

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2023**



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Harris County Municipal Utility District No. 166  
Harris County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 166 (the "District") as of and for the year ended September 30, 2023, 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 the District as of September 30, 2023, and the respective changes in financial position 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 the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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 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.



Board of Directors  
Harris County Municipal Utility District No. 166

### **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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is 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 supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*McCall Gibson Swedlund Barfoot PLLC*

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

January 19, 2024



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Management’s discussion and analysis of the financial performance of Harris County Municipal Utility District No. 166 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District’s assets, liabilities and, if necessary, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District’s net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**FUND FINANCIAL STATEMENTS (Continued)**

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District’s governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO THE FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”) and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$211,607 as of September 30, 2023. A portion of the District’s net position reflects its net investment in capital assets (land, water facilities and wastewater facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of the government-wide changes in net position:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 6,257,748	\$ 7,718,663	\$ (1,460,915)
Capital Assets (Net of Accumulated Depreciation)	<u>10,961,500</u>	<u>9,826,521</u>	<u>1,134,979</u>
Total Assets	<u>\$ 17,219,248</u>	<u>\$ 17,545,184</u>	<u>\$ (325,936)</u>
Deferred Outflows of Resources	<u>\$ 424,601</u>	<u>\$ 463,241</u>	<u>\$ (38,640)</u>
Bonds Payable	\$ 16,398,808	\$ 17,020,939	\$ 622,131
Due to Developer	261,380	1,183,059	921,679
Other Liabilities	<u>772,054</u>	<u>797,078</u>	<u>25,024</u>
Total Liabilities	<u>\$ 17,432,242</u>	<u>\$ 19,001,076</u>	<u>\$ 1,568,834</u>
Net Position:			
Net Investment in Capital Assets	\$ (4,280,513)	\$ (5,594,283)	\$ 1,313,770
Restricted	1,144,375	935,887	208,488
Unrestricted	<u>3,347,745</u>	<u>3,665,745</u>	<u>(318,000)</u>
Total Net Position	<u>\$ 211,607</u>	<u>\$ (992,651)</u>	<u>\$ 1,204,258</u>

The following table provides a summary of the District's operations for the years ended September 30, 2023, and September 30, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,945,424	\$ 1,663,662	\$ 281,762
Charges for Services	1,349,342	1,294,539	54,803
Other Revenues	<u>467,589</u>	<u>163,929</u>	<u>303,660</u>
Total Revenues	<u>\$ 3,762,355</u>	<u>\$ 3,122,130</u>	<u>\$ 640,225</u>
Expenses for Services	<u>2,558,097</u>	<u>3,057,421</u>	<u>499,324</u>
Change in Net Position	\$ 1,204,258	\$ 64,709	\$ 1,139,549
Net Position, Beginning of Year	<u>(992,651)</u>	<u>(1,057,360)</u>	<u>64,709</u>
Net Position, End of Year	<u>\$ 211,607</u>	<u>\$ (992,651)</u>	<u>\$ 1,204,258</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of September 30, 2023, were \$5,475,332, a decrease of \$1,412,613 from the prior year.

The General Fund fund balance decreased by \$313,179, primarily due to operating and capital expenditures exceeding property tax revenues, service revenues, and sales tax rebate revenues.

The Debt Service Fund fund balance increased by \$226,945, primarily due to the structure of the District's outstanding debt service requirements.

The Capital Projects Fund fund balance decreased by \$1,326,379. The District used Series 2021 Utility Bonds proceeds and prior year bond proceeds to fund current year capital costs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$329,145 more than budgeted revenues, actual expenditures were \$202,910 less than budgeted expenditures and transfers in were \$500,000 less than budgeted transfers which resulted in a positive variance of \$32,055. See the budget to actual comparison for more information.

**CAPITAL ASSETS**

Capital assets as of September 30, 2023, total \$10,961,500 (net of accumulated depreciation) and include land and the water and wastewater systems. Significant additions to capital assets during the current fiscal year included the wastewater treatment plant improvement costs.

Capital Assets At Year-End			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 452,642	\$ 452,642	\$
Construction in Progress	4,987,320	3,571,689	1,415,631
Capital Assets Subject to Depreciation:			
Water System	4,246,039	4,246,039	
Wastewater System	5,700,397	5,687,690	12,707
Less Accumulated Depreciation	(4,424,898)	(4,131,539)	(293,359)
Total Net Capital Assets	\$ 10,961,500	\$ 9,826,521	\$ 1,134,979



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**LONG-TERM DEBT ACTIVITY**

At year-end, the District had total bond debt payable of \$16,270,000. The changes in the debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows:

Bond Debt Payable, October 1, 2022	\$ 16,880,000
Less: Bond Principal Paid	<u>610,000</u>
Bond Debt Payable, September 30, 2023	<u>\$ 16,270,000</u>

The District’s bonds have underlying ratings of “BBB+” and “Baa1”. The District’s bonds carry insured ratings of “AA” or “A1” by virtue of bond insurance issued by Assured Guaranty Municipal Corp. or Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 166, c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 2400, Houston, Texas 77056.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2023**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 386,245	\$ 48,217
Investments	3,110,757	1,107,341
Receivables:		
Property Taxes	10,003	17,129
Penalty and Interest on Delinquent Taxes		
Service Accounts	132,529	
Accrued Interest	14,562	
Builder Damages	12,709	
City of Houston	29,021	
Due from Other Funds		2,581
Prepaid Costs		
Joint Water Plant Operating Advance	93,349	
Joint Wastewater Treatment Plant Operating Advance	10,407	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 3,799,582</b>	<b>\$ 1,175,268</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 3,799,582</b>	<b>\$ 1,175,268</b>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 404	\$ 434,866	\$	\$ 434,866
1,264,018	5,482,116		5,482,116
	27,132		27,132
		9,423	9,423
	132,529		132,529
	14,562		14,562
	12,709		12,709
	29,021		29,021
	2,581	(2,581)	
		11,634	11,634
	93,349		93,349
	10,407		10,407
		452,642	452,642
		4,987,320	4,987,320
		5,521,538	5,521,538
<u>\$ 1,264,422</u>	<u>\$ 6,239,272</u>	<u>\$ 10,979,976</u>	<u>\$ 17,219,248</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 424,601</u>	<u>\$ 424,601</u>
<u>\$ 1,264,422</u>	<u>\$ 6,239,272</u>	<u>\$ 11,404,577</u>	<u>\$ 17,643,849</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2023**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 292,468	\$ 2,489
Accrued Interest Payable		
Due to Developers		
Due to Other Funds	2,581	
Security Deposits	168,422	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 463,471</b>	<b>\$ 2,489</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 10,003	\$ 17,129
<b>FUND BALANCES</b>		
Nonspendable:		
Water Plant Operating Advance	\$ 93,349	\$
Wastewater Treatment Plant Operating Advance	10,407	
Restricted for Authorized Construction		
Restricted for Debt Service		1,155,650
Unassigned	3,222,352	
<b>TOTAL FUND BALANCES</b>	<b>\$ 3,326,108</b>	<b>\$ 1,155,650</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,799,582</b>	<b>\$ 1,175,268</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 270,848	\$ 565,805	\$	\$ 565,805
		37,827	37,827
		261,380	261,380
	2,581	(2,581)	
	168,422		168,422
		630,000	630,000
		15,768,808	15,768,808
<u>\$ 270,848</u>	<u>\$ 736,808</u>	<u>\$ 16,695,434</u>	<u>\$ 17,432,242</u>
<u>\$ - 0 -</u>	<u>\$ 27,132</u>	<u>\$ (27,132)</u>	<u>\$ - 0 -</u>
\$	\$ 93,349	\$ (93,349)	\$
	10,407	(10,407)	
993,574	993,574	(993,574)	
	1,155,650	(1,155,650)	
	3,222,352	(3,222,352)	
<u>\$ 993,574</u>	<u>\$ 5,475,332</u>	<u>\$ (5,475,332)</u>	<u>\$ - 0 -</u>
<u>\$ 1,264,422</u>	<u>\$ 6,239,272</u>		
		\$ (4,280,513)	\$ (4,280,513)
		1,144,375	1,144,375
		3,347,745	3,347,745
		<u>\$ 211,607</u>	<u>\$ 211,607</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

Total Fund Balances - Governmental Funds	\$	5,475,332
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Bond insurance premiums are amortized over the life of the bonds in governmental activities.		11,634
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Interest paid in advance as part of a refunding bond sale is recorded as deferred outflows of resources in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.		424,601
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		10,961,500
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.		36,555
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Due to Developer	\$ (261,380)	
Accrued Interest Payable	(37,827)	
Bonds Payable	<u>(16,398,808)</u>	<u>(16,698,015)</u>

Total Net Position - Governmental Activities	\$	<u>211,607</u>
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The accompanying notes to the financial statements are an integral part of this report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 716,713	\$ 1,240,947
Water Service	295,347	
Wastewater Service	516,996	
Water Authority Fees	431,059	
Penalty and Interest	25,991	32,863
Connection and Inspection Fees	58,686	
Sales Tax Rebate	105,961	
Investment and Miscellaneous Revenues	186,227	84,421
<b>TOTAL REVENUES</b>	<b>\$ 2,336,980</b>	<b>\$ 1,358,231</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 127,830	\$ 7,624
Contracted Services	445,426	30,765
Purchased Water Service	554,523	
Purchased Wastewater Service	50,341	
Utilities	28,895	
Repairs and Maintenance	284,728	
Depreciation		
Other	125,632	10,553
Capital Outlay	972,799	
Developer Interest	59,985	
Conveyance of Assets		
Debt Service:		
Bond Principal		610,000
Bond Interest		472,344
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 2,650,159</b>	<b>\$ 1,131,286</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (313,179)</b>	<b>\$ 226,945</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - OCTOBER 1, 2022</b>	3,639,287	928,705
<b>FUND BALANCES/NET POSITION - SEPTEMBER 30, 2023</b>	<b>\$ 3,326,108</b>	<b>\$ 1,155,650</b>

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



Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,957,660	\$ (12,236)	\$ 1,945,424
	295,347		295,347
	516,996		516,996
	431,059		431,059
	58,854	(11,600)	47,254
	58,686		58,686
	105,961		105,961
90,980	361,628		361,628
<u>\$ 90,980</u>	<u>\$ 3,786,191</u>	<u>\$ (23,836)</u>	<u>\$ 3,762,355</u>
\$ 580	\$ 136,034	\$	\$ 136,034
772	476,963		476,963
	554,523		554,523
	50,341		50,341
	28,895		28,895
	284,728		284,728
		293,359	293,359
376	136,561		136,561
1,415,631	2,388,430	(2,388,430)	
	59,985		59,985
		38,412	38,412
	610,000	(610,000)	
	472,344	25,952	498,296
<u>\$ 1,417,359</u>	<u>\$ 5,198,804</u>	<u>\$ (2,640,707)</u>	<u>\$ 2,558,097</u>
\$ (1,326,379)	\$ (1,412,613)	\$ 1,412,613	\$
		1,204,258	1,204,258
2,319,953	6,887,945	(7,880,596)	(992,651)
<u>\$ 993,574</u>	<u>\$ 5,475,332</u>	<u>\$ (5,263,725)</u>	<u>\$ 211,607</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net Change in Fund Balances - Governmental Funds \$ (1,412,613)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied. (12,236)

Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed. (11,600)

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (293,359)

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. Assets conveyed to other entities are recorded as an expense. 2,350,018

Bond premiums and bond discounts are amortized over the life of the bonds in governmental activities and the current year amortized portion is recorded in the Statement of Activities.

Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities. 610,000

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. (25,952)

Change in Net Position - Governmental Activities \$ 1,204,258

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1. CREATION OF DISTRICT**

Harris County Municipal Utility District No. 166 of Harris County, Texas (the “District”) was created effective June 20, 1979, by an Order of the Texas Water Commission presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local 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 statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental Funds

The District has three governmental funds and considers each to be major funds. The General Fund accounts for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectible within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2023, the Debt Service Fund (Tax Fund) recorded a receivable from the General Fund of \$2,581 for an over transfer of maintenance tax collections.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets (Continued)

their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 10 to 45 years.

Budgeting

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 original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered to be “employees” for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

*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.

*Restricted:* amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

*Committed:* amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. 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.

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

Accounting Estimates

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

**NOTE 3. LONG-TERM DEBT**

As of September 30, 2023, the District has authorized but unissued bonds in the amount of \$16,455,000 for the purpose of constructing or financing water, sanitary sewer, and drainage facilities and \$22,440,000 in refunding bonds. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 3. LONG-TERM DEBT (Continued)**

	Refunding Series 2015	Refunding Series 2019	Series 2020	Series 2021
Amount Outstanding – September 30, 2023	\$ 3,455,000	\$ 3,680,000	\$ 6,650,000	\$ 2,485,000
Interest Rates	3.00% - 4.00%	3.00%	2.00% - 4.50%	2.00% - 2.75%
Maturity Dates – Serially Beginning/Ending	September 1, 2024/2035	September 1, 2024/2035	September 1, 2024/2040	September 1, 2024/2042
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2022*	September 1, 2024*	September 1, 2025*	September 1, 2026*

\* Or any date thereafter, callable at par plus accrued interest to the date of redemption. Refunding Series 2015 term bonds maturing September 1, 2026, 2029, and 2032, are subject to mandatory redemption on September 1, 2024, 2027, and 2030, respectively. Refunding Series 2019 term bonds maturing September 1, 2035 are subject to mandatory redemption on September 1, 2031. Series 2020 term bonds maturing September 1, 2029, are subject to mandatory redemption on September 1, 2026. Series 2021 term bonds maturing September 1, 2033 and 2042, are subject to mandatory redemption on September 1, 2027 and 2034, respectively.

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2023:

	October 1, 2022	Additions	Retirements	September 30, 2023
Bonds Payable	\$ 16,880,000	\$	\$ 610,000	\$ 16,270,000
Unamortized Discounts	(96,807)		(5,323)	(91,484)
Unamortized Premiums	237,746		17,454	220,292
Bonds Payable, Net	<u>\$ 17,020,939</u>	<u>\$ -0-</u>	<u>\$ 622,131</u>	<u>\$ 16,398,808</u>
		Amount Due Within One Year		\$ 630,000
		Amount Due After One Year		<u>15,768,808</u>
		Bonds Payable, Net		<u>\$ 16,398,808</u>



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 3. LONG-TERM DEBT (Continued)**

As of September 30, 2023, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 630,000	\$ 453,919	\$ 1,083,919
2025	650,000	434,894	1,084,894
2026	665,000	415,119	1,080,119
2027	685,000	394,969	1,079,969
2028	705,000	374,231	1,079,231
2029-2033	3,915,000	1,555,870	5,470,870
2034-2038	4,765,000	889,430	5,654,430
2039-2042	4,255,000	273,375	4,528,375
	<u>\$ 16,270,000</u>	<u>\$ 4,791,807</u>	<u>\$ 21,061,807</u>

During the year ended September 30, 2023, the District levied an ad valorem debt service tax rate of \$0.45 per \$100 of assessed valuation, which resulted in a tax levy of \$1,241,847 on the adjusted taxable valuation of \$275,966,060 for the 2022 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

All property values and exempt status, if any, are determined by the 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.

**NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS**

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds.

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$1,144,866 and the bank balance was \$1,075,239. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits at September 30, 2023, is summarized in the following table:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 386,245	\$ 710,000	\$ 1,096,245
DEBT SERVICE FUND	48,217		48,217
CAPITAL PROJECTS FUND	404		404
TOTAL DEPOSITS	\$ 434,866	\$ 710,000	\$ 1,144,866

Investments

Under Texas law, the Authority is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all Authority funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the Authority’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The Authority’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest Authority funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS. The District’s investments in certificates of deposit are recorded at acquisition cost.

As of September 30, 2023, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$2,400,757	\$2,400,757
Certificates of Deposit	710,000	710,000
<u>DEBT SERVICE FUND</u>		
Texas CLASS	1,107,341	1,107,341
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	<u>1,264,018</u>	<u>1,264,018</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$5,482,116</u></b>	<b><u>\$5,482,116</u></b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2023, the District’s investments in Texas CLASS were rated “AAAm” by Standard and Poor’s. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers its investments in Texas CLASS to have a maturity of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by typically investing in certificates of deposit with maturities of less than one year.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the current fiscal year is summarized in the following table:

	October 1, 2022	Increases	Decreases	September 30, 2023
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 452,642	\$	\$	\$ 452,642
Construction in Progress	<u>3,571,689</u>	<u>1,428,338</u>	<u>12,707</u>	<u>4,987,320</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 4,024,331</u>	<u>\$ 1,428,338</u>	<u>\$ 12,707</u>	<u>\$ 5,439,962</u>
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 4,246,039	\$	\$	\$ 4,246,039
Wastewater System	<u>5,687,690</u>	<u>12,707</u>	<u></u>	<u>5,700,397</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 9,933,729</u>	<u>\$ 12,707</u>	<u>\$ - 0 -</u>	<u>\$ 9,946,436</u>
<b>Accumulated Depreciation</b>				
Water System	\$ 1,758,157	\$ 140,624	\$	\$ 1,898,781
Wastewater System	<u>2,373,382</u>	<u>152,735</u>	<u></u>	<u>2,526,117</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 4,131,539</u>	<u>\$ 293,359</u>	<u>\$ - 0 -</u>	<u>\$ 4,424,898</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 5,802,190</u>	<u>\$ (280,652)</u>	<u>\$ - 0 -</u>	<u>\$ 5,521,538</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 9,826,521</u>	<u>\$ 1,147,686</u>	<u>\$ 12,707</u>	<u>\$ 10,961,500</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 7. MAINTENANCE TAX**

On November 3, 1981, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$0.26 per \$100 of assessed valuation, which resulted in a tax levy of \$717,512 on the adjusted taxable valuation of \$275,966,060 for the 2022 tax year.

**NOTE 8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NOTE 9. STRATEGIC PARTNERSHIP AGREEMENT**

The District has entered into a Strategic Partnership Agreement with the City of Houston, Texas. The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and the Act, the City shall annex a tract or tracts of land for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District. The City imposes a Sales and Use Tax within the boundaries of the Tract on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City pays to the District an amount equal to one-half of all Sales and Use Tax revenues generated within 30 days of the City receiving the funds from the State Comptroller's office. During the current fiscal year, the District received \$105,961 in accordance with this agreement. The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this agreement. The term of this agreement is 30 years from the effective date of the agreement.

**NOTE 10. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY**

The District is located within the boundaries of the West Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the "Act"), as passed by the 77th Texas Legislature, in 2001. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection,

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 10. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY**  
(Continued)

recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions.

**NOTE 11. WASTE DISPOSAL**

The District owns and operates a 250,000 gallons per day, average daily flow, wastewater treatment plant. After being re-rated by the Commission, the plant can serve 1,000 equivalent single family connections (“ESFC”).

On January 28, 1998, Northwest Harris County Municipal Utility District No. 16 (District No. 16) and Harris County Municipal Utility District No. 257 (District No. 257) entered into a 50-year contract for wastewater treatment. The contract was amended on February 17, 2006, to include the District as a party to the agreement and to reallocate plant capacity to serve certain areas of the District. On April 19, 2010, the District purchased additional capacity resulting in ownership of 9.01% capacity in the plant (capable of serving 283 ESFC). District No. 16 holds title to the plant and operates the plant for the benefit of the participants. Operating costs are shared based upon the pro rata share of capacity owned. During the current year, the District’s share of operating costs was \$50,341. As of September 30, 2023, the advance for wastewater treatment plant operations was \$10,407.

The following summary financial information of the Plant is presented for the fiscal year ended June 30, 2023:

	<u>Joint Venture</u>
Total Assets	\$ 176,482
Total Liabilities	<u>176,482</u>
Total Fund Balance	<u>\$ -0-</u>
Total Operating Revenues	\$ 526,224
Total Operating Expenses	<u>526,619</u>
Net Change in Fund Balance	\$ (395)
Fund Balance - July 1, 2022	<u>395</u>
Fund Balance - June 30, 2023	<u><u>\$ -0-</u></u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 12. PERMANENT WATER SUPPLY**

The District and Harris County Municipal Utility District No. 276 (District No. 276) entered into a permanent water supply agreement on April 7, 2000. The agreement was subsequently amended August 20, 2003, November 1, 2004, April 9, 2008, February 20, 2015, and most recently on May 19, 2017. Under the terms of the agreement, the districts have shared in the costs of constructing two water plants, one within the boundaries of each district. The first water plant has been constructed in District No. 276, with the District paying 44.43% of the costs. District No. 276 is responsible for operations of water plant no. 1. Water plant no. 2 has been constructed in the District, with the District paying 50% of costs and owning 50% of the capacity of water plant no. 2. The District is responsible for operations of water plant no. 2. During the current fiscal year, the District incurred operating costs of \$554,523. As of September 30, 2023, the advance for water plant operations was \$93,349.

The most recent amendment added two additional points of interconnect between the water distribution systems of the districts. District No. 276 is responsible for operation and maintenance of the additional interconnects. The following summary financial information of the Plant is presented for the year ended August 31, 2023:

	<u>Joint Venture</u>
Total Assets	\$ 451,972
Total Liabilities	<u>182,296</u>
Total Fund Balance	<u>\$ 269,676</u>
Total Operating Revenues	\$ 1,477,011
Total Operating Expenses	<u>1,477,011</u>
Excess (Deficiency) of Revenues	
Over Expenditures	<u>\$ - 0 -</u>
Other Financing Sources (Uses)	
Increase in Operating Reserve	<u>\$ 56,975</u>
Net Change in Fund Balance	\$ 56,975
Fund Balance - September 1, 2022	<u>212,701</u>
Fund Balance - August 31, 2023	<u>\$ 269,676</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 13. DUE TO DEVELOPER AND UNREIMBURSED COSTS**

The District has executed developer financing agreements with Developers within the District. The agreements call for the Developers to fund costs associated with water, wastewater and drainage facilities until such time as the District can sell bonds. The following table summarizes current year activity related to unreimbursed costs:

Due to Developers, October 1, 2022	\$ 1,183,059
Current year Additions	38,412
Current year Reimbursements	<u>960,091</u>
Due to Developers, September 30, 2023	<u><u>\$ 261,380</u></u>



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2023**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Property Taxes	\$ 643,000	\$ 716,713	\$ 73,713
Water Service	258,200	295,347	37,147
Wastewater Service	452,880	516,996	64,116
Water Authority Fees	446,855	431,059	(15,796)
Penalty and Interest	24,800	25,991	1,191
Connection and Inspection Fees	15,280	58,686	43,406
Sales Tax Rebate	90,500	105,961	15,461
Investment and Miscellaneous Revenues	<u>76,320</u>	<u>186,227</u>	<u>109,907</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,007,835</u>	<u>\$ 2,336,980</u>	<u>\$ 329,145</u>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 153,000	\$ 127,830	\$ 25,170
Contracted Services	417,000	445,426	(28,426)
Purchased Water Service	549,555	554,523	(4,968)
Purchased Wastewater Service	37,228	50,341	(13,113)
Utilities	33,500	28,895	4,605
Repairs and Maintenance	307,436	284,728	22,708
Other	124,950	185,617	(60,667)
Capital Outlay	<u>1,230,400</u>	<u>972,799</u>	<u>257,601</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,853,069</u>	<u>\$ 2,650,159</u>	<u>\$ 202,910</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (845,234)</u>	<u>\$ (313,179)</u>	<u>\$ 532,055</u>
<b>OTHER FINANCING SOURCES(USES)</b>			
Transfers In	<u>\$ 500,000</u>	<u>\$ - 0 -</u>	<u>\$ (500,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (345,234)</u>	<u>\$ (313,179)</u>	<u>\$ 32,055</u>
<b>FUND BALANCE - OCTOBER 1, 2022</b>	<u>3,639,287</u>	<u>3,639,287</u>	<u>                    </u>
<b>FUND BALANCE - SEPTEMBER 30, 2023</b>	<u>\$ 3,294,053</u>	<u>\$ 3,326,108</u>	<u>\$ 32,055</u>

See accompanying independent auditor's report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**

**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**SEPTEMBER 30, 2023**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:**

<u>  X  </u>	Retail Water	_____	Wholesale Water	_____	Drainage
<u>  X  </u>	Retail Wastewater	_____	Wholesale Wastewater	_____	Irrigation
_____	Parks/Recreation	_____	Fire Protection	_____	Security
<u>  X  </u>	Solid Waste/Garbage	_____	Flood Control	_____	Roads
<u>  X  </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
_____	Other (specify): _____				

**2. RETAIL SERVICE PROVIDERS**

**a. RETAIL RATES FOR A 3/4" METER (OR EQUIVALENT):**

The following rates are based on the rate order dated October 1, 2023

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>				
WATER:	\$ 14.03	10,000	N	\$ 0.93 \$ 1.18	10,001 to 25,000 25,001 and up				
WASTEWATER:	\$ 35.55		Y						
SURCHARGE: RWA Fees			N	\$ 4.43	For each 1,000				
District employs winter averaging for wastewater usage?					<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;"><u>  X  </u></td> </tr> <tr> <td style="text-align: center;">Yes</td> <td style="text-align: center;">No</td> </tr> </table>	_____	<u>  X  </u>	Yes	No
_____	<u>  X  </u>								
Yes	No								

Total monthly charges per 10,000 gallons usage: Water: \$14.03 Wastewater: \$35.55 Surcharge: \$44.30

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ <sup>3</sup> / <sub>4</sub> "	1,027	1,025	x 1.0	1,025
1"	17	17	x 2.5	43
1½"	10	10	x 5.0	50
2"	11	11	x 8.0	88
3"			x 15.0	
4"			x 25.0	
6"	1	1	x 50.0	50
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water Connections	<u>1,067</u>	<u>1,065</u>		<u>1,336</u>
Total Wastewater Connections	<u>1,044</u>	<u>1,042</u>	x 1.0	<u>1,042</u>

**3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)**

The District shares water facilities with Harris County Municipal Utility District No. 276 (see Note 12). The District billed its customers for 99,348,000 gallons of water. Water accountability for the entire system is approximately 92.9%.

See accompanying independent auditor's report.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**4. STANDBY FEES (authorized only under TWC Section 49.231):**

Does the District have Debt Service standby fees? Yes \_\_\_ No X

Does the District have Operation and Maintenance standby fees? Yes \_\_\_ No X

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes X No \_\_\_\_\_

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely \_\_\_\_\_ Partly \_\_\_\_\_ Not at all X

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

Entirely X Partly \_\_\_\_\_ Not at all \_\_\_\_\_

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes \_\_\_\_\_ No X

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

PROFESSIONAL FEES:	
Auditing and Other Services	\$ 23,500
Engineering	46,073
Legal	<u>58,257</u>
TOTAL PROFESSIONAL FEES	<u>\$ 127,830</u>
PURCHASED WATER SERVICE	<u>\$ 554,523</u>
PURCHASED WASTEWATER SERVICE	<u>\$ 50,341</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 51,219
Operations and Billing	132,666
Solid Waste Disposal	<u>261,541</u>
TOTAL CONTRACTED SERVICES	<u>\$ 445,426</u>
UTILITIES	<u>\$ 28,895</u>
REPAIRS AND MAINTENANCE	<u>\$ 284,728</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 9,067
Insurance	17,882
Office Supplies and Postage	5,954
Other	<u>22,580</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 55,483</u>
CAPITAL OUTLAY	<u>\$ 972,799</u>
DEVELOPER INTEREST	<u>\$ 59,985</u>
OTHER EXPENDITURES:	
Chemicals	\$ 23,903
Laboratory Fees	27,642
Permit Fees	1,290
Connection, Inspection, and Reconnection Fees	14,507
Regulatory Assessment	<u>2,807</u>
TOTAL OTHER EXPENDITURES	<u>\$ 70,149</u>
TOTAL EXPENDITURES	<u><u>\$ 2,650,159</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**INVESTMENTS**  
**SEPTEMBER 30, 2023**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<b><u>GENERAL FUND</u></b>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 2,400,757	\$
Certificate of Deposit	XXXX1676	5.00%	05/16/24	235,000	4,378
Certificate of Deposit	XXXX1913	3.50%	10/18/23	240,000	7,963
Certificate of Deposit	XXXX0799	5.39%	07/27/24	<u>235,000</u>	<u>2,221</u>
TOTAL GENERAL FUND				<u>\$ 3,110,757</u>	<u>\$ 14,562</u>
<b><u>DEBT SERVICE FUND</u></b>					
Texas CLASS	XXXX0002	Varies	Daily	<u>\$ 1,107,341</u>	<u>\$ - 0 -</u>
<b><u>CAPITAL PROJECTS FUND</u></b>					
Texas CLASS	XXXX0003	Varies	Daily	\$ 1,217,865	\$
Texas CLASS	XXXX0004	Varies	Daily	<u>46,153</u>	<u></u>
TOTAL CAPITAL PROJECTS FUND				<u>\$ 1,264,018</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 5,482,116</u>	<u>\$ 14,562</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2022	\$	13,847	\$	25,521
Adjustments to Beginning				
Balance		<u>(4,643)</u>	\$	<u>9,204</u>
			<u>(9,292)</u>	\$
				16,229
Original 2022 Tax Levy	\$	655,880	\$	1,135,176
Adjustment to 2022 Tax Levy		<u>61,632</u>	<u>717,512</u>	<u>106,671</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	726,716	\$
				1,258,076
TAX COLLECTIONS:				
Prior Years	\$	2,261	\$	4,396
Current Year		<u>714,452</u>	<u>716,713</u>	<u>1,236,551</u>
				<u>1,240,947</u>
TAXES RECEIVABLE -				
SEPTEMBER 30, 2023		<u>\$</u>	<u>10,003</u>	<u>\$</u>
				<u>17,129</u>
TAXES RECEIVABLE BY				
YEAR:				
2022	\$	3,060	\$	5,296
2021		841		1,649
2020		730		1,433
2019		848		1,182
2018		825		1,150
2017		639		891
2016		967		1,436
2015		495		809
2014		449		816
2013		406		738
2012		422		768
2011		<u>321</u>		<u>961</u>
TOTAL	\$	<u>10,003</u>	\$	<u>17,129</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	2022	2021	2020	2019
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 82,920,756	\$ 81,759,700	\$ 61,881,994	\$ 50,111,584
Improvements	249,272,818	168,997,478	164,392,594	167,068,057
Personal Property	6,608,700	4,792,217	4,195,664	4,083,274
Exemptions	<u>(62,836,214)</u>	<u>(38,416,763)</u>	<u>(31,565,176)</u>	<u>(32,183,224)</u>
<b>TOTAL PROPERTY VALUATIONS</b>	<u>\$ 275,966,060</u>	<u>\$ 217,132,632</u>	<u>\$ 198,905,076</u>	<u>\$ 189,079,691</u>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.45	\$ 0.51	\$ 0.51	\$ 0.46
Maintenance	<u>0.26</u>	<u>0.26</u>	<u>0.26</u>	<u>0.33</u>
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<u>\$ 0.71</u>	<u>\$ 0.77</u>	<u>\$ 0.77</u>	<u>\$ 0.79</u>
<b>ADJUSTED TAX LEVY*</b>	<u>\$ 1,959,359</u>	<u>\$ 1,671,922</u>	<u>\$ 1,531,569</u>	<u>\$ 1,493,730</u>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>	<u>99.57 %</u>	<u>99.85 %</u>	<u>99.86 %</u>	<u>99.86 %</u>

\* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$0.50 per \$100 of assessed valuation approved by voters on November 3, 1981.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2023**

SERIES - 2015 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 115,000	\$ 131,300	\$ 246,300
2025	110,000	127,850	237,850
2026	115,000	124,550	239,550
2027	115,000	121,100	236,100
2028	120,000	117,650	237,650
2029	115,000	114,050	229,050
2030	125,000	110,600	235,600
2031	120,000	105,600	225,600
2032	120,000	100,800	220,800
2033	770,000	96,000	866,000
2034	800,000	65,200	865,200
2035	830,000	33,200	863,200
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 3,455,000</u>	<u>\$ 1,247,900</u>	<u>\$ 4,702,900</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2023**

SERIES - 2019 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 465,000	\$ 110,400	\$ 575,400
2025	480,000	96,450	576,450
2026	495,000	82,050	577,050
2027	520,000	67,200	587,200
2028	530,000	51,600	581,600
2029	555,000	35,700	590,700
2030	345,000	19,050	364,050
2031	55,000	8,700	63,700
2032	55,000	7,050	62,050
2033	55,000	5,400	60,400
2034	60,000	3,750	63,750
2035	65,000	1,950	66,950
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 3,680,000</u>	<u>\$ 489,300</u>	<u>\$ 4,169,300</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2023**

S E R I E S - 2 0 2 0

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 25,000	\$ 145,319	\$ 170,319
2025	35,000	144,194	179,194
2026	30,000	142,619	172,619
2027	25,000	141,269	166,269
2028	30,000	140,144	170,144
2029	35,000	138,794	173,794
2030	255,000	137,219	392,219
2031	575,000	132,119	707,119
2032	610,000	120,619	730,619
2033		108,418	108,418
2034		108,418	108,418
2035		108,418	108,418
2036	920,000	108,418	1,028,418
2037	960,000	90,019	1,050,019
2038	1,005,000	69,619	1,074,619
2039	1,050,000	48,263	1,098,263
2040	1,095,000	24,638	1,119,638
2041			
2042			
	<u>\$ 6,650,000</u>	<u>\$ 1,908,507</u>	<u>\$ 8,558,507</u>

See accompanying independent auditor's report.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2023**

S E R I E S - 2 0 2 1				
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total	
2024	\$ 25,000	\$ 66,900	\$	91,900
2025	25,000	66,400		91,400
2026	25,000	65,900		90,900
2027	25,000	65,400		90,400
2028	25,000	64,837		89,837
2029	25,000	64,275		89,275
2030	25,000	63,713		88,713
2031	25,000	63,150		88,150
2032	25,000	62,588		87,588
2033	25,000	62,025		87,025
2034	25,000	61,463		86,463
2035	25,000	60,775		85,775
2036	25,000	60,088		85,088
2037	25,000	59,400		84,400
2038	25,000	58,712		83,712
2039	25,000	58,025		83,025
2040	25,000	57,337		82,337
2041	1,025,000	56,650		1,081,650
2042	1,035,000	28,462		1,063,462
	\$ 2,485,000	\$ 1,146,100	\$	3,631,100

See accompanying independent auditor's report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2023**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 630,000	\$ 453,919	\$ 1,083,919
2025	650,000	434,894	1,084,894
2026	665,000	415,119	1,080,119
2027	685,000	394,969	1,079,969
2028	705,000	374,231	1,079,231
2029	730,000	352,819	1,082,819
2030	750,000	330,582	1,080,582
2031	775,000	309,569	1,084,569
2032	810,000	291,057	1,101,057
2033	850,000	271,843	1,121,843
2034	885,000	238,831	1,123,831
2035	920,000	204,343	1,124,343
2036	945,000	168,506	1,113,506
2037	985,000	149,419	1,134,419
2038	1,030,000	128,331	1,158,331
2039	1,075,000	106,288	1,181,288
2040	1,120,000	81,975	1,201,975
2041	1,025,000	56,650	1,081,650
2042	1,035,000	28,462	1,063,462
	<u>\$ 16,270,000</u>	<u>\$ 4,791,807</u>	<u>\$ 21,061,807</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2022
Harris County Municipal Utility District No. 166 Unlimited Tax Refunding Bonds - Series 2015	\$ 3,780,000	\$ 3,565,000
Harris County Municipal Utility District No. 166 Unlimited Tax Refunding Bonds - Series 2019	4,645,000	4,130,000
Harris County Municipal Utility District No. 166 Unlimited Tax Bonds - Series 2020	6,700,000	6,675,000
Harris County Municipal Utility District No. 166 Unlimited Tax Bonds - Series 2021	<u>2,510,000</u>	<u>2,510,000</u>
<b>TOTAL</b>	<b><u>\$ 17,635,000</u></b>	<b><u>\$ 16,880,000</u></b>

Bond Authority:	Tax Bonds	Refunding Tax Bonds
Amount Authorized by Voters	\$ 40,060,000	\$ 22,500,000
Amount Issued	<u>23,605,000</u>	<u>60,000</u>
Remaining to be Issued	<u>\$ 16,455,000</u>	<u>\$ 22,440,000</u>

See accompanying independent auditor's report.

<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2023</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
				The Bank of New York Mellon Trust Company, N.A. Dallas, TX
\$	\$ 110,000	\$ 134,600	\$ 3,455,000	
				The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	450,000	123,900	3,680,000	
				The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	25,000	146,444	6,650,000	
	<u>25,000</u>	<u>67,400</u>	<u>2,485,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 610,000</u>	<u>\$ 472,344</u>	<u>\$ 16,270,000</u>	

Debt Service Fund cash and investment balances as of September 30, 2023: \$ 1,155,558

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,108,516

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2023	2022	2021
<b>REVENUES</b>			
Property Taxes	\$ 716,713	\$ 558,108	\$ 513,493
Water Service	295,347	255,677	215,847
Wastewater Service	516,996	448,929	392,546
Water Authority Fees	431,059	394,226	302,796
Penalty and Interest	25,991	24,418	15,396
Connection and Inspection Fees	58,686	149,053	125,167
Sales Tax Rebate	105,961	96,380	92,972
Investment and Miscellaneous Revenues	186,227	22,592	18,179
<b>TOTAL REVENUES</b>	<b>\$ 2,336,980</b>	<b>\$ 1,949,383</b>	<b>\$ 1,676,396</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 127,830	\$ 123,607	\$ 143,723
Contracted Services	445,426	385,085	320,334
Purchased Services	604,864	547,139	459,318
Utilities	28,895	32,991	30,084
Repairs and Maintenance	284,728	301,558	258,641
Other	185,617	192,970	170,807
Capital Outlay	972,799	16,877	256,821
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,650,159</b>	<b>\$ 1,600,227</b>	<b>\$ 1,639,728</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (313,179)</b>	<b>\$ 349,156</b>	<b>\$ 36,668</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Construction Advances	\$ - 0 -	\$ - 0 -	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (313,179)</b>	<b>\$ 349,156</b>	<b>\$ 36,668</b>
<b>BEGINNING FUND BALANCE</b>	<b>3,639,287</b>	<b>3,290,131</b>	<b>3,253,463</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 3,326,108</b>	<b>\$ 3,639,287</b>	<b>\$ 3,290,131</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2020</u>	<u>2019</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
\$ 625,118	\$ 574,610	30.8 %	28.7 %	30.6 %	38.4 %	37.2 %
204,580	199,347	12.6	13.1	12.9	12.5	12.9
374,440	370,341	22.1	23.0	23.4	22.9	24.0
287,956	253,986	18.4	20.2	18.1	17.6	16.4
10,135	17,863	1.1	1.3	0.9	0.6	1.2
11,885	13,000	2.5	7.6	7.5	0.7	0.8
64,521	48,607	4.5	4.9	5.5	4.0	3.1
54,024	68,438	8.0	1.2	1.1	3.3	4.4
<u>\$ 1,632,659</u>	<u>\$ 1,546,192</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 128,263	\$ 107,251	5.5 %	6.3 %	8.6 %	7.9 %	6.9 %
305,640	303,233	19.1	19.8	19.1	18.7	19.6
448,759	399,750	25.9	28.1	27.4	27.5	25.9
29,890	29,161	1.2	1.7	1.8	1.8	1.9
280,550	275,830	12.2	15.5	15.4	17.2	17.8
78,506	125,985	7.9	9.9	10.2	4.8	8.1
834,554	6,900	41.6	0.9	15.3	51.1	0.4
<u>\$ 2,106,162</u>	<u>\$ 1,248,110</u>	<u>113.4 %</u>	<u>82.2 %</u>	<u>97.8 %</u>	<u>129.0 %</u>	<u>80.6 %</u>
<u>\$ (473,503)</u>	<u>\$ 298,082</u>	<u>(13.4) %</u>	<u>17.8 %</u>	<u>2.2 %</u>	<u>(29.0) %</u>	<u>19.4 %</u>
<u>\$ 829,800</u>	<u>\$ - 0 -</u>					
\$ 356,297	\$ 298,082					
<u>2,897,166</u>	<u>2,599,084</u>					
<u>\$ 3,253,463</u>	<u>\$ 2,897,166</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2023	2022	2021
<b>REVENUES</b>			
Property Taxes	\$ 1,240,947	\$ 1,094,816	\$ 1,008,567
Penalty and Interest	32,863	12,672	9,010
Investment and Miscellaneous Revenues	84,421	20,506	8,946
<b>TOTAL REVENUES</b>	<b>\$ 1,358,231</b>	<b>\$ 1,127,994</b>	<b>\$ 1,026,523</b>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 45,942	\$ 45,663	\$ 28,106
Debt Service Principal	610,000	570,000	425,000
Debt Service Interest and Fees	475,344	471,474	553,605
Bond Issuance Costs			
Payment to Refunded Bond Escrow Agent			
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,131,286</b>	<b>\$ 1,087,137</b>	<b>\$ 1,006,711</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 226,945</b>	<b>\$ 40,857</b>	<b>\$ 19,812</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Issuance of Long-Term Debt	\$	\$	\$
Payment to Refunded Bond Escrow Agent			
Bond Premium			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 226,945	\$ 40,857	\$ 19,812
<b>BEGINNING FUND BALANCE</b>	928,705	887,848	868,036
<b>ENDING FUND BALANCE</b>	<b>\$ 1,155,650</b>	<b>\$ 928,705</b>	<b>\$ 887,848</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	1,065	1,061	986
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	1,042	1,037	965

See accompanying independent auditor's report.



		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 871,455	\$ 801,273	91.4 %	97.1 %	98.2 %	96.6 %	94.1 %
11,954	20,719	2.4	1.1	0.9	1.3	2.4
19,400	30,039	6.2	1.8	0.9	2.1	3.5
<u>\$ 902,809</u>	<u>\$ 852,031</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 32,827	\$ 31,008	3.4 %	4.0 %	2.7 %	3.6 %	3.6 %
415,000	375,000	44.9	50.5	41.4	46.0	44.0
404,361	375,005	35.0	41.8	53.9	44.8	44.0
2,741	199,363				0.3	23.4
	92,000					10.8
<u>\$ 854,929</u>	<u>\$ 1,072,376</u>	<u>83.3 %</u>	<u>96.3 %</u>	<u>98.0 %</u>	<u>94.7 %</u>	<u>125.8 %</u>
\$ 47,880	\$ (220,345)	<u>16.7 %</u>	<u>3.7 %</u>	<u>2.0 %</u>	<u>5.3 %</u>	<u>(25.8) %</u>
\$	\$ 4,645,000					
	(4,584,060)					
	144,310					
<u>\$ - 0 -</u>	<u>\$ 205,250</u>					
\$ 47,880	\$ (15,095)					
820,156	835,251					
<u>\$ 868,036</u>	<u>\$ 820,156</u>					
<u>886</u>	<u>888</u>					
<u>871</u>	<u>872</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**SEPTEMBER 30, 2023**

District Mailing Address - Harris County Municipal Utility District No. 166  
c/o Schwartz, Page & Harding, L.L.P.  
1300 Post Oak Blvd., Suite 2400  
Houston, TX 77056

District Telephone Number - (713) 623-4531

<b>Board Members:</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2023	Expense Reimbursements for the year ended September 30, 2023	Title
Richard Love	05/2020 05/2024 (Elected)	\$ 2,013	\$ 466	President
Nano P. Cox	05/2022 05/2026 (Elected)	\$ 1,713	\$ -0-	Vice President
Bill Grzanka	05/2022 05/2026 (Elected)	\$ 2,013	\$ -0-	Secretary
Tom C. Knickerbocker	05/2022 05/2026 (Elected)	\$ 1,642	\$ -0-	Assistant Secretary
Lisa Mendel	05/2020 05/2024 (Elected)	\$ 1,042	\$ -0-	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: June 20, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on August 15, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 166**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**SEPTEMBER 30, 2023**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2023</u>	<u>Title</u>
Schwartz, Page & Harding, L.L.P.	02/17/81	\$ 64,780 \$ -0-	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/18/09	\$ 24,100 \$ -0-	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	10/01/94	\$ 54,797	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	02/14/97	\$ 7,624	Delinquent Tax Attorney
IDS Engineering Group	05/18/01	\$ 88,526	Engineer
Rathmann & Associates, L.P.	04/25/03	\$ -0-	Financial Advisor
Inframark, LLC	09/29/00	\$ 449,581	Operator
Bob Leared Interest, Inc.	05/06/92	\$ 21,741	Tax Assessor/ Collector
Mark Burton	08/01/02	\$ -0-	Investment Officer

See accompanying independent auditor's report.

