

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

GALVESTON COUNTY, TEXAS

FINANCIAL REPORT

May 31, 2026

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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, 2026, 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, 2026, 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.



Houston, Texas
September 17, 2026

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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, 2026

Using this Annual Report

This section of the financial report of Galveston County Municipal Utility District No. 66 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended May 31, 2026. 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, 2026

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, 2026, was negative \$12,598,095. 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, 2026 and 2025, is as follows:

	2026	2025
Current and other assets	\$ 4,375,792	\$ 3,675,978
Capital assets	6,815,885	3,527,105
Total assets	11,191,677	7,203,083
Current liabilities	741,632	645,875
Long-term liabilities	23,048,140	17,995,815
Total liabilities	23,789,772	18,641,690
Net position		
Net investment in capital assets	(862,269)	(374,198)
Restricted	1,899,774	1,669,017
Unrestricted	(13,635,600)	(12,733,426)
Total net position	\$ (12,598,095)	\$ (11,438,607)

Galveston County Municipal Utility District No. 66
Management's Discussion and Analysis
May 31, 2026

The total net position of the District decreased during the current fiscal year by \$1,159,488. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2026	2025
Revenues		
Property taxes, penalties and interest	\$ 1,673,466	\$ 1,546,439
Other	146,204	147,734
Total revenues	<u>1,819,670</u>	<u>1,694,173</u>
Expenses		
Operating and administrative	265,897	193,038
Debt interest and fees	617,433	454,260
Developer interest	648,196	15,162
Debt issuance costs	586,828	
Depreciation and amortization	142,739	52,504
Total expenses	<u>2,261,093</u>	<u>714,964</u>
Change in net position before other item	(441,423)	979,209
Other item		
Transfers to other governments	<u>(718,065)</u>	<u>(1,557,613)</u>
Change in net position	(1,159,488)	(578,404)
Net position, beginning of year	<u>(11,438,607)</u>	<u>(10,860,203)</u>
Net position, end of year	<u>\$ (12,598,095)</u>	<u>\$ (11,438,607)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of May 31, 2026, were \$4,238,731, which consists of \$1,707,108 in the General Fund, \$1,998,484 in the Debt Service Fund, and \$533,139 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of May 31, 2026 and 2025, is as follows:

	2026	2025
Total assets	<u>\$ 1,758,548</u>	<u>\$ 1,497,771</u>
Total liabilities	\$ 32,301	\$ 21,374
Total deferred inflows	19,139	16,098
Total fund balance	<u>1,707,108</u>	<u>1,460,299</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 1,758,548</u>	<u>\$ 1,497,771</u>

Galveston County Municipal Utility District No. 66
Management's Discussion and Analysis
May 31, 2026

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

	2026	2025
Total revenues	\$ 405,707	\$ 428,192
Total expenditures	(158,898)	(155,066)
Revenues over expenditures	<u>\$ 246,809</u>	<u>\$ 273,126</u>

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 assessed values in the District increased from the prior year, property tax revenues decreased because the District decreased the maintenance component of the levy.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of May 31, 2026 and 2025, is as follows:

	2026	2025
Total assets	<u>\$ 2,090,122</u>	<u>\$ 1,783,518</u>
Total liabilities	\$ 8,308	\$ 3,118
Total deferred inflows	83,330	62,930
Total fund balance	<u>1,998,484</u>	<u>1,717,470</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 2,090,122</u>	<u>\$ 1,783,518</u>

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

	2026	2025
Total revenues	\$ 1,372,763	\$ 1,221,025
Total expenditures	(1,091,749)	(999,563)
Revenues over expenditures	<u>\$ 281,014</u>	<u>\$ 221,462</u>

The District's financial resources in the Debt Service Fund in both the current and prior fiscal 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, 2026***

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of May 31, 2026 and 2025, is as follows:

	2026	2025
Total assets	<u>\$ 533,139</u>	<u>\$ 394,689</u>
Total fund balance	<u>\$ 533,139</u>	<u>\$ 394,689</u>

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

	2026	2025
Total revenues	\$ 17,758	\$ 29,099
Total expenditures	<u>(6,804,308)</u>	<u>(318,359)</u>
Revenues under expenditures	(6,786,550)	(289,260)
Other changes in fund balance	6,925,000	
Net change in fund balance	<u>\$ 138,450</u>	<u>\$ (289,260)</u>

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2025 Unlimited Tax Bonds and Series 2025A Unlimited Tax Park Bonds in the current fiscal year and the use of surplus funds from the issuance of its Series 2023 Unlimited Tax Bonds in the prior fiscal year.

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 amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$53,932 greater than budgeted. The *Budgetary Comparison Schedule* on page 34 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, 2026

Capital assets held by the District at May 31, 2026 and 2025, are summarized as follows:

	<u>2026</u>	<u>2025</u>
Capital assets not being depreciated		
Land and improvements	\$ 3,213,400	\$ 1,882,239
Capital assets being depreciated/amortized		
Recreational facilities	1,267,188	
Impact fees	2,695,708	1,862,538
	<u>3,962,896</u>	<u>1,862,538</u>
Less accumulated depreciation/amortization		
Recreational facilities	(63,359)	
Impact fees	(297,052)	(217,672)
	<u>(360,411)</u>	<u>(217,672)</u>
Depreciable capital assets, net	<u>3,602,485</u>	<u>1,644,866</u>
Capital assets, net	<u>\$ 6,815,885</u>	<u>\$ 3,527,105</u>

Capital asset additions during the current fiscal year include the following:

- Impact fees paid to the City of Texas City
- Pearlbrook Section 3 and 8 parks
- Pearlbrook Section 5 and 9 landscaping improvements
- Pearlbrook dog park
- Land acquisitions for park improvements and detention and amenity basins

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 in May 31, 2026, capital assets in the amount of \$718,065 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, 2026, the District owes approximately \$5,579,611 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 \$980,000 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 are trued up when the developers are reimbursed.

Galveston County Municipal Utility District No. 66
Management's Discussion and Analysis
May 31, 2026

At May 31, 2026 and 2025, the District had total bonded debt outstanding as shown below:

Series	2026	2025
2014	\$ 1,480,000	\$ 1,540,000
2016	1,375,000	1,465,000
2018	1,960,000	2,045,000
2020	2,105,000	2,190,000
2023	4,220,000	4,410,000
2025	3,925,000	
2025A Park	3,000,000	
	<u>\$ 18,065,000</u>	<u>\$ 11,650,000</u>

During the current fiscal year, the District issued \$3,925,000 unlimited tax bonds and \$3,000,000 in unlimited tax park bonds. At May 31, 2026, the District had \$25,595,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer, and drainage systems within the District and \$16,295,000 for refunding purposes. The District has no remaining amount authorized, but unissued for park and recreational facilities.

Property Taxes

The District's property tax base increased approximately \$2,055,000 for the 2026 tax year from \$190,556,096 to \$192,610,914. For the 2026 tax year, the District has levied a maintenance tax rate of \$0.09 per \$100 of assessed value and a debt service tax rate of \$0.78 per \$100 of assessed value, for a total combined tax rate of \$0.87 per \$100 of assessed value. Tax rates for the 2025 tax year were \$0.18 per \$100 for maintenance and operations and \$0.70 per \$100 for debt service for a combined total of \$0.88 per \$100 of assessed value.

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 fiscal year's budget to current fiscal year actual amounts for the General Fund is as follows:

	2026 Actual	2027 Budget
Total revenues	\$ 405,707	\$ 419,541
Total expenditures	<u>(158,898)</u>	<u>(207,564)</u>
Revenues over expenditures	246,809	211,977
Beginning fund balance	<u>1,460,299</u>	<u>1,707,108</u>
Ending fund balance	<u>\$ 1,707,108</u>	<u>\$ 1,919,085</u>

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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, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 13,651	\$ 103,476	\$ 30,339	\$ 147,466	\$ -	\$ 147,466
Investments	1,723,379	1,898,917	502,800	4,125,096		4,125,096
Taxes receivable	19,139	83,330		102,469		102,469
Interfund receivables	1,618	4,399		6,017	(6,017)	
Prepaid items	761			761		761
Capital assets not being depreciated					3,213,400	3,213,400
Capital assets, net					3,602,485	3,602,485
Total Assets	<u>\$ 1,758,548</u>	<u>\$ 2,090,122</u>	<u>\$ 533,139</u>	<u>\$ 4,381,809</u>	<u>6,809,868</u>	<u>11,191,677</u>
Liabilities						
Accounts payable	\$ 11,317	\$ -	\$ -	\$ 11,317		11,317
Other payables	16,585	6,690		23,275		23,275
Interfund payables	4,399	1,618		6,017	(6,017)	
Accrued interest payable					182,040	182,040
Due to developers					5,579,611	5,579,611
Long-term debt						
Due within one year					525,000	525,000
Due after one year					17,468,529	17,468,529
Total Liabilities	<u>32,301</u>	<u>8,308</u>	<u></u>	<u>40,609</u>	<u>23,749,163</u>	<u>23,789,772</u>
Deferred Inflows of Resources						
Deferred property taxes	<u>19,139</u>	<u>83,330</u>	<u></u>	<u>102,469</u>	<u>(102,469)</u>	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	761			761	(761)	
Restricted		1,998,484	533,139	2,531,623	(2,531,623)	
Unassigned	<u>1,706,347</u>	<u></u>	<u></u>	<u>1,706,347</u>	<u>(1,706,347)</u>	
Total Fund Balances	<u>1,707,108</u>	<u>1,998,484</u>	<u>533,139</u>	<u>4,238,731</u>	<u>(4,238,731)</u>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,758,548</u>	<u>\$ 2,090,122</u>	<u>\$ 533,139</u>	<u>\$ 4,381,809</u>		
Net Position						
Net investment in capital assets					(862,269)	(862,269)
Restricted for debt service					1,899,774	1,899,774
Unrestricted					(13,635,600)	(13,635,600)
Total Net Position					<u>\$ (12,598,095)</u>	<u>\$ (12,598,095)</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, 2026**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 334,863	\$ 1,301,027	\$ -	\$ 1,635,890	\$ 20,095	\$ 1,655,985
Penalties and interest		14,134		14,134	3,347	17,481
Miscellaneous	8,925			8,925		8,925
Investment earnings	61,919	57,602	17,758	137,279		137,279
Total Revenues	405,707	1,372,763	17,758	1,796,228	23,442	1,819,670
Expenditures/Expenses						
Operating and administrative						
Professional fees	97,869		66,800	164,669		164,669
Contracted services	18,110	33,891		52,001		52,001
Administrative	39,418	2,358	460	42,236		42,236
Other	3,501	3,490		6,991		6,991
Capital outlay			5,502,024	5,502,024	(5,502,024)	
Debt service						
Principal		510,000		510,000	(510,000)	
Interest and fees		542,010		542,010	75,423	617,433
Developer interest			648,196	648,196		648,196
Debt issuance costs			586,828	586,828		586,828
Depreciation and amortization					142,739	142,739
Total Expenditures/Expenses	158,898	1,091,749	6,804,308	8,054,955	(5,793,862)	2,261,093
Revenues Over (Under) Expenditures/Expenses	246,809	281,014	(6,786,550)	(6,258,727)	5,817,304	(441,423)
Other Financing Sources						
Proceeds from sale of bonds			6,925,000	6,925,000	(6,925,000)	
Other Items						
Transfers to other governments					(718,065)	(718,065)
Net Change in Fund Balances Change in Net Position	246,809	281,014	138,450	666,273	(666,273)	(1,159,488)
Fund Balance/Net Position						
Beginning of the year	1,460,299	1,717,470	394,689	3,572,458	(15,011,065)	(11,438,607)
End of the year	<u>\$ 1,707,108</u>	<u>\$ 1,998,484</u>	<u>\$ 533,139</u>	<u>\$ 4,238,731</u>	<u>\$ (16,836,826)</u>	<u>\$ (12,598,095)</u>

See notes to basic financial statements.

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Galveston County Municipal Utility District No. 66
Notes to Financial Statements
May 31, 2026

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 September 6, 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 is responsible for constructing water, sewer, drainage, and park and recreational facilities within the District. As further discussed in Note 10, the District transfers certain of 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*.

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

Galveston County Municipal Utility District No. 66
Notes to Financial Statements
May 31, 2026

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, drainage, and park and recreational 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.

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.

Galveston County Municipal Utility District No. 66
Notes to Financial Statements
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Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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, 2026, 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 eliminated in the government-wide 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 that exceeds the capitalization threshold for the asset class 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 that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is \$50,000. The threshold for subscription-based information technology arrangements (SBITAs) is \$100,000.

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 recreational facilities and impact fees, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Recreational facilities	20 years
Impact fees	Remaining life of contract

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.

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’s nonspendable fund balance consists of prepaid items.

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.

Galveston County Municipal Utility District No. 66
Notes to Financial Statements
May 31, 2026

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.

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, 2026

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		\$	4,238,731
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.			
Historical cost	\$	7,176,296	
Less accumulated depreciation/amortization		<u>(360,411)</u>	
			6,815,885
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:			
Accrued interest payable		(182,040)	
Due to developers		(5,579,611)	
Bonds payable, net		<u>(17,993,529)</u>	
			(23,755,180)
Deferred inflows in the fund statements consist of property taxes receivable and related penalties and interest that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.			
			102,469
Total net position - governmental activities		<u>\$</u>	<u>(12,598,095)</u>

Galveston County Municipal Utility District No. 66
Notes to Financial Statements
May 31, 2026

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	\$ 666,273
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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.	23,442
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Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:

Capital outlays	\$ 5,502,024	
Transfers to other governments	(718,065)	
Depreciation/amortization expense	<u>(142,739)</u>	
		4,641,220

Financial reporting for long-term obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as liabilities are acquired and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:

Issuance of long-term debt	(6,925,000)	
Principal payments - bonds	510,000	
Interest expense accrual	<u>(75,423)</u>	
		(6,490,423)

Change in net position of governmental activities	<u><u>\$ (1,159,488)</u></u>
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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.

Galveston County Municipal Utility District No. 66
Notes to Financial Statements
May 31, 2026

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.

As of May 31, 2026, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
TexPool	General	\$ 5,950			
	Debt Service	5,950			
		<u>11,900</u>	1%	AAAm	49 days
Texas CLASS	General	1,717,429			
	Debt Service	1,892,967			
	Capital Projects	502,800			
		<u>4,113,196</u>	99%	AAAm	51 days
Total		<u>\$ 4,125,096</u>	<u>100%</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.

Galveston County Municipal Utility District No. 66
Notes to Financial Statements
May 31, 2026

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 administrator and UMB Bank N.A., as the custodian.

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, 2026, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	\$ 1,618	Maintenance tax collections not remitted as of year end
Debt Service Fund	General Fund	4,399	Amounts owed to the Debt Service Fund due to excess amounts transferred in prior years

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, 2026

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended May 31, 2026, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 1,882,239	\$ 1,331,161	\$ 3,213,400
Capital assets being depreciated/amortized			
Recreational facilities		1,267,188	1,267,188
Impact fees	1,862,538	833,170	2,695,708
	<u>1,862,538</u>	<u>2,100,358</u>	<u>3,962,896</u>
Less accumulated depreciation/amortization			
Recreational facilities		(63,359)	(63,359)
Impact fees	(217,672)	(79,380)	(297,052)
	<u>(217,672)</u>	<u>(142,739)</u>	<u>(360,411)</u>
Subtotal depreciable capital assets, net	<u>1,644,866</u>	<u>1,957,619</u>	<u>3,602,485</u>
Capital assets, net	<u>\$ 3,527,105</u>	<u>\$ 3,288,780</u>	<u>\$ 6,815,885</u>

Depreciation/amortization expense for the current fiscal year was \$142,739.

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities. Under the agreements, the developers will construct facilities on behalf of 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 fiscal year are as follows:

Due to developers, beginning of year	\$ 6,932,051
Developer reimbursements	(5,502,024)
Developer funded construction and adjustments	4,149,584
Due to developers, end of year	<u>\$ 5,579,611</u>

In addition, the District will owe the developers approximately \$980,000 for the construction of the utilities to serve Pearlbrook Section 10. The exact amount due to the developers is not known until approved by the TCEQ and verified by the District's auditor.

Galveston County Municipal Utility District No. 66
Notes to Financial Statements
May 31, 2026

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 18,065,000
Unamortized discounts	(71,471)
	<u>\$ 17,993,529</u>
Due within one year	<u>\$ 525,000</u>

The District's bonds payable at May 31, 2026, 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	\$ 1,480,000	\$ 2,000,000	3.50 - 5.25%	September 1, 2015/2040	September 1, March 1	September 1, 2022
2016	1,375,000	2,185,000	2.00 - 4.35%	September 1, 2017/2040	September 1, March 1	September 1, 2023
2018	1,960,000	2,490,000	3.00 - 4.125%	September 1, 2019/2041	September 1, March 1	September 1, 2024
2020	2,105,000	2,500,000	2.00 - 4.50%	September 1, 2021/2043	September 1, March 1	September 1, 2025
2023	4,220,000	4,600,000	4.00%	September 1, 2024/2047	September 1, March 1	September 1, 2029
2025	3,925,000	3,925,000	4.00 - 5.00%	September 1, 2027/2048	September 1, March 1	September 1, 2032
2025A Park	3,000,000	3,000,000	4.00 - 5.00%	September 1, 2027/2048	September 1, March 1	September 1, 2032
	<u>\$ 18,065,000</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, 2026, the District had authorized but unissued bonds in the amount of \$25,595,000 for water, sewer, and drainage facilities and \$16,295,000 for refunding purposes. The District has no remaining amount authorized, but unissued for park and recreational facilities.

On October 22, 2025, the District issued its \$3,925,000 Series 2025 Unlimited Tax Bonds at a net effective interest rate of 4.442414%. Proceeds of the bonds were used to (1) to reimburse a developer for the following: the construction of capital assets within the District; engineering, and other costs associated with the construction of capital assets; the acquisition of land for certain District facilities,

Galveston County Municipal Utility District No. 66
Notes to Financial Statements
May 31, 2026

and impact fees paid to the City of Texas City; and (2) to pay developer interest at the net effective interest rate of the bonds.

On October 22, 2025, the District issued its \$3,000,000 Series 2025A Unlimited Tax Park Bonds at a net effective interest rate of 4.464257%. Proceeds of the bonds were used (1) to reimburse developers for the following: the construction of capital assets within the District; engineering, and other costs associated with the construction of capital assets; the acquisition of land for certain District facilities; and (2) to pay developer interest at the net effective interest rate of the bonds.

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

Bonds payable, beginning of year	\$ 11,650,000
Bonds issued	6,925,000
Bonds retired	(510,000)
Bonds payable, end of year	<u>\$ 18,065,000</u>

As of May 31, 2026, annual debt service requirements on bonds outstanding are as follows:

Fiscal Year Ending May 31	Principal	Interest	Totals
2027	\$ 525,000	\$ 710,820	\$ 1,235,820
2028	855,000	683,683	1,538,683
2029	865,000	647,908	1,512,908
2030	870,000	611,808	1,481,808
2031	885,000	575,171	1,460,171
2032	900,000	537,820	1,437,820
2033	910,000	501,527	1,411,527
2034	920,000	466,239	1,386,239
2035	935,000	430,301	1,365,301
2036	945,000	393,701	1,338,701
2037	965,000	356,194	1,321,194
2038	985,000	317,783	1,302,783
2039	1,000,000	278,705	1,278,705
2040	1,020,000	238,637	1,258,637
2041	1,040,000	197,388	1,237,388
2042	810,000	161,253	971,253
2043	650,000	133,964	783,964
2044	655,000	109,874	764,874
2045	505,000	87,506	592,506
2046	505,000	66,834	571,834
2047	505,000	45,968	550,968
2048	505,000	24,715	529,715
2049	310,000	6,974	316,974
	<u>\$ 18,065,000</u>	<u>\$ 7,584,773</u>	<u>\$ 25,649,773</u>

Galveston County Municipal Utility District No. 66
Notes to Financial Statements
May 31, 2026

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.

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2026 fiscal year was financed through the 2025 tax levy, pursuant to which the District levied property taxes of \$0.88 per \$100 of assessed value, of which \$0.18 was allocated to maintenance and operations and \$0.70 was allocated to debt service. The resulting tax levy was \$1,676,894 on the adjusted taxable value of \$190,556,096.

Property taxes receivable, at May 31, 2026, consisted of the following:

Current year taxes receivable	\$ 56,335
Prior years taxes receivable	28,176
	84,511
Penalty and interest receivable	17,958
Property taxes receivable	<u>\$ 102,469</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 developer is subsequently reimbursed. For the year ended May 31, 2026, the District reported transfers to other governments in the amount of \$718,065 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.

Galveston County Municipal Utility District No. 66
Notes to Financial Statements
May 31, 2026

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.

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.

Note 12 – Subsequent Event

On September 17, 2026, the District approved the sale of its \$4,600,000 Series 2026 Unlimited Tax Bonds at a net effective rate of 5.149158%. Proceeds from the bonds were used to reimburse the District's developers for infrastructure improvements in the District and the impact fees paid to the City of Texas City.

Required Supplementary Information

Galveston County Municipal Utility District No. 66
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended May 31, 2026

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 335,796	\$ 329,541	\$ 334,863	\$ 5,322
Miscellaneous			8,925	8,925
Investment earnings	36,000	36,000	61,919	25,919
Total Revenues	<u>371,796</u>	<u>365,541</u>	<u>405,707</u>	<u>40,166</u>
Expenditures				
Operating and administrative				
Professional fees	73,200	120,100	97,869	22,231
Contracted services	16,640	16,640	18,110	(1,470)
Administrative	32,024	32,024	39,418	(7,394)
Other	3,900	3,900	3,501	399
Total Expenditures	<u>125,764</u>	<u>172,664</u>	<u>158,898</u>	<u>13,766</u>
Revenues Over Expenditures	246,032	192,877	246,809	53,932
Fund Balance				
Beginning of the year	<u>1,460,299</u>	<u>1,460,299</u>	<u>1,460,299</u>	
End of the year	<u><u>\$ 1,706,331</u></u>	<u><u>\$ 1,653,176</u></u>	<u><u>\$ 1,707,108</u></u>	<u><u>\$ 53,932</u></u>

Galveston County Municipal Utility District No. 66
Notes to Required Supplementary Information
May 31, 2026

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. The budget was amended during the year to reflect changes in anticipated revenues and expenditures.

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Texas Supplementary Information

Galveston County Municipal Utility District No. 66
TSI-1. Services and Rates
May 31, 2026

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

- | | | | |
|---|---|--|-------------------------------------|
| ☐ Retail Water | ☐ Wholesale Water | ☐ Solid Waste / Garbage | ☐ Drainage |
| ☐ Retail Wastewater | ☐ Wholesale Wastewater | ☐ Flood Control | ☐ Irrigation |
| ☐ Parks / Recreation | ☐ Fire Protection | ☐ Roads | ☐ Security |
| ☐ Participates in joint venture, regional system and/or wastewater service | | | |
| ☒ 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, 2026

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):

The District does not have Debt Service standby fees.

The District does not have Operation and Maintenance standby fees.

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, 2026

Professional fees	
Legal	\$ 63,132
Audit	14,500
Engineering	20,237
	<u>97,869</u>
Contracted services	
Bookkeeping	<u>18,110</u>
Administrative	
Directors fees	8,177
Printing and office supplies	824
Insurance	2,042
Other	28,375
	<u>39,418</u>
Other	<u>3,501</u>
Total expenditures	<u>\$ 158,898</u>

See accompanying auditor's report.

Galveston County Municipal Utility District No. 66
TSI-3. Investments
May 31, 2026

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General			
TexPool	Variable	N/A	\$ 5,950
Texas CLASS	Variable	N/A	1,717,429
			<u>1,723,379</u>
Debt Service			
TexPool	Variable	N/A	5,950
Texas CLASS	Variable	N/A	1,892,967
			<u>1,898,917</u>
Capital Projects			
Texas CLASS	Variable	N/A	379,082
Texas CLASS	Variable	N/A	77,338
Texas CLASS	Variable	N/A	46,380
			<u>502,800</u>
Total - All Funds			<u>\$ 4,125,096</u>

See accompanying auditor's report.

Galveston County Municipal Utility District No. 66
TSI-4. Taxes Levied and Receivable
May 31, 2026

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 16,098	\$ 48,318	\$ 64,416	
Adjustments to Prior Year Tax Levy	(5,096)	(15,812)	(20,908)	
Adjusted Receivable	11,002	32,506	43,508	
2025 Original Tax Levy	331,546	1,289,345	1,620,891	
Adjustments	11,455	44,548	56,003	
Adjusted Tax Levy	343,001	1,333,893	1,676,894	
Total to be accounted for	354,003	1,366,399	1,720,402	
Tax collections:				
Current year	331,478	1,289,081	1,620,559	
Prior years	3,386	11,946	15,332	
Total Collections	334,864	1,301,027	1,635,891	
Taxes Receivable, End of Year	\$ 19,139	\$ 65,372	\$ 84,511	
Taxes Receivable, By Years				
2025	\$ 11,523	\$ 44,812	\$ 56,335	
2024	5,056	15,629	20,685	
2023	45	216	261	
2021 and prior	2,515	4,715	7,230	
Taxes Receivable, End of Year	\$ 19,139	\$ 65,372	\$ 84,511	
	2025	2024	2023	2022
Property Valuations:				
Land	\$ 37,775,366	\$ 29,721,579	\$ 26,634,719	\$ 21,251,300
Improvements	171,750,139	153,780,547	142,501,832	103,859,111
Personal Property	1,138,680	1,055,375	950,370	1,779,810
Exemptions	(20,108,089)	(17,221,266)	(22,072,934)	(12,399,547)
Total Property Valuations	\$ 190,556,096	\$ 167,336,235	\$ 148,013,987	\$ 114,490,674
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.18	\$ 0.22	\$ 0.16	\$ 0.17
Debt service tax rates	0.70	0.68	0.76	0.77
Total Tax Rates per \$100 Valuation	\$ 0.88	\$ 0.90	\$ 0.92	\$ 0.94
Adjusted Tax Levy:	\$ 1,676,894	\$ 1,506,026	\$ 1,361,729	\$ 1,076,212
Percentage of Taxes Collected to Taxes Levied **	96.64%	98.63%	99.98%	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, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
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>\$ 1,480,000</u>	<u>\$ 653,042</u>	<u>\$ 2,133,042</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, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
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>\$ 1,375,000</u>	<u>\$ 432,795</u>	<u>\$ 1,807,795</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, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
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>\$ 1,960,000</u>	<u>\$ 691,986</u>	<u>\$ 2,651,986</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, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
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>\$ 2,105,000</u>	<u>\$ 451,347</u>	<u>\$ 2,556,347</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, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
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>\$ 4,220,000</u>	<u>\$ 1,868,000</u>	<u>\$ 6,088,000</u>

See accompanying auditor's report.

Galveston County Municipal Utility District No. 66
TSI-5. Long-Term Debt Service Requirements
Series 2025--by Years
May 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	\$ -	\$ 169,519	\$ 169,519
2028	180,000	165,019	345,019
2029	180,000	156,019	336,019
2030	180,000	147,019	327,019
2031	180,000	138,019	318,019
2032	180,000	129,019	309,019
2033	180,000	120,919	300,919
2034	180,000	113,719	293,719
2035	180,000	106,519	286,519
2036	180,000	99,319	279,319
2037	180,000	92,119	272,119
2038	180,000	84,919	264,919
2039	180,000	77,718	257,718
2040	180,000	70,406	250,406
2041	180,000	62,981	242,981
2042	180,000	55,556	235,556
2043	175,000	48,234	223,234
2044	175,000	41,015	216,015
2045	175,000	33,797	208,797
2046	175,000	26,578	201,578
2047	175,000	19,250	194,250
2048	175,000	11,703	186,703
2049	175,000	3,937	178,937
	<u>\$ 3,925,000</u>	<u>\$ 1,973,303</u>	<u>\$ 5,898,303</u>

See accompanying auditor's report.

Galveston County Municipal Utility District No. 66
TSI-5. Long-Term Debt Service Requirements
Series 2025A Park--by Years
May 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	\$ -	\$ 130,038	\$ 130,038
2028	140,000	126,538	266,538
2029	140,000	119,538	259,538
2030	140,000	112,538	252,538
2031	140,000	105,538	245,538
2032	140,000	98,538	238,538
2033	140,000	92,238	232,238
2034	135,000	86,738	221,738
2035	135,000	81,338	216,338
2036	135,000	75,938	210,938
2037	135,000	70,537	205,537
2038	135,000	65,137	200,137
2039	135,000	59,737	194,737
2040	135,000	54,253	189,253
2041	135,000	48,684	183,684
2042	135,000	43,116	178,116
2043	135,000	37,546	172,546
2044	135,000	31,978	166,978
2045	135,000	26,409	161,409
2046	135,000	20,756	155,756
2047	135,000	15,018	150,018
2048	135,000	9,112	144,112
2049	135,000	3,037	138,037
	<u>\$ 3,000,000</u>	<u>\$ 1,514,300</u>	<u>\$ 4,514,300</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, 2026

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2027	\$ 525,000	\$ 710,820	\$ 1,235,820
2028	855,000	683,683	1,538,683
2029	865,000	647,908	1,512,908
2030	870,000	611,808	1,481,808
2031	885,000	575,171	1,460,171
2032	900,000	537,820	1,437,820
2033	910,000	501,527	1,411,527
2034	920,000	466,239	1,386,239
2035	935,000	430,301	1,365,301
2036	945,000	393,701	1,338,701
2037	965,000	356,194	1,321,194
2038	985,000	317,783	1,302,783
2039	1,000,000	278,705	1,278,705
2040	1,020,000	238,637	1,258,637
2041	1,040,000	197,388	1,237,388
2042	810,000	161,253	971,253
2043	650,000	133,964	783,964
2044	655,000	109,874	764,874
2045	505,000	87,506	592,506
2046	505,000	66,834	571,834
2047	505,000	45,968	550,968
2048	505,000	24,715	529,715
2049	310,000	6,974	316,974
	<u>\$ 18,065,000</u>	<u>\$ 7,584,773</u>	<u>\$ 25,649,773</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, 2026

	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	\$ 1,540,000	\$ 1,465,000	\$ 2,045,000	\$ 2,190,000
Bonds issued				
Bonds retired	(60,000)	(90,000)	(85,000)	(85,000)
Ending bonds outstanding	\$ 1,480,000	\$ 1,375,000	\$ 1,960,000	\$ 2,105,000
Interest paid during fiscal year	\$ 77,050	\$ 56,863	\$ 77,650	\$ 46,456
Paying agent's name and city All Series	Bank of New York Mellon Trust Company, N.A., Dallas, Texas			
Bond Authority:	Water, Sewer and Drainage Bonds	Refunding Bonds	Parks and Recreational Facilities Bonds	
Amount Authorized by Voters	\$ 43,295,000	\$ 16,295,000	\$ 3,000,000	
Amount Issued	(17,700,000)		(3,000,000)	
Remaining To Be Issued	\$ 25,595,000	\$ 16,295,000	\$ -	

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

Debt Service Fund cash and investments balance as of May 31, 2026: \$ 2,002,393

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,115,208

See accompanying auditor's report.

Bond Issue			
Series 2023	Series 2025	Series 2025A Park	Totals
4.00% 9/1 ; 3/1 9/1/24 - 9/1/47	4.00 - 5.00% 9/1 ; 3/1 9/1/27 - 9/1/48	4.00 - 5.00% 9/1 ; 3/1 9/1/27 - 9/1/48	
\$ 4,410,000	\$ -	\$ -	\$ 11,650,000
	3,925,000	3,000,000	6,925,000
(190,000)			(510,000)
<u>\$ 4,220,000</u>	<u>\$ 3,925,000</u>	<u>\$ 3,000,000</u>	<u>\$ 18,065,000</u>
<u>\$ 172,600</u>	<u>\$ 60,744</u>	<u>\$ 46,597</u>	<u>\$ 537,960</u>

Galveston County Municipal Utility District No. 66
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2026	2025	2024	2023	2022
Revenues					
Property taxes	\$ 334,863	\$ 368,235	\$ 233,501	\$ 196,225	\$ 349,336
Miscellaneous	8,925				
Investment earnings	61,919	59,957	60,538	25,927	3,719
Total Revenues	405,707	428,192	294,039	222,152	353,055
Expenditures					
Operating and administrative					
Professional fees	97,869	84,231	56,611	59,129	57,155
Contracted services	18,110	19,800	16,753	15,360	15,360
Administrative	39,418	50,816	13,479	11,160	10,601
Other	3,501	219	3,292	10,583	28
Capital outlay			301,667		
Debt service					
Developer interest			43,262		
Total Expenditures	158,898	155,066	435,064	96,232	83,144
Revenues Over (Under) Expenditures	246,809	273,126	(141,025)	125,920	269,911
Other Financing Uses					
Internal transfers				(21,487)	
Net Change in Fund Balance	246,809	273,126	(141,025)	104,433	269,911
Fund Balance, Beginning of the year	1,460,299	1,187,173	1,328,198	1,223,765	953,854
End of the year	\$ 1,707,108	\$ 1,460,299	\$ 1,187,173	\$ 1,328,198	\$ 1,223,765

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2026	2025	2024	2023	2022
83%	86%	79%	88%	99%
2%				
15%	14%	21%	12%	1%
100%	100%	100%	100%	100%
24%	20%	19%	27%	16%
4%	5%	6%	7%	4%
10%	12%	5%	5%	3%
1%	*	1%	5%	*
		103%		
		15%		
39%	37%	149%	44%	23%
61%	63%	(49%)	56%	77%

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				
	2026	2025	2024	2023	2022
Revenues					
Property taxes	\$ 1,301,027	\$ 1,145,268	\$ 1,108,639	\$ 874,488	\$ 603,977
Penalties and interest	14,134	17,079	3,912	5,968	5,755
Investment earnings	57,602	58,678	54,445	27,369	2,019
Total Revenues	1,372,763	1,221,025	1,166,996	907,825	611,751
Expenditures					
Tax collection services	39,739	35,150	18,868	19,238	15,693
Debt service					
Principal	510,000	510,000	305,000	295,000	280,000
Interest and fees	542,010	454,413	491,929	295,200	305,225
Total Expenditures	1,091,749	999,563	815,797	609,438	600,918
Revenues Over Expenditures	281,014	221,462	351,199	298,387	10,833
Fund Balance, Beginning of the year	1,717,470	1,496,008	1,144,809	846,422	835,589
End of the year	<u>\$ 1,998,484</u>	<u>\$ 1,717,470</u>	<u>\$ 1,496,008</u>	<u>\$ 1,144,809</u>	<u>\$ 846,422</u>

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2026	2025	2024	2023	2022
95%	94%	95%	96%	99%
1%	1%	*	1%	1%
4%	5%	5%	3%	*
100%	100%	100%	100%	100%
3%	3%	2%	2%	3%
37%	42%	26%	32%	46%
39%	37%	42%	33%	50%
79%	82%	70%	67%	99%
21%	18%	30%	33%	1%

Galveston County Municipal Utility District No. 66
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended May 31, 2026

Complete District Mailing Address: 6363 Woodway Dr, Suite 800, Houston, TX 77057
District Business Telephone Number: (713) 739-1060
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): May 13, 2026
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Jeffrey M. Cravey	05/22 - 05/30	\$ 2,431	\$ 83	President
Reneé Koch	05/20 - 05/28	1,105	107	Vice President
Joe P. Jameson	05/22 - 05/30	2,652	1,705	Secretary
Donna Rickenbacker	11/20 - 05/28			Assistant Secretary
Randy Stuewer	05/22 - 05/30	1,989	121	Assistant Vice President
Consultants				
Wallace & Philbin, LLP	12/25	<u>Amounts Paid</u> \$ 18,519		Attorney
Sechrist - Duckers, LLP	04/08			Former Attorney
<i>General legal fees</i>		24,694		
<i>Bond counsel</i>		158,500		
McLennan & Associates, LP	09/06	24,613		Bookkeeper
Assessments of the Southwest, Inc.	11/06	8,322		Tax Collector
Galveston Central Appraisal District	Legislation	18,037		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/07	7,532		Delinquent Tax Attorney
Sherrington-Humble, Inc.	09/06	83,539		Engineer
McGrath & Co., PLLC	Annual	28,925		Auditor
Masterson Advisors, LLC	04/18	148,504		Financial Advisor

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

See accompanying auditor's report.