	<u>\$ 2,275,000</u>
Interest paid during fiscal year	<u>\$ 82,050</u>	<u>\$ 62,713</u>	<u>\$ 82,781</u>	<u>\$ 53,994</u>
Paying agent's name and city All Series	<u>Bank of New York Mellon Trust Company, N.A., Dallas, Texas</u>			

	Water, Sewer and Drainage Bonds	Refunding Bonds	Parks and Recreational Facilities Bonds
Bond Authority:			
Amount Authorized by Voters	\$ 43,295,000	\$ 16,295,000	\$ 3,000,000
Amount Issued	<u>(13,775,000)</u>		
Remaining To Be Issued	<u>\$ 29,520,000</u>	<u>\$ 16,295,000</u>	<u>\$ 3,000,000</u>

All bonds are secured with tax revenues. Bonds also may be secured with other revenues in combination with taxes.

Debt Service Fund cash and investment balances as of May 31, 2024: \$ 1,496,687

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 714,090

See accompanying auditor's report.



Bond Issue			
Series 2023		Totals	
4.00%			
9/1 ; 3/1			
9/1/24 - 9/1/47			
\$	4,600,000	\$	12,465,000
		(305,000)	
\$	4,600,000	\$	12,160,000
\$	206,489	\$	488,027

***Galveston County Municipal Utility District No. 66***

***TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund***

***For the Last Five Fiscal Years***

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Property taxes	\$ 233,501	\$ 196,225	\$ 349,336	\$ 261,995	\$ 268,938
Investment earnings	60,538	25,927	3,719	2,699	10,446
Total Revenues	294,039	222,152	353,055	264,694	279,384
Expenditures					
Operating and administrative					
Professional fees	56,611	59,129	57,155	51,192	38,984
Contracted services	16,753	15,360	15,360	21,278	17,419
Administrative	13,479	11,160	10,601	12,647	11,655
Other	3,292	10,583	28		
Capital outlay	301,667				
Debt service					
Developer interest	43,262				
Total Expenditures	435,064	96,232	83,144	85,117	68,058
Revenues Over/(Under) Expenditures	\$ (141,025)	\$ 125,920	\$ 269,911	\$ 179,577	\$ 211,326

\*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
79%	88%	99%	99%	96%
21%	12%	1%	1%	4%
100%	100%	100%	100%	100%
19%	27%	16%	19%	14%
6%	7%	4%	8%	6%
5%	5%	3%	5%	4%
1%	5%	*		
103%				
15%				
149%	44%	23%	32%	24%
(49%)	56%	77%	68%	76%

***Galveston County Municipal Utility District No. 66***

***TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund  
For the Last Five Fiscal Years***

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Property taxes	\$ 1,108,639	\$ 874,488	\$ 603,977	\$ 621,680	\$ 425,474
Penalties and interest	3,912	5,968	5,755	8,723	6,012
Investment earnings	54,445	27,369	2,019	2,315	9,867
Total Revenues	1,166,996	907,825	611,751	632,718	441,353
Expenditures					
Tax collection services	18,177	19,238	15,693	14,991	9,684
Other	691				95
Debt service					
Principal	305,000	295,000	280,000	205,000	195,000
Interest and fees	491,929	295,200	305,225	266,946	255,933
Total Expenditures	815,797	609,438	600,918	486,937	460,712
Revenues Over/(Under) Expenditures	\$ 351,199	\$ 298,387	\$ 10,833	\$ 145,781	\$ (19,359)

\*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
95%	96%	99%	99%	97%
*	1%	1%	1%	1%
5%	3%	*	*	2%
100%	100%	100%	100%	100%
2%	2%	3%	2%	2%
*				*
26%	32%	46%	32%	44%
42%	33%	50%	42%	58%
70%	67%	99%	76%	104%
30%	33%	1%	24%	(4%)

**Galveston County Municipal Utility District No. 66**  
**TSI-8. Board Members, Key Personnel and Consultants**  
**For the Year Ended May 31, 2024**

Complete District Mailing Address: 6300 West Loop South, Suite 415, Bellaire, TX 77401  
District Business Telephone Number: (713) 395-4200  
Submission Date of the most recent District Registration Form  
(TWC Sections 36.054 and 49.054): June 17, 2022  
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200  
(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
<b>Board Members</b>				
Jeffrey M. Cravey	05/22 - 05/26	\$ 1,768	\$ 11	President
Reneé Koch	05/20 - 05/24	1,326	100	Vice President
Joe P. Jameson	05/22 - 05/26	1,547	926	Secretary
Donna Rickenbacker	11/20 - 05/24			Assistant Secretary
Randy Stuewer	05/22 - 05/26	1,547	70	Assistant Vice President
<b>Consultants</b>				
Sechrist - Duckers LLP	04/08	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 30,734		
McLennan & Associates, LP	09/06	15,644		Bookkeeper
Assessments of the Southwest, Inc.	11/06	11,029		Tax Collector
Galveston Central Appraisal District	Legislation	5,418		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/07	1,199		Delinquent Tax Attorney
Sherrington-Humble, Inc.	09/06	14,893		Engineer
McGrath & Co., PLLC	09/16	15,500		Auditor
Masterson Advisors, LLC	04/18			Financial Advisor

\* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.  
See accompanying auditor's report.