

**FORT BEND COUNTY MUNICIPAL UTILITY  
DISTRICT NO. 165**

**FORT BEND COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2023**

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
Certified Public Accountants



**FORT BEND COUNTY MUNICIPAL UTILITY  
DISTRICT NO. 165**

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**ANNUAL FINANCIAL REPORT**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Fort Bend County Municipal  
Utility District No. 165  
Fort Bend County, Texas

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 165 (the "District") as of and for the year ended June 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 June 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.

**Correction of Error**

As described in Note 9 to the financial statements, the District's net position as of June 30, 2022, has been restated to correct a certain misstatement. Our opinions are not modified with respect to this matter.

**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  
Fort Bend County Municipal Utility District No. 165

### **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.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

October 4, 2023



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

Management’s discussion and analysis of the financial performance of Fort Bend County Municipal Utility District No. 165 (the “District”) provides an overview of the District’s financial activities for the year ended June 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 deferred 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 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.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 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 \$9,260,149 as of June 30, 2023. A portion of the District's net position reflects its net investment in capital assets which includes land as well as the water, wastewater, drainage and recreational facilities less any debt used to acquire those assets that is still outstanding.

The following is a comparative analysis of the changes in the Statement of Net Position as of June 30, 2023, and June 30, 2022. The fiscal year ending 2022 balances in the following tables have been adjusted to account for the prior period adjustments discussed in Note 9.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 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	\$ 12,596,713	\$ 11,071,818	\$ 1,524,895
Capital Assets (Net of Accumulated Depreciation)	25,326,538	26,539,550	(1,213,012)
Total Assets	\$ 37,923,251	\$ 37,611,368	\$ 311,883
Deferred Outflows of Resources	\$ 583,299	\$ 636,585	\$ (53,286)
Due to Developer	\$	\$ 286,342	\$ 286,342
Bonds Payable	28,330,781	29,957,734	1,626,953
Other Liabilities	915,620	871,385	(44,235)
Total Liabilities	\$ 29,246,401	\$ 31,115,461	\$ 1,869,060
Net Position:			
Net Investment in Capital Assets	\$ (1,565,176)	\$ (2,236,339)	\$ 671,163
Restricted	2,862,593	2,789,943	72,650
Unrestricted	7,962,732	6,578,888	1,383,844
Total Net Position	\$ 9,260,149	\$ 7,132,492	\$ 2,127,657

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

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 4,677,558	\$ 4,372,550	\$ 305,008
Charges for Services	2,143,262	2,007,647	135,615
Other Revenues	409,386	43,468	365,918
Total Revenues	\$ 7,230,206	\$ 6,423,665	\$ 806,541
Expenses for Services	5,102,549	4,667,105	(435,444)
Change in Net Position	\$ 2,127,657	\$ 1,756,560	\$ 371,097
Net Position, Beginning of Year	7,132,492	5,375,932	1,756,560
Net Position, End of Year	\$ 9,260,149	\$ 7,132,492	\$ 2,127,657

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

The District’s combined fund balances as of June 30, 2023, were \$11,883,040, an increase of \$1,463,397 from the prior year.

The General Fund fund balance increased by \$1,384,372, primarily due to service revenues and property tax revenues exceeding operating and administrative costs.

The Debt Service Fund fund balance increased by \$54,859, primarily due to the structure of the District’s outstanding debt.

The Capital Projects Fund fund balance increased by \$24,166, primarily due to the receipt of interest earnings.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted an unappropriated budget for the current fiscal year. The budget was amended to increase the budgeted amounts for maintenance tax revenues, purchased services and repairs and maintenance costs. Actual revenues were \$412,653 more than budgeted revenues and actual expenditures were \$129,119 less than budgeted expenditures which resulted in a total positive variance of \$541,772. See the budget to actual comparison for more information.

**LONG-TERM DEBT ACTIVITY**

As of June 30, 2023, the District had total bond debt payable of \$28,230,000. The changes in the debt position of the District during the current fiscal year are summarized in the following table:

Bond Debt Payable, July 1, 2022	\$ 29,850,000
Less: Bond Principal Paid	<u>1,620,000</u>
Bond Debt Payable, June 30, 2023	<u>\$ 28,230,000</u>

The District’s bonds carry underlying ratings of “A3”. The bonds also carry insured ratings of “AA” or “A1” or “AA+” 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.



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

**CAPITAL ASSETS**

Capital assets total \$25,326,538 as of June 30, 2023, and include land as well as the water, wastewater and drainage systems, recreational facilities and the District's capacity interest in the Grand Mission Municipal Utility District No. 1 joint facilities. During the current fiscal year, the District paid its share of certain improvements to regional water facilities.

Capital Assets at Year End			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 3,041,156	\$ 3,083,789	\$ (42,633)
Construction in Progress	120,231	57,842	62,389
Capital Assets Subject to Depreciation:			
Water System	4,817,301	4,824,509	(7,208)
Wastewater System	8,896,320	9,052,839	(156,519)
Drainage System	14,210,771	14,254,540	(43,769)
Recreational Facilities	4,539,319	4,575,532	(36,213)
Less Accumulated Depreciation	(10,298,560)	(9,309,501)	(989,059)
Total Net Capital Assets	\$ 25,326,538	\$ 26,539,550	\$ (1,213,012)

**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 Fort Bend County Municipal Utility District No. 165, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**JUNE 30, 2023**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 199,062	\$ 64,065
Investments	7,805,974	3,072,948
Receivables:		
Property Taxes	16,929	20,822
Penalty and Interest on Delinquent Taxes		
Service Accounts	143,623	
Accrued Interest		10,250
Other	77,134	
Due from Other Funds	22,250	
Prepaid Costs	60,806	
Advance for Water Facilities Operations	145,948	
Advance for Wastewater Treatment Facilities Operations	70,397	
Advance for Regional Detention Facilities Operations	12,327	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 8,554,450</b>	<b>\$ 3,168,085</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 8,554,450</b>	<b>\$ 3,168,085</b>

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 420	\$ 263,547	\$	\$ 263,547
855,348	11,734,270		11,734,270
	37,751		37,751
		8,432	8,432
	143,623		143,623
	10,250		10,250
	77,134		77,134
	22,250	(22,250)	
	60,806	32,228	93,034
	145,948		145,948
	70,397		70,397
	12,327		12,327
		3,041,156	3,041,156
		120,231	120,231
		22,165,151	22,165,151
<u>\$ 855,768</u>	<u>\$ 12,578,303</u>	<u>\$ 25,344,948</u>	<u>\$ 37,923,251</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 583,299</u>	<u>\$ 583,299</u>
<u>\$ 855,768</u>	<u>\$ 12,578,303</u>	<u>\$ 25,928,247</u>	<u>\$ 38,506,550</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**JUNE 30, 2023**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 496,321	\$ 11,316
Accrued Interest Payable		
Due to Other Funds		22,250
Security Deposits	127,625	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 623,946</b>	<b>\$ 33,566</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 16,929	\$ 20,822
 <b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 60,806	\$
Operating Advances	228,672	
Restricted for Authorized Construction		
Restricted for Debt Service		3,113,697
Committed for Construction	537,460	
Unassigned	7,086,637	
<b>TOTAL FUND BALANCES</b>	<b>\$ 7,913,575</b>	<b>\$ 3,113,697</b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 8,554,450</b>	<b>\$ 3,168,085</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>
\$	\$ 507,637	\$	\$ 507,637
		280,358	280,358
	22,250	(22,250)	
	127,625		127,625
		1,635,000	1,635,000
		26,695,781	26,695,781
<u>\$ -0-</u>	<u>\$ 657,512</u>	<u>\$ 28,588,889</u>	<u>\$ 29,246,401</u>
<u>\$ -0-</u>	<u>\$ 37,751</u>	<u>\$ (37,751)</u>	<u>\$ -0-</u>
\$	\$ 60,806	\$ (60,806)	\$
	228,672	(228,672)	
855,768	855,768	(855,768)	
	3,113,697	(3,113,697)	
	537,460	(537,460)	
	7,086,637	(7,086,637)	
<u>\$ 855,768</u>	<u>\$ 11,883,040</u>	<u>\$ (11,883,040)</u>	<u>\$ -0-</u>
<u>\$ 855,768</u>	<u>\$ 12,578,303</u>		
		\$ (1,565,176)	\$ (1,565,176)
		2,862,593	2,862,593
		7,962,732	7,962,732
		<u>\$ 9,260,149</u>	<u>\$ 9,260,149</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

Total Fund Balances - Governmental Funds		\$ 11,883,040
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Deferred charges incurred as part of a refunding bond sale are recorded as deferred outflows in governmental activities and amortized over the shorter of the life of the old debt or new debt. Prepaid bond insurance premiums are amortized over the term of the bonds.</p>		615,527
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.</p>		25,326,538
<p>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.</p>		46,183
<p>Long-term 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:</p>		
Accrued Interest Payable	\$ (280,358)	
Bonds Payable	<u>(28,330,781)</u>	<u>(28,611,139)</u>
Total Net Position - Governmental Activities		<u>\$ 9,260,149</u>

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

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**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 2,178,208	\$ 2,498,004
Water Service	619,105	
Wastewater Service	427,073	
Water Authority Fees	784,506	
Fire Protection Fees	237,053	
Penalty and Interest	36,624	23,350
Connection, Inspection and Reconnection Fees	12,475	
Investment and Miscellaneous Revenues	284,209	91,775
<b>TOTAL REVENUES</b>	<b>\$ 4,579,253</b>	<b>\$ 2,613,129</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 230,255	\$ 5,939
Contracted Services	888,671	58,448
Purchased Water Service	915,413	
Purchased Wastewater Service	174,653	
Detention Facilities Costs	94,446	
Utilities	21,056	
Repairs and Maintenance	659,189	
Depreciation		
Other	148,809	10,183
Capital Outlay	62,389	
Debt Service:		
Bond Principal		1,620,000
Bond Interest		863,700
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 3,194,881</b>	<b>\$ 2,558,270</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 1,384,372</b>	<b>\$ 54,859</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION -</b>		
<b>JULY 1, 2022, AS ADJUSTED</b>	6,529,203	3,058,838
<b>FUND BALANCES/NET POSITION - JUNE 30, 2023</b>	<b>\$ 7,913,575</b>	<b>\$ 3,113,697</b>

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



Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 4,676,212	\$ 1,346	\$ 4,677,558
	619,105		619,105
	427,073		427,073
	784,506		784,506
	237,053		237,053
	59,974	3,076	63,050
	12,475		12,475
33,402	409,386		409,386
<u>\$ 33,402</u>	<u>\$ 7,225,784</u>	<u>\$ 4,422</u>	<u>\$ 7,230,206</u>
\$ 7,765	\$ 243,959	\$	\$ 243,959
966	948,085		948,085
	915,413		915,413
	174,653		174,653
	94,446		94,446
	21,056		21,056
	659,189		659,189
		989,059	989,059
505	159,497		159,497
	62,389	(62,389)	
	1,620,000	(1,620,000)	
	863,700	33,492	897,192
<u>\$ 9,236</u>	<u>\$ 5,762,387</u>	<u>\$ (659,838)</u>	<u>\$ 5,102,549</u>
\$ 24,166	\$ 1,463,397	\$ (1,463,397)	\$
		2,127,657	2,127,657
831,602	10,419,643	(3,287,151)	7,132,492
<u>\$ 855,768</u>	<u>\$ 11,883,040</u>	<u>\$ (2,622,891)</u>	<u>\$ 9,260,149</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances - Governmental Funds \$ 1,463,397

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. 1,346

Governmental funds report penalty and interest revenue on delinquent taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed. 3,076

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. (989,059)

Governmental funds report capital outlay 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. 62,389

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. 1,620,000

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. (33,492)

Change in Net Position - Governmental Activities \$ 2,127,657

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1. CREATION OF DISTRICT**

Fort Bend County Municipal Utility District No. 165 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective July 28, 2005, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

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

**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.

The District has entered into a joint venture with Fort Bend County Municipal Utility District No. 143 (District No. 143), Grand Mission Municipal Utility District No. 1 (District No. 1) and Grand Mission Municipal Utility District No. 2 (District No. 2) for water service through a joint water plant. District No. 1 has oversight over the water plant. Additional disclosure concerning this joint venture is provided in Note 8.

The District has entered into a joint venture with District No. 143, District No. 1 and District No. 2 for wastewater disposal through a joint wastewater treatment plant. District No. 1 has oversight responsibility over the plant. Additional disclosure concerning this joint venture is provided in Note 9.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

The District has entered into a joint venture with District No. 143, District No. 1 and District No. 2 for the construction and operation of joint detention facilities. District No. 1 has oversight responsibility over the facilities. Additional disclosure concerning this joint venture is provided in Note 10.

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:

- 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's 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.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

Government-Wide Financial Statements (Continued)

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 by adjustment to obtain net total revenue and expense 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 Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund – To account for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures.

Debt Service Fund – To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund – To account 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 collectable 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 collectable 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.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

Basis of Accounting (Continued)

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 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 June 30, 2023, the Debt Service Fund (Tax Fund) owed the General Fund \$22,250 for maintenance tax collections.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

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 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. Estimated useful lives are as follows:

	Years
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
Recreational Facilities	10-45

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

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 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.

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:

*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 committed \$537,460 of its General Fund fund balance for the recreational amenity improvements project.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

Measurement Focus (Continued)

*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**

	<u>Series 2012</u>	<u>Series 2014</u>	<u>Refunding Series 2015</u>
Amount Outstanding – June 30, 2023	\$ 75,000	\$ 3,925,000	\$ 3,460,000
Interest Rates	3.00%	3.00% - 4.00%	3.00% - 3.375%
Maturity Dates - Serially Beginning/Ending	September 1, 2023	September 1, 2023/2039	September 1, 2023/2033
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2019*	September 1, 2022*	September 1, 2022*

\* Or on any date thereafter, callable at par plus unpaid accrued interest in whole or in part at the option of the District. Series 2014 term bonds due September 1, 2033, 2035, 2037, and 2039 are subjected to mandatory redemption by random selection beginning September 1, 2032, 2034, 2036, and 2038, respectively.



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

	Series 2015A	Series 2016	Series 2017	Series 2017A Park
Amount Outstanding – June 30, 2023	\$ 3,475,000	\$ 5,855,000	\$ 1,195,000	\$ 2,365,000
Interest Rates	2.00% - 3.625%	3.00% - 3.625%	2.00% - 4.50%	2.00% - 3.375%
Maturity Dates - Serially Beginning/Ending	September 1, 2023/2039	September 1, 2023/2040	September 1, 2023/2040	September 1, 2023/2040
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2023*	September 1, 2024*	September 1, 2024*	September 1, 2024*
	Refunding Series 2019	Series 2020	Refunding Series 2020A	Refunding Series 2021
Amount Outstanding – June 30, 2023	\$ 1,620,000	\$ 1,260,000	\$ 1,970,000	\$3,030,000
Interest Rates	2.00% - 3.00%	2.00% - 2.625%	2.00% - 3.00%	1.00% - 3.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2023/2036	September 1, 2023/2040	September 1, 2023/2038	September 1, 2023/2038
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2024*	September 1, 2025*	September 1, 2026*	September 1, 2026*

\* Or on any date thereafter, callable at par plus unpaid accrued interest in whole or in part at the option of the District. Series 2015A term bonds due September 1, 2035, and 2039 are subjected to mandatory redemption by random selection beginning September 1, 2033, and 2036, respectively. Series 2016 term bonds due September 1, 2040, are subjected to mandatory redemption by random selection beginning September 1, 2037. Series 2017 term bonds due September 1, 2032, 2034, 2036, 2038, and 2040 are subjected to mandatory redemption by random selection beginning September 1, 2031, 2033, 2035, 2037, and 2039, respectively. Series 2017A Park term bonds due September 1, 2031, 2033, 2035, 2037, and 2039 are subjected to mandatory redemption by random selection beginning September 1, 2030, 2032, 2034, 2036, and 2038, respectively. Series 2019 term bonds due September 1, 2026, 2028, 2030, 2032, 2034, and 2036 are subject to mandatory redemption by random selection beginning September 1, 2025, 2027, 2029, 2031, 2033, and 2035, respectively. Series 2020A term bonds due September 1, 2027, 2029, 2032, 2034, 2036, and 2038 are subjected to mandatory redemption by random selection beginning September 1, 2026, 2028, 2030, 2033, 2035, and 2037, respectively. Series 2021 term bonds due September 1, 2032, 2034, 2036, and 2038 are subjected to mandatory redemption by random selection beginning September 1, 2031, 2033, 2035, and 2037, respectively.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

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

	July 1, 2022	Additions	Retirements	June 30, 2023
Bonds Payable	\$ 29,850,000	\$	\$ 1,620,000	\$ 28,230,000
Unamortized Discounts	(25,454)		(1,696)	(23,758)
Unamortized Premiums	133,188		8,649	124,539
Bonds Payable, Net	\$ 29,957,734	\$ -0-	\$ 1,626,953	\$ 28,330,781
		Amount Due Within One Year		\$ 1,635,000
		Amount Due After One Year		26,695,781
		Bonds Payable, Net		\$ 28,330,781

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. As of June 30, 2023, the District had authorized but unissued bonds in the amount of \$24,130,000 for utility facilities, \$20,905,000 for refunding purposes and \$2,135,000 for recreational facilities.

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

Fiscal Year	Principal	Interest	Total
2024	\$ 1,635,000	\$ 817,826	\$ 2,452,826
2025	1,650,000	771,632	2,421,632
2026	1,665,000	725,800	2,390,800
2027	1,670,000	680,266	2,350,266
2028	1,680,000	634,149	2,314,149
2029-2033	8,605,000	2,466,792	11,071,792
2034-2038	8,000,000	1,191,210	9,191,210
2039-2041	3,325,000	145,261	3,470,261
	\$ 28,230,000	\$ 7,432,936	\$ 35,662,936

During the year ended June 30, 2023, the District levied an ad valorem debt service tax rate of \$0.55 per \$100 of assessed valuation, which resulted in a tax levy of \$2,498,801 on the adjusted taxable valuation of \$454,327,307 for the 2022 tax year. The bond resolutions 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.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

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 RESOLUTION AND LEGAL REQUIREMENTS**

The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data, and notices of certain events, to certain information depositories. 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.

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.

**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 June 30, 2023, the carrying amount of the District's deposits was \$738,547 and the bank balance was \$769,101. The District was not exposed to custodial credit risk at year-end.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2023, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 199,062	\$	\$ 199,062
DEBT SERVICE FUND	64,065	475,000	539,065
CAPITAL PROJECTS FUND	420		420
TOTAL DEPOSITS	\$ 263,547	\$ 475,000	\$ 738,547

Investments

Under Texas law, the District 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 District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’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 District’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 District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the 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. 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.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

Investments (Continued)

The District records its investments in certificates of deposit at acquisition cost.

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

Funds and Investment Type	Fair Value	Maturities - Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 7,805,974	\$ 7,805,974
<u>DEBT SERVICE FUND</u>		
Texas CLASS	2,597,948	2,597,948
Certificates of Deposits	475,000	475,000
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	855,348	855,348
<b>TOTAL INVESTMENTS</b>	<b>\$11,734,270</b>	<b>\$11,734,270</b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investments in Texas CLASS are rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS to have maturities 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 have been significant changes in values. The District also manages interest rate risk by investing in certificates of deposit with maturities of approximately 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.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6. CAPITAL ASSETS**

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

	July 1, 2022	Increases	Decreases	June 30, 2023
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 3,083,789	\$	\$ 42,633	\$ 3,041,156
Construction in Progress	<u>57,842</u>	<u>62,389</u>		<u>120,231</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 3,141,631</u>	<u>\$ 62,389</u>	<u>\$ 42,633</u>	<u>\$ 3,161,387</u>
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 4,824,509	\$	\$ 7,208	\$ 4,817,301
Wastewater System	9,052,839		156,519	8,896,320
Drainage System	14,254,540		43,769	14,210,771
Recreational Facilities	<u>4,575,532</u>		<u>36,213</u>	<u>4,539,319</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 32,707,420</u>	<u>\$ - 0 -</u>	<u>\$ 243,709</u>	<u>\$ 32,463,711</u>
<b>Less Accumulated Depreciation</b>				
Water System	\$ 1,352,838	\$ 123,463	\$	\$ 1,476,301
Wastewater System	2,019,865	200,312		2,220,177
Drainage System	3,370,508	310,700		3,681,208
Recreational Facilities	<u>2,566,290</u>	<u>354,584</u>		<u>2,920,874</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 9,309,501</u>	<u>\$ 989,059</u>	<u>\$ - 0 -</u>	<u>\$ 10,298,560</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 23,397,919</u>	<u>\$ (989,059)</u>	<u>\$ 243,709</u>	<u>\$ 22,165,151</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 26,539,550</u>	<u>\$ (926,670)</u>	<u>\$ 286,342</u>	<u>\$ 25,326,538</u>

**NOTE 7. MAINTENANCE TAX**

On November 8, 2005, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. During the year ended June 30, 2023, the District levied an ad valorem maintenance tax rate of \$0.48 per \$100 of assessed valuation, which resulted in a tax levy of \$2,180,771 on the adjusted taxable valuation of \$454,327,307 for the 2022 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's utility systems.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8. REGIONAL WATER SUPPLY SYSTEM**

On May 22, 2006, the District, District No. 143, District No. 1, and District No. 2 executed the Second Amended and Restated Agreement for Financing, Construction, Ownership, Operation and Maintenance of Water Facilities (“Water Supply Agreement”) which provided for the further expansion of the existing plant. On June 11, 2007, November 26, 2007, December 1, 2012, July 1, 2015, and May 13, 2019 the District, District No. 143, District No. 1, and District No. 2 executed the First Amendment, Second Amendment, Third Amendment and Fourth Amendment to the Second Amended and Restated Agreement for Financing, Construction, Ownership, Operation and Maintenance of Water Facilities. These amendments set forth the prorations for participation in the expansions of the water facilities and the construction of the third water plant and related appurtenances. The term of the Water Supply Agreement is 40 years.

District No. 1 holds title to the water facilities and has responsibility for capital improvements as well as maintenance of those water facilities. The costs of operating and maintaining the water facilities are shared based on metered water usage within each district. Non-routine repairs and maintenance costs are shared based on ownership capacity.

During the year ended June 30, 2023, the District paid \$915,413 for purchased water. The District maintains a reserve balance of \$145,948 to be used for operations of the regional water facilities.

The following summary financial data on the joint water plant is presented for the fiscal year ended June 30, 2023.

	Regional Water Facilities
Total Assets	\$ 1,380,510
Total Liabilities	641,536
Total Fund Balance	\$ 738,974
Total Revenues	\$ 4,724,632
Total Expenditures	4,724,632
Excess Revenues (Expenditures)	\$ -0-
Other Financing Sources: Reserve Adjustment	152,184
Net Increase in Fund Balance	\$ 152,184
Fund Balance, Beginning of Year	586,790
Fund Balance, End of Year	\$ 738,974

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9. REGIONAL WASTEWATER TREATMENT FACILITIES**

On August 1, 2005, District No. 1 executed three separate agreements titled “Contract for Financing, Construction and Operation of Regional Wastewater Treatment Facilities” with District No. 143, District No. 2, and the District (“Wastewater Treatment Agreement”). The District owns an aggregate of 271,120 gpd of wastewater treatment capacity in the plant. Ownership of the system belongs to District No. 1. Unless terminated by mutual agreement of the participants, the Wastewater Treatment Agreement will continue in force and effect as long as the participants are in existence. Monthly billings consist of a fixed capacity charge, currently \$1.50 per 1,000 gallons of treatment capacity in the system reserved to each participant, and an operating charge, currently \$11.83 per active single family residential connections.

During the year ended June 30, 2023, the District incurred costs of \$174,653 for purchased wastewater services. The District maintains a reserve balance of \$70,397 for operations of the wastewater treatment facilities.

A prior period adjustment was recorded to correct the balances owed by each participant as a result of incorrect connection counts provided by District No. 143 in prior years. The result was a decrease in the fund balance of the General Fund of \$80,145.

The following summary financial data of the joint wastewater treatment facilities is presented for the fiscal year ended June 30, 2023.

	<u>Regional Wastewater Facilities</u>
Total Assets	\$ 1,137,649
Total Liabilities	<u>748,199</u>
Total Fund Balance	<u>\$ 389,450</u>
Total Revenues	\$ 906,091
Total Expenditures	<u>906,091</u>
Excess Revenues (Expenditures)	\$ -0-
Other Financing Sources: Reserve Adjustment	<u>113,067</u>
Net Increase in Fund Balance	\$ 113,067
Fund Balance, Beginning of Year	<u>276,383</u>
Fund Balance, End of Year	<u>\$ 389,450</u>



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10. REGIONAL DETENTION FACILITIES**

On August 1, 2005, District No. 1 entered into the Regional Detention Pond and Drainage Agreement (“Detention Agreement”) with District No. 143, District No. 2, and the District. District No. 1 operates the detention facilities. Each district is responsible for operation and maintenance costs based on its pro rata share of detention volume. During the year ended June 30, 2023, the District incurred detention facilities costs of \$94,446. The District maintains a reserve balance of \$12,327 for maintenance and operations costs associated with the detention system. The term of the Detention Agreement is 50 years from its effective date. The following summary financial data of the joint detention facilities is presented for the fiscal year ended June 30, 2023.

	Regional Detention Facilities
Total Assets	\$ 54,912
Total Liabilities	13,599
Total Fund Balance	\$ 41,313
Total Revenues	\$ 312,989
Total Expenditures	312,989
Excess Revenues (Expenditures)	\$ -0-
Other Financing Sources: Reserve Adjustment	18,640
Net Increase in Fund Balance	\$ 18,640
Fund Balance, Beginning of Year	22,673
Fund Balance, End of Year	\$ 41,313

**NOTE 11. NORTH FORT BEND WATER AUTHORITY**

The District is located within the boundaries of the North Fort Bend Water Authority (the “Authority”). The Authority was created by an Act of the Texas Legislature. 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, 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. The Authority is overseeing that its participants comply with subsidence district pumpage requirements. The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. The District’s costs for these fees are included in purchased water costs.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 12. DUE TO DEVELOPER AND UNREIMBURSED COSTS**

The District has executed financing agreements with Developers within the District. The agreements call for the Developers to fund costs associated with water, sewer, drainage and recreational facilities until such time as the District can sell bonds. As of year end, the District did not owe its developers for any such costs authorized under the financing agreements.

**NOTE 13. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, automobile, boiler and machinery, errors and omissions and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NOTE 14. FIRE PROTECTION AGREEMENT**

The District is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. The District has prepared a detailed fire plan which has been approved by the TCEQ. The fire plan does not call for the issuance of bonds but for a mandatory fee and monetary contribution to the City of Richmond, Texas. Pursuant to a Fire Protection Services Agreement, the Board held a successful election to approve the fire plan and Fire Protection Services Agreement. Fire protection is currently provided to property in the District by the City of Richmond, Texas Fire Station No. 3 located one-half a mile south of the District. The Agreement with the City of Richmond requires residents of the District to pay a mandatory fire fee. The agreement is in effect for 15 years from the effective date of December 1, 2007, and will be automatically renewed thereafter for successive one-year terms unless the District is dissolved by reason of annexation by the City of Houston.

**NOTE 15. SUBSEQUENT EVENT – USE OF SURPLUS FUNDS**

On August 10, 2023, subsequent to year-end, the District received approval for the use of \$59,416 in surplus funds. These funds will be used to pay for a portion of the District's share of the corrosion treatment system at the regional water facilities.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2023**



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 1,895,000	\$ 2,110,000	\$ 2,178,208	\$ 68,208
Water Service	651,000	651,000	619,105	(31,895)
Wastewater Service	418,000	418,000	427,073	9,073
Water Authority Fees	669,000	669,000	784,506	115,506
Fire Protection Fees	225,000	225,000	237,053	12,053
Penalty and Interest	28,000	28,000	36,624	8,624
Connection, Inspection and Reconnection Fees	11,100	11,100	12,475	1,375
Investment and Miscellaneous Revenues	<u>54,500</u>	<u>54,500</u>	<u>284,209</u>	<u>229,709</u>
<b>TOTAL REVENUES</b>	<u>\$ 3,951,600</u>	<u>\$ 4,166,600</u>	<u>\$ 4,579,253</u>	<u>\$ 412,653</u>
<b>EXPENDITURES</b>				
Service Operations:				
Professional Fees	\$ 199,000	\$ 199,000	\$ 230,255	\$ (31,255)
Contracted Services	795,300	878,100	888,671	(10,571)
Purchased Water Service	704,500	859,100	915,413	(56,313)
Purchased Wastewater Service	196,900	211,200	174,653	36,547
Detention Facilities Costs	36,200	108,700	94,446	14,254
Utilities	26,000	26,000	21,056	4,944
Repairs and Maintenance	322,300	347,000	659,189	(312,189)
Other	154,900	154,900	148,809	6,091
Capital Outlay	<u>540,000</u>	<u>540,000</u>	<u>62,389</u>	<u>477,611</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,975,100</u>	<u>\$ 3,324,000</u>	<u>\$ 3,194,881</u>	<u>\$ 129,119</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 976,500	\$ 842,600	\$ 1,384,372	\$ 541,772
<b>FUND BALANCE - JULY 1, 2022</b>	<u>6,529,203</u>	<u>6,529,203</u>	<u>6,529,203</u>	<u>_____</u>
<b>FUND BALANCE - JUNE 30, 2023</b>	<u>\$ 7,505,703</u>	<u>\$ 7,371,803</u>	<u>\$ 7,913,575</u>	<u>\$ 541,772</u>

See accompanying independent auditor's report.

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**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**JUNE 30, 2023**





**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165  
SERVICES AND RATES  
FOR THE YEAR ENDED JUNE 30, 2023**

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

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

**2. RETAIL SERVICE PROVIDERS**

**a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):**

The rates below are based on the rate order approved April 13, 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:	\$33.60	8,000	N	\$ 1.00 \$ 1.50 \$ 2.00	8,001 to 15,000 15,001 to 30,000 30,001 and up
WASTEWATER	\$24.80		Y		
SURCHARGE:					
Fire Protection Fee	\$13.96		Y		
Water Authority Fees	\$5.39 per 1,000 gallons (\$4.90 + 10%)				

District employs winter averaging for wastewater usage?          X    
Yes            No

Total monthly charges per 10,000 gallons usage: Water: \$35.60 Wastewater: \$24.80 Surcharge: \$67.86

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165  
SERVICES AND RATES  
FOR THE YEAR ENDED JUNE 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	
≤¾"	1,116	1,113	x 1.0	1,113
1"	364	364	x 2.5	910
1½"			x 5.0	
2"	13	13	x 8.0	104
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10" Master			x 115.0	
Total Water Connections	<u>1,493</u>	<u>1,490</u>		<u>2,127</u>
Total Wastewater Connections	<u>1,445</u>	<u>1,442</u>	x 1.0	<u>1,442</u>

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

Gallons billed to customers:           143,685,000           Water Accountability Ratio: \*

\* The District participates in joint water supply facilities with District No. 1, District No. 2, and District No. 143 (see Note 8).

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165  
SERVICES AND RATES  
FOR THE YEAR ENDED JUNE 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:

Fort Bend 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.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

PROFESSIONAL FEES:	
Auditing	\$ 18,000
Engineering	58,114
Legal	154,141
TOTAL PROFESSIONAL FEES	<u>\$ 230,255</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 915,413
Purchased Wastewater Service	174,653
Detention Facilities Costs	94,446
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,184,512</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 58,052
Operations and Billing	69,078
Solid Waste Disposal	341,515
Security	183,215
Fire Fighting	236,811
TOTAL CONTRACTED SERVICES	<u>\$ 888,671</u>
UTILITIES	<u>\$ 21,056</u>
REPAIRS AND MAINTENANCE	<u>\$ 659,189</u>
ADMINISTRATIVE EXPENDITURES:	
Arbitrage Compliance Costs	\$ 7,500
Director Fees, Including Payroll Taxes and Travel	22,138
Insurance	11,471
Office Supplies and Postage	54,700
Website and Other	14,250
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 110,059</u>
CAPITAL OUTLAY	<u>\$ 62,389</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 9,056
Permit Fees	3,378
Connection, Inspection and Reconnection Costs	21,132
Regulatory Assessment	5,184
TOTAL OTHER EXPENDITURES	<u>\$ 38,750</u>
TOTAL EXPENDITURES	<u><u>\$ 3,194,881</u></u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**INVESTMENTS**  
**JUNE 30, 2023**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0005	Varies	Daily	\$ 7,805,974	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0004	Varies	Daily	\$ 2,597,948	\$
Certificates of Deposit	XXXX0004	4.00%	11/09/23	240,000	6,128
Certificates of Deposit	XXXX4475	4.54%	02/09/24	235,000	4,122
TOTAL DEBT SERVICE FUND				<u>\$ 3,072,948</u>	<u>\$ 10,250</u>
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0002	Varies	Daily	\$ 600,251	\$
Texas CLASS	XXXX0007	Varies	Daily	255,097	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 855,348</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 11,734,270</u>	<u>\$ 10,250</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JULY 1, 2022	\$	15,214	\$	21,191
Adjustments to Beginning				
Balance		<u>(848)</u>	\$	<u>(1,166)</u>
		\$	14,366	\$
				20,025
Original 2022 Tax Levy	\$	2,175,116	\$	2,492,321
Adjustment to 2022 Tax Levy		<u>5,655</u>	<u>2,180,771</u>	<u>6,480</u>
				<u>2,498,801</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	2,195,137	\$
				2,518,826
TAX COLLECTIONS:				
Prior Years	\$	9,963	\$	13,556
Current Year		<u>2,168,245</u>	<u>2,178,208</u>	<u>2,484,448</u>
				<u>2,498,004</u>
TAXES RECEIVABLE -				
JUNE 30, 2023		<u>\$</u>	<u>16,929</u>	<u>\$</u>
				<u>20,822</u>
TAXES RECEIVABLE BY				
YEAR:				
2022	\$	12,526	\$	14,353
2021		1,438		1,957
2020		1,448		1,922
2019		1,249		2,040
2018		<u>268</u>		<u>550</u>
TOTAL	\$	<u>16,929</u>	\$	<u>20,822</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2022	2021	2020	2019
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 58,809,910	\$ 58,640,520	\$ 58,360,170	\$ 57,610,540
Improvements	465,204,173	342,357,339	332,204,623	301,460,760
Personal Property	1,878,240	1,678,090	1,409,980	1,314,290
Exemptions	<u>(71,565,016)</u>	<u>(8,668,310)</u>	<u>(8,142,176)</u>	<u>(6,339,702)</u>
<b>TOTAL PROPERTY VALUATIONS</b>	<u><u>\$ 454,327,307</u></u>	<u><u>\$ 394,007,639</u></u>	<u><u>\$ 383,832,597</u></u>	<u><u>\$ 354,045,888</u></u>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.55	\$ 0.64	\$ 0.65	\$ 0.735
Maintenance	<u>0.48</u>	<u>0.47</u>	<u>0.49</u>	<u>0.450</u>
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<u><u>\$ 1.03</u></u>	<u><u>\$ 1.11</u></u>	<u><u>\$ 1.14</u></u>	<u><u>\$ 1.185</u></u>
<b>ADJUSTED TAX LEVY*</b>	<u><u>\$ 4,679,572</u></u>	<u><u>\$ 4,373,486</u></u>	<u><u>\$ 4,375,692</u></u>	<u><u>\$ 4,195,445</u></u>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>	<u><u>99.43 %</u></u>	<u><u>99.92 %</u></u>	<u><u>99.92 %</u></u>	<u><u>99.92 %</u></u>

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

\*\* Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on November 8, 2005.

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2023**

S E R I E S - 2 0 1 2			
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 75,000	\$ 1,125	\$ 76,125
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	\$ 75,000	\$ 1,125	\$ 76,125

See accompanying independent auditor's report.



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2023**

S E R I E S - 2 0 1 4			
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 235,000	\$ 127,737	\$ 362,737
2025	235,000	120,687	355,687
2026	235,000	113,637	348,637
2027	230,000	106,662	336,662
2028	230,000	99,762	329,762
2029	230,000	92,862	322,862
2030	230,000	85,819	315,819
2031	230,000	78,488	308,488
2032	230,000	71,013	301,013
2033	230,000	63,250	293,250
2034	230,000	55,200	285,200
2035	230,000	47,150	277,150
2036	230,000	39,100	269,100
2037	230,000	30,906	260,906
2038	230,000	22,569	252,569
2039	230,000	13,800	243,800
2040	230,000	4,600	234,600
2041			
	\$ 3,925,000	\$ 1,173,242	\$ 5,098,242

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2023**

SERIES - 2015 REFUNDING

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 275,000	\$ 103,544	\$ 378,544
2025	285,000	95,144	380,144
2026	290,000	86,519	376,519
2027	300,000	77,669	377,669
2028	305,000	68,593	373,593
2029	310,000	59,368	369,368
2030	325,000	49,640	374,640
2031	330,000	39,406	369,406
2032	335,000	28,806	363,806
2033	345,000	17,756	362,756
2034	360,000	6,075	366,075
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	<u>\$ 3,460,000</u>	<u>\$ 632,520</u>	<u>\$ 4,092,520</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2023**

S E R I E S - 2 0 1 5 A

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 175,000	\$ 108,500	\$ 283,500
2025	175,000	104,781	279,781
2026	175,000	100,625	275,625
2027	175,000	96,141	271,141
2028	175,000	91,219	266,219
2029	175,000	85,969	260,969
2030	175,000	80,719	255,719
2031	175,000	75,469	250,469
2032	175,000	70,109	245,109
2033	175,000	64,531	239,531
2034	175,000	58,625	233,625
2035	250,000	51,187	301,187
2036	250,000	42,437	292,437
2037	250,000	33,531	283,531
2038	250,000	24,469	274,469
2039	275,000	14,953	289,953
2040	275,000	4,984	279,984
2041			
	<u>\$ 3,475,000</u>	<u>\$ 1,108,249</u>	<u>\$ 4,583,249</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2023**

S E R I E S - 2 0 1 6

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 330,000	\$ 186,138	\$ 516,138
2025	325,000	176,313	501,313
2026	325,000	166,563	491,563
2027	325,000	156,813	481,813
2028	325,000	147,063	472,063
2029	325,000	137,313	462,313
2030	325,000	127,563	452,563
2031	325,000	117,812	442,812
2032	325,000	107,860	432,860
2033	325,000	97,500	422,500
2034	325,000	86,734	411,734
2035	325,000	75,563	400,563
2036	325,000	64,188	389,188
2037	325,000	52,812	377,812
2038	325,000	41,234	366,234
2039	325,000	29,453	354,453
2040	325,000	17,672	342,672
2041	325,000	5,891	330,891
	<u>\$ 5,855,000</u>	<u>\$ 1,794,485</u>	<u>\$ 7,649,485</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2023**

S E R I E S - 2 0 1 7

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 60,000	\$ 33,938	\$ 93,938
2025	60,000	31,988	91,988
2026	60,000	30,788	90,788
2027	60,000	29,550	89,550
2028	60,000	28,162	88,162
2029	60,000	26,662	86,662
2030	60,000	25,087	85,087
2031	60,000	23,437	83,437
2032	60,000	21,712	81,712
2033	60,000	19,912	79,912
2034	60,000	18,112	78,112
2035	75,000	16,087	91,087
2036	75,000	13,791	88,791
2037	75,000	11,447	86,447
2038	75,000	9,056	84,056
2039	75,000	6,619	81,619
2040	80,000	4,050	84,050
2041	80,000	1,350	81,350
	<u>\$ 1,195,000</u>	<u>\$ 351,748</u>	<u>\$ 1,546,748</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2023**

S E R I E S - 2 0 1 7 A P A R K

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 100,000	\$ 68,131	\$ 168,131
2025	100,000	66,131	166,131
2026	100,000	64,131	164,131
2027	100,000	62,069	162,069
2028	100,000	59,819	159,819
2029	100,000	57,381	157,381
2030	100,000	54,755	154,755
2031	100,000	51,881	151,881
2032	100,000	48,881	148,881
2033	100,000	45,881	145,881
2034	100,000	42,881	142,881
2035	175,000	38,647	213,647
2036	175,000	33,178	208,178
2037	175,000	27,600	202,600
2038	175,000	21,912	196,912
2039	175,000	16,115	191,115
2040	190,000	9,956	199,956
2041	200,000	3,375	203,375
	<u>\$ 2,365,000</u>	<u>\$ 772,724</u>	<u>\$ 3,137,724</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2023**

SERIES - 2019 REFUNDING

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 95,000	\$ 43,513	\$ 138,513
2025	95,000	40,663	135,663
2026	100,000	38,237	138,237
2027	105,000	36,187	141,187
2028	105,000	33,956	138,956
2029	110,000	31,537	141,537
2030	110,000	28,650	138,650
2031	115,000	25,275	140,275
2032	120,000	21,750	141,750
2033	120,000	18,150	138,150
2034	130,000	14,400	144,400
2035	130,000	10,500	140,500
2036	140,000	6,450	146,450
2037	145,000	2,175	147,175
2038			
2039			
2040			
2041			
	<u>\$ 1,620,000</u>	<u>\$ 351,443</u>	<u>\$ 1,971,443</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2023**

S E R I E S - 2 0 2 0

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 70,000	\$ 27,650	\$ 97,650
2025	70,000	26,250	96,250
2026	70,000	24,850	94,850
2027	70,000	23,450	93,450
2028	70,000	22,050	92,050
2029	70,000	20,650	90,650
2030	70,000	19,250	89,250
2031	70,000	17,850	87,850
2032	70,000	16,363	86,363
2033	70,000	14,787	84,787
2034	70,000	13,213	83,213
2035	70,000	11,593	81,593
2036	70,000	9,888	79,888
2037	70,000	8,137	78,137
2038	70,000	6,388	76,388
2039	70,000	4,593	74,593
2040	70,000	2,756	72,756
2041	70,000	919	70,919
	<u>\$ 1,260,000</u>	<u>\$ 270,637</u>	<u>\$ 1,530,637</u>

See accompanying independent auditor's report.



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2023**

SERIES - 2020 A REFUNDING

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 10,000	\$ 51,750	\$ 61,750
2025	95,000	50,175	145,175
2026	100,000	47,250	147,250
2027	100,000	44,750	144,750
2028	105,000	42,700	147,700
2029	110,000	40,550	150,550
2030	120,000	38,250	158,250
2031	120,000	35,700	155,700
2032	125,000	32,944	157,944
2033	135,000	30,019	165,019
2034	140,000	26,400	166,400
2035	145,000	22,125	167,125
2036	155,000	17,625	172,625
2037	165,000	12,825	177,825
2038	170,000	7,800	177,800
2039	175,000	2,625	177,625
2040			
2041			
	<u>\$ 1,970,000</u>	<u>\$ 503,488</u>	<u>\$ 2,473,488</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2023**

SERIES - 2021 REFUNDING

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 210,000	\$ 65,800	\$ 275,800
2025	210,000	59,500	269,500
2026	210,000	53,200	263,200
2027	205,000	46,975	251,975
2028	205,000	40,825	245,825
2029	205,000	36,725	241,725
2030	200,000	33,700	233,700
2031	195,000	29,750	224,750
2032	190,000	25,900	215,900
2033	185,000	22,150	207,150
2034	185,000	18,450	203,450
2035	180,000	14,800	194,800
2036	170,000	11,300	181,300
2037	165,000	7,950	172,950
2038	160,000	4,700	164,700
2039	155,000	1,550	156,550
2040			
2041			
	<u>\$ 3,030,000</u>	<u>\$ 473,275</u>	<u>\$ 3,503,275</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2023**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending June 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 1,635,000	\$ 817,826	\$ 2,452,826
2025	1,650,000	771,632	2,421,632
2026	1,665,000	725,800	2,390,800
2027	1,670,000	680,266	2,350,266
2028	1,680,000	634,149	2,314,149
2029	1,695,000	589,017	2,284,017
2030	1,715,000	543,433	2,258,433
2031	1,720,000	495,068	2,215,068
2032	1,730,000	445,338	2,175,338
2033	1,745,000	393,936	2,138,936
2034	1,775,000	340,090	2,115,090
2035	1,580,000	287,652	1,867,652
2036	1,590,000	237,957	1,827,957
2037	1,600,000	187,383	1,787,383
2038	1,455,000	138,128	1,593,128
2039	1,480,000	89,708	1,569,708
2040	1,170,000	44,018	1,214,018
2041	675,000	11,535	686,535
	<u>\$ 28,230,000</u>	<u>\$ 7,432,936</u>	<u>\$ 35,662,936</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Description	Original Bonds Issued	Bonds Outstanding July 1, 2022
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2012	\$ 2,500,000	\$ 145,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2013	4,655,000	185,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2014	5,800,000	4,160,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2015	4,940,000	3,730,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2015A	4,750,000	3,650,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2016	7,830,000	6,185,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2017	1,495,000	1,255,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Park Bonds - Series 2017A	2,865,000	2,465,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2019	1,875,000	1,710,000

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding June 30, 2023	Paying Agent
	Principal	Interest		
\$	\$ 70,000	\$ 3,300	\$ 75,000	Wells Fargo Bank N.A. Houston, TX
	185,000	2,775	- 0 -	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	235,000	134,787	3,925,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	270,000	111,718	3,460,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	175,000	112,000	3,475,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	330,000	194,387	5,855,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	60,000	36,638	1,195,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	100,000	71,382	2,365,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	90,000	46,288	1,620,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Description	Original Bonds Issued	Bonds Outstanding July 1, 2022
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2020	\$ 1,455,000	\$ 1,330,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2020A	1,990,000	1,980,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2021	<u>3,055,000</u>	<u>3,055,000</u>
<b>TOTAL</b>	<u><u>\$ 43,210,000</u></u>	<u><u>\$ 29,850,000</u></u>

Bond Authority:	<u>Tax Bonds</u>	<u>Recreational Facilities Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 60,000,000	\$ 5,000,000	\$ 22,000,000
Amount Issued	<u>35,870,000</u>	<u>2,865,000</u>	<u>1,095,000</u>
Remaining to be Issued	<u><u>\$ 24,130,000</u></u>	<u><u>\$ 2,135,000</u></u>	<u><u>\$ 20,905,000</u></u>

Debt Service Fund cash and investment balances as of June 30, 2023: \$ 3,137,013

Average annual debt service payment (principal and interest) for remaining term  
of all debt: \$ 1,981,274

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding June 30, 2023</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 70,000	\$ 29,050	\$ 1,260,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	10,000	52,050	1,970,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	<u>25,000</u>	<u>69,325</u>	<u>3,030,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 1,620,000</u>	<u>\$ 863,700</u>	<u>\$ 28,230,000</u>	

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2023	2022	2021
<b>REVENUES</b>			
Property Taxes	\$ 2,178,208	\$ 1,853,366	\$ 1,880,544
Water Service	619,105	645,326	621,048
Wastewater Service	427,073	406,652	414,432
Water Authority Fees	784,506	673,006	609,519
Fire Protection Fees	237,053	219,066	206,939
Penalty and Interest	36,624	27,200	25,995
Connection, Inspection and Reconnection Fees	12,475	10,765	9,191
Investment and Miscellaneous Revenues	284,209	17,590	27,562
<b>TOTAL REVENUES</b>	<b>\$ 4,579,253</b>	<b>\$ 3,852,971</b>	<b>\$ 3,795,230</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 230,255	\$ 199,991	\$ 180,054
Contracted Services	888,671	739,065	712,083
Purchased Services	1,184,512	976,964	870,739
Utilities	21,056	19,105	20,178
Repairs and Maintenance	659,189	457,172	297,525
Other	148,809	131,253	137,951
Capital Outlay	62,389	1,170,304	319,089
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,194,881</b>	<b>\$ 3,693,854</b>	<b>\$ 2,537,619</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 1,384,372</b>	<b>\$ 159,117</b>	<b>\$ 1,257,611</b>
<b>BEGINNING FUND BALANCE</b>	<b>6,529,203</b>	<b>6,370,086</b>	<b>5,112,475</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 7,913,575</b>	<b>\$ 6,529,203</b>	<b>\$ 6,370,086</b>
		*	*

\* The District adjusted its prior period balances to correct purchased wastewater service costs which changed as a result of the prior period adjustment discussed in Note 9

See accompanying independent auditor's report.



		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 1,584,557	\$ 1,270,374	47.6 %	48.0 %	49.5 %	43.8 %	39.9 %
617,938	598,020	13.5	16.7	16.4	17.1	18.7
404,463	388,517	9.3	10.6	10.9	11.2	12.2
604,016	502,203	17.1	17.5	16.1	16.7	15.7
214,803	194,640	5.2	5.7	5.5	5.9	6.1
30,949	29,812	0.8	0.7	0.7	0.9	0.9
58,954	117,805	0.3	0.3	0.2	1.6	3.7
102,600	90,691	6.2	0.5	0.7	2.8	2.8
<u>\$ 3,618,280</u>	<u>\$ 3,192,062</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 183,372	\$ 181,183	5.0 %	5.2 %	4.7 %	5.1 %	5.7 %
694,454	605,732	19.4	19.2	18.8	19.2	19.0
918,066	762,982	25.9	25.4	22.9	25.4	23.9
21,607	24,145	0.5	0.5	0.5	0.6	0.8
282,302	229,541	14.4	11.9	7.8	7.8	7.2
159,971	164,110	3.2	3.4	3.6	4.4	5.1
177,423	321,732	1.4	30.4	8.4	4.9	10.1
<u>\$ 2,437,195</u>	<u>\$ 2,289,425</u>	<u>69.8 %</u>	<u>96.0 %</u>	<u>66.7 %</u>	<u>67.4 %</u>	<u>71.8 %</u>
\$ 1,181,085	\$ 902,637	<u>30.2 %</u>	<u>4.0 %</u>	<u>33.3 %</u>	<u>32.6 %</u>	<u>28.2 %</u>
<u>3,931,390</u>	<u>3,028,753</u>					
<u>\$ 5,112,475</u>	<u>\$ 3,931,390</u>					
*	*					

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2023	2022	2021
<b>REVENUES</b>			
Property Taxes	\$ 2,498,004	\$ 2,523,424	\$ 2,499,479
Penalty and Interest	23,350	25,721	28,877
Investment and Miscellaneous Revenues	<u>91,775</u>	<u>23,615</u>	<u>22,319</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,613,129</u>	<u>\$ 2,572,760</u>	<u>\$ 2,550,675</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 66,520	\$ 85,094	\$ 68,367
Debt Service Principal	1,620,000	1,585,000	1,535,000
Debt Service Interest and Fees	871,750	898,413	1,011,015
Bond Issuance Costs	<u>          </u>	<u>          </u>	<u>186,489</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,558,270</u>	<u>\$ 2,568,507</u>	<u>\$ 2,800,871</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 54,859</u>	<u>\$ 4,253</u>	<u>\$ (250,196)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Issuance of Long-Term Debt	\$	\$	\$ 3,055,000
Payment to Refunding Bond Escrow Agent			(3,014,234)
Bond Premium and/or Discount	<u>          </u>	<u>          </u>	<u>108,302</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 149,068</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 54,859	\$ 4,253	\$ (101,128)
<b>BEGINNING FUND BALANCE</b>	<u>3,058,838</u>	<u>3,054,585</u>	<u>3,155,713</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 3,113,697</u>	<u>\$ 3,058,838</u>	<u>\$ 3,054,585</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>1,490</u>	<u>1,486</u>	<u>1,488</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>1,442</u>	<u>1,438</u>	<u>1,439</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 2,591,326	\$ 2,607,231	95.6 %	98.1 %	98.0 %	97.3 %	97.1 %
15,646	17,754	0.9	1.0	1.1	0.6	0.7
55,308	58,537	3.5	0.9	0.9	2.1	2.2
<u>\$ 2,662,280</u>	<u>\$ 2,683,522</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 63,917	\$ 59,094	2.5 %	3.3 %	2.7 %	2.4 %	2.2 %
1,455,000	1,445,000	62.0	61.6	60.2	54.7	53.8
1,027,666	1,108,130	33.4	34.9	39.6	38.6	41.3
146,643	120,306			7.3	5.5	4.5
<u>\$ 2,693,226</u>	<u>\$ 2,732,530</u>	<u>97.9 %</u>	<u>99.8 %</u>	<u>109.8 %</u>	<u>101.2 %</u>	<u>101.8 %</u>
<u>\$ (30,946)</u>	<u>\$ (49,008)</u>	<u>2.1 %</u>	<u>0.2 %</u>	<u>(9.8) %</u>	<u>(1.2) %</u>	<u>(1.8) %</u>
\$ 1,990,000	\$ 1,875,000					
(1,870,013)	(1,770,441)					
8,584	(12,958)					
<u>\$ 128,571</u>	<u>\$ 91,601</u>					
\$ 97,625	\$ 42,593					
3,058,088	3,015,495					
<u>\$ 3,155,713</u>	<u>\$ 3,058,088</u>					
<u>1,486</u>	<u>1,449</u>					
<u>1,439</u>	<u>1,403</u>					

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**JUNE 30, 2023**

District Mailing Address - Fort Bend County Municipal Utility District No. 165  
c/o Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600  
Houston, TX 77027

District Telephone Number - (713) 860-6400

<b>Board Members:</b>	Term of Office (Elected or <u>Appointed</u> )	Fees of office for the year ended <u>June 30, 2023</u>	Expense reimbursements for the year ended <u>June 30, 2023</u>	<u>Title</u>
Avery Bidmead	09/21 05/24 (Appointed)	\$ 7,200	\$ 1,416	President
Christine Oliver	05/22 05/26 (Elected)	\$ 1,800	\$ 307	Vice President
Ed Escobar	10/22 05/26 (Appointed)	\$ 3,000	\$ 878	Secretary
William David McKinnie IV	05/20 05/24 (Elected)	\$ 1,650	\$ 98	Assistant Vice President
Gregory Henry	05/23 05/24 (Appointed)	\$ 300	\$ 61	Assistant Secretary

Note: 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 Developer or with any of the District's consultants.

Submission date of most recent District Registration Form: May 11, 2023

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

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**JUNE 30, 2023**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended June 30, 2023</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	08/04/05	\$ 159,793	General Counsel
McCall Gibson Swedlund Barfoot PLLC	04/09/15	\$ 18,000	Auditor
Municipal Accounts & Consulting, LP	08/10/17	\$ 63,491	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	02/08/07	\$ 5,939	Delinquent Tax Attorney
Quiddity Engineering LLC	08/04/05	\$ 60,683	Engineer
Masterson Advisors, LLC	05/10/18	\$ -0-	Financial Advisor
Mark Burton & Ghia Lewis	04/12/18	\$ -0-	Investment Officers
Municipal District Services, LLC	06/01/12	\$ 622,144	Operator
BLICO, Inc.	08/22/05	\$ 26,668	Tax Assessor/ Collector

See accompanying independent auditor's report.

