

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2024

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McCall Gibson Swedlund Barfoot Ellis PLLC

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 165 (the "District") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

February 6, 2025

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Management's discussion and analysis of Harris County Municipal Utility District No. 165's (the "District") financial performance provides an overview of the District's financial activities for the year ended September 30, 2024. 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 and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current 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, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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 period. 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, liabilities exceeded assets and deferred outflows of resources by \$83,818,781 as of September 30, 2024.

A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

The following is a comparative analysis of government-wide changes in net position:

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 86,607,280	\$ 59,383,733	\$ 27,223,547
Capital Assets (Net of Accumulated Depreciation)	<u>230,913,523</u>	<u>202,305,411</u>	<u>28,608,112</u>
Total Assets	<u>\$ 317,520,803</u>	<u>\$ 261,689,144</u>	<u>\$ 55,831,659</u>
Deferred Outflows of Resources	\$ 2,473,580	\$ 2,893,095	\$ (419,515)
Due to Developers	\$ 41,671,004	\$ 61,709,976	\$ 20,038,972
Bonds Payable	331,472,378	270,432,638	(61,039,740)
Other Liabilities	<u>30,669,782</u>	<u>7,263,083</u>	<u>(23,406,699)</u>
Total Liabilities	<u>\$ 403,813,164</u>	<u>\$ 339,405,697</u>	<u>\$ (64,407,467)</u>
Net Position:			
Net Investment in Capital Assets	\$ (131,673,499)	\$ (14,703,187)	\$ (116,970,312)
Restricted	20,385,554	19,372,348	1,013,206
Unrestricted	<u>27,469,164</u>	<u>(79,492,619)</u>	<u>106,961,783</u>
Total Net Position	<u>\$ (83,818,781)</u>	<u>\$ (74,823,458)</u>	<u>\$ (8,995,323)</u>

The following table provides a summary of the District's operations for the years ended September 30, 2024, and September 30, 2023. The District's net position decreased by \$8,995,323.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 29,672,536	\$ 23,721,031	\$ 5,951,505
Charges for Services	16,964,121	13,104,893	3,859,228
Other Revenues	<u>6,254,643</u>	<u>6,675,611</u>	<u>(420,968)</u>
Total Revenues	\$ 52,891,300	\$ 43,501,535	\$ 9,389,765
Expenses for Services	<u>61,886,623</u>	<u>102,808,885</u>	<u>40,922,262</u>
Change in Net Position	\$ (8,995,323)	\$ (59,307,350)	\$ 50,312,027
Net Position, Beginning of Year	<u>(74,823,458)</u>	<u>(15,516,108)</u>	<u>(59,307,350)</u>
Net Position, End of Year	<u>\$ (83,818,781)</u>	<u>\$ (74,823,458)</u>	<u>\$ (8,995,323)</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2024, were \$78,428,074, an increase of \$25,939,599 from the prior year.

The General Fund fund balance increased by \$1,656,675 primarily due to tax and service revenues exceeding operating and capital costs.

The Debt Service Fund fund balance increased by \$4,643,902 primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$19,639,022, primarily due to unspent bond proceeds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. The budget was amended during the current fiscal year to decrease projected revenues and increase projected expenditures. Actual revenues were \$1,922,615 more than budgeted revenues. Actual expenditures were \$12,678,512 less than budgeted expenditures. This resulted in a positive budget variance of \$14,601,127. See the budget to actual comparison for further information.

CAPITAL ASSETS

Capital assets as of September 30, 2024, total \$230,913,523 (net of accumulated depreciation) and include land, as well as the water and wastewater systems, as well as parks and recreation facilities.

Capital Assets At Period-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 83,200,668	\$ 71,021,979	\$ 12,178,689
Construction in Progress	30,261,276	33,701,301	(3,440,025)
Capital Assets, Net of Accumulated Depreciation:			
Water System	40,911,288	42,068,964	(1,157,676)
Wastewater System	62,981,963	53,674,487	9,307,476
Parks and Recreation	13,558,328	1,838,680	11,719,648
Total Net Capital Assets	<u>\$ 230,913,523</u>	<u>\$ 202,305,411</u>	<u>\$ 28,608,112</u>

Additional information on the District's capital assets can be found in Note 6 of this report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

LONG-TERM DEBT ACTIVITY

As of September 30, 2024, the District had total bond debt payable of \$334,545,000. The changes in the debt position of the District during the year ended September 30, 2024, are summarized as follows:

Bond Debt Payable, October 1, 2023	\$ 273,150,000
Add: Bond Sales	70,530,000
Less: Bond Principal Paid	<u>9,135,000</u>
Bond Debt Payable, September 30, 2024	<u><u>\$ 334,545,000</u></u>

The District's bonds carry an underlying rating of "A2" from Moody's.

The Series 2015 Refunding, Series 2018, Series 2021 Refunding, Series 2022, Series 2023, Series 2022 Defined Area No. 1 Road, Series 2022A Defined Area No. 1 Road, Series 2022 Defined Area No. 2 Road, Series 2022A Defined Area No. 2 Road, Series 2023 Defined Area No. 2 Road, Series 2024 Defined Area No. 1 Park, Series 2024 Defined Area No. 1 Road and Series 2024 Defined Area No. 2 Road bonds carry an insured rating of "AA" from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

The Series 2015, Series 2019, Series 2020 and Series 2020 Refunding, Series 2023 Defined Area No. 1 Road and Series 2023A Defined Area No. 2 Road bonds carry an insured rating of "AA" from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2017 bonds carry an insured rating of "Baa3" from Moody's by virtue of bond insurance issued by National Public Finance Guarantee Corporation.

The above ratings are as of September 30, 2024, and reflect all ratings of the bond insurers through the year then ended.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 165, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2024

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 3,631,002	\$ 391,142
Investments	27,067,669	20,450,389
Receivables:		
Property Taxes	127,841	415,532
Penalty and Interest on Delinquent Taxes		
Service Accounts	2,520,429	
Accrued Interest	18,284	
Other	600	
Due from Developers	40,134	
Due from Other Funds	768,562	11,224
Prepaid Costs	209,901	
Due from City of Houston	41,969	
Advance for Wastewater Treatment Plant Operations	199,871	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 34,626,262</u>	<u>\$ 21,268,287</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 34,626,262</u></u>	<u><u>\$ 21,268,287</u></u>

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 3,993	\$ 4,026,137	\$	\$ 4,026,137
31,312,503	78,830,561		78,830,561
	543,373		543,373
		176,021	176,021
	2,520,429		2,520,429
	18,284		18,284
	600		600
	40,134		40,134
	779,786	(779,786)	
	209,901		209,901
	41,969		41,969
	199,871		199,871
		83,200,668	83,200,668
		30,261,276	30,261,276
		117,451,579	117,451,579
<u>\$ 31,316,496</u>	<u>\$ 87,211,045</u>	<u>\$ 230,309,758</u>	<u>\$ 317,520,803</u>
 \$ - 0 -	 \$ - 0 -	 \$ 2,473,580	 \$ 2,473,580
 <u>\$ 31,316,496</u>	 <u>\$ 87,211,045</u>	 <u>\$ 232,783,338</u>	 <u>\$ 319,994,383</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
LIABILITIES		
Accounts Payable	\$ 2,685,977	\$
Accrued Interest Payable		
Due to Developers		
Retainage Payable		
Due to Other Funds	11,224	6,385
Due to Taxpayers		191,399
Due to Others		
Security Deposits	1,763,510	
Bond Anticipation Note Payable		
Long-Term Liabilities:		
Bonds Payable Due Within One Year		
Bonds Payable Due After One Year		
TOTAL LIABILITIES	<u>\$ 4,460,711</u>	<u>\$ 197,784</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 127,841</u>	<u>\$ 415,532</u>
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 209,901	\$
For Wastewater Treatment Plant		
Operations	199,871	
Restricted for Authorized Construction		
Restricted for Debt Service		20,654,971
Unassigned	<u>29,627,938</u>	
TOTAL FUND BALANCES	<u>\$ 30,037,710</u>	<u>\$ 20,654,971</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 34,626,262</u>	<u>\$ 21,268,287</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 180,372	\$ 2,866,349	\$	\$ 2,866,349
1,111,787	1,111,787	860,970	1,972,757
		41,671,004	41,671,004
1,151,922	1,151,922		1,151,922
762,177	779,786	(779,786)	
	191,399		191,399
374,845	374,845		374,845
	1,763,510		1,763,510
		22,349,000	22,349,000
		10,900,000	10,900,000
		320,572,378	320,572,378
<u>\$ 3,581,103</u>	<u>\$ 8,239,598</u>	<u>\$ 395,573,566</u>	<u>\$ 403,813,164</u>
<u>\$ - 0 -</u>	<u>\$ 543,373</u>	<u>\$ (543,373)</u>	<u>\$ - 0 -</u>
\$	\$ 209,901	\$ (209,901)	\$
	199,871	(199,871)	
27,735,393	27,735,393	(27,735,393)	
	20,654,971	(20,654,971)	
	29,627,938	(29,627,938)	
<u>\$ 27,735,393</u>	<u>\$ 78,428,074</u>	<u>\$ (78,428,074)</u>	<u>\$ - 0 -</u>
<u>\$ 31,316,496</u>	<u>\$ 87,211,045</u>		
		\$ (131,673,499)	\$ (131,673,499)
		20,385,554	20,385,554
		<u>27,469,164</u>	<u>27,469,164</u>
		<u>\$ (83,818,781)</u>	<u>\$ (83,818,781)</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Total Fund Balances - Governmental Funds	\$ 78,428,074
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter. The District also amortizes prepaid bond insurance over the term of the bonds.	2,473,580
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Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	230,913,523
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.	719,394
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developers	\$ (41,671,004)	
Accrued Interest Payable	(860,970)	
Bond Anticipation Note Payable	(22,349,000)	
Bonds Payable	<u>(331,472,378)</u>	<u>(396,353,352)</u>
Total Net Position - Governmental Activities		<u>\$ (83,818,781)</u>

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

HARRIS 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 SEPTEMBER 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property Taxes	\$ 7,496,076	\$ 21,990,940
Water Service	4,332,579	
Wastewater Service	4,711,903	
Regional Water Authority Fees	4,954,672	
Penalty and Interest	489,720	323,913
Tap Connection and Inspection Fees	2,150,631	
Sales Tax Revenues	166,308	
Investment Revenues	1,500,226	1,134,363
Miscellaneous Revenues	<u>219,448</u>	<u>13,122</u>
TOTAL REVENUES	<u>\$ 26,021,563</u>	<u>\$ 23,462,338</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 971,094	\$ 63,806
Contracted Services	5,663,027	470,209
Purchased Water Service	2,142,424	
Purchased Wastewater Service	593,223	
Utilities	720,664	
Regional Water Authority Assessment	3,386,394	
Repairs and Maintenance	4,942,248	
Depreciation		
Parks and Recreation	135,148	
Other	2,920,808	40,238
Capital Outlay	2,889,858	
Developer Interest		
Conveyance of Assets		
Debt Service:		
Bond and Bond Anticipation Note Issuance Costs		
Bond Principal		9,135,000
Bond and Bond Anticipation Note Interest		<u>10,281,705</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 24,364,888</u>	<u>\$ 19,990,958</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>\$ 1,656,675</u>	<u>\$ 3,471,380</u>

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 Activities</u>
\$	\$ 29,487,016	\$ 185,520	\$ 29,672,536
	4,332,579		4,332,579
	4,711,903		4,711,903
	4,954,672		4,954,672
	813,633	703	814,336
	2,150,631		2,150,631
	166,308		166,308
832,191	3,466,780		3,466,780
<u>2,925</u>	<u>235,495</u>	<u>2,386,060</u>	<u>2,621,555</u>
\$ 835,116	\$ 50,319,017	\$ 2,572,283	\$ 52,891,300
\$ 114,387	\$ 1,149,287	\$	\$ 1,149,287
	6,133,236		6,133,236
	2,142,424		2,142,424
	593,223		593,223
	720,664		720,664
	3,386,394		3,386,394
	4,942,248	39,523	4,981,771
		4,256,902	4,256,902
	135,148		135,148
	2,961,046		2,961,046
64,921,071	67,810,929	(67,810,929)	
2,726,096	2,726,096		2,726,096
		14,867,419	14,867,419
5,646,101	5,646,101		5,646,101
	9,135,000	(9,135,000)	
<u>1,358,785</u>	<u>11,640,490</u>	<u>546,422</u>	<u>12,186,912</u>
\$ 74,766,440	\$ 119,122,286	\$ (57,235,663)	\$ 61,886,623
\$ (73,931,324)	\$ (68,803,269)	\$ 59,807,946	\$ (8,995,323)

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

HARRIS 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 SEPTEMBER 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
OTHER FINANCING SOURCES (USES)		
Bond Anticipation Note Proceeds	\$	\$
Long-Term Debt Issued		1,172,522
Bond Premium		
Bond Discounts		
Contributed by Other Governmental Units		
	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -0-</u>	<u>\$ 1,172,522</u>
NET CHANGE IN FUND BALANCES	\$ 1,656,675	\$ 4,643,902
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2023	<u>28,381,035</u>	<u>16,011,069</u>
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2024	<u>\$ 30,037,710</u>	<u>\$ 20,654,971</u>

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 Activities</u>
\$ 22,349,000	\$ 22,349,000	\$ (22,349,000)	\$
69,357,478	70,530,000	(70,530,000)	
732,216	732,216	(732,216)	
(1,254,408)	(1,254,408)	1,254,408	
<u>2,386,060</u>	<u>2,386,060</u>	<u>(2,386,060)</u>	
\$ <u>93,570,346</u>	\$ <u>94,742,868</u>	\$ <u>(94,742,868)</u>	\$ <u>- 0 -</u>
\$ 19,639,022	\$ 25,939,599	\$ (25,939,599)	\$
		(8,995,323)	(8,995,323)
<u>8,096,371</u>	<u>52,488,475</u>	<u>(127,311,933)</u>	<u>(74,823,458)</u>
\$ <u>27,735,393</u>	\$ <u>78,428,074</u>	\$ <u>(162,246,855)</u>	\$ <u>(83,818,781)</u>

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

HARRIS 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 SEPTEMBER 30, 2024

Net Change in Fund Balances - Governmental Funds	\$ 25,939,599
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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.	185,520
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Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	703
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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.	(4,256,902)
--	-------------

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	67,771,406
---	------------

Assets conveyed to other governmental entities are recorded as expenses in the Statement of Activities.	(14,867,419)
---	--------------

Governmental funds report bond premiums and bond discounts as other financing sources or uses in the year received or paid. However, in the Statement of Net Position, the bond premiums and bond discounts are amortized over the life of the bonds and the current period amortized portion is recorded in the Statement of Activities.	522,192
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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.	9,135,000
---	-----------

Governmental funds report interest expenditures on long-term debt as expenditures in the period paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(546,422)
---	-----------

Governmental funds report bond and bond anticipation note proceeds as other financing sources. Issued bonds and bond anticipation notes increase long-term liabilities in the Statement of Net Position.	(92,879,000)
--	--------------

Change in Net Position - Governmental Activities	\$ <u>(8,995,323)</u>
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The accompanying notes to the financial
statements are an integral part of this report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 165 of Harris County, Texas (the “District”) was created effective July 6, 1978, by an Order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to establish, operate and maintain a fire department to perform all fire-fighting activities with the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The District is a political subdivision of the State of Texas governed by an elected board. The 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 an agreement with Harris County Municipal Utility District No. 157 (“District No. 157”) for wastewater disposal. An additional disclosure concerning this agreement is provided in Note 8. Financial information is included in the financial statements for District No. 157. Copies of the financial statements can be obtained from their auditor.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 net position imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

As discussed above, 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, 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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 current period and taxes collected after September 30, 2024, which were considered available to defray the expenditures of the current period. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2024, the General Fund owed the Debt Service Fund \$11,224 for an excess transfers of maintenance tax collections, the Debt Service Fund owed the General Fund \$6,385 for arbitrage compliance costs and the Capital Projects Fund owed the General Fund \$762,177 for capital and bond issuance costs.

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. Interest costs, including developer interest, 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:

	<u>Years</u>
Water System	10-45
Wastewater System	10-45
Parks and Recreation Facilities	10-20

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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 original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds 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 period. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2024:

	October 1, 2023	Additions	Retirements	September 30, 2024
Bonds Payable	\$ 273,150,000	\$ 70,530,000	\$ 9,135,000	\$ 334,545,000
Bond Anticipation Note Payable		22,349,000		22,349,000
Unamortized Discounts	(4,606,517)	(1,254,408)	(436,798)	(5,424,127)
Unamortized Premiums	1,889,155	732,216	269,866	2,351,505
Bonds Payable, Net	<u>\$ 270,432,638</u>	<u>\$ 92,356,808</u>	<u>\$ 8,968,068</u>	<u>\$ 353,821,378</u>
			Amount Due Within One Year	\$ 33,249,000
			Amount Due After One Year	<u>320,572,378</u>
			Bonds Payable, Net	<u>\$ 353,821,378</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

	Refunding Series 2015	Series 2015	Series 2017	Series 2018
Amount Outstanding - September 30, 2024	\$32,385,000	\$19,120,000	\$25,210,000	2,940,000\$
Interest Rates	3.00%-5.00%	3.00%-4.00%	2.25%-4.00%	3.00%-4.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2025/2034	March 1, 2025/2039	March 1, 2025/2042	March 1, 2025/2043
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1	March 1 / September 1
Callable Dates	March 1, 2025*	March 1, 2024*	March 1, 2025*	March 1, 2023*
	Series 2019	Series 2020	Refunding Series 2020	Refunding Series 2021
Amount Outstanding - September 30, 2024	\$10,865,000	\$40,315,000	\$2,140,000	\$9,465,000
Interest Rates	2.00%-4.00%	1.00%-3.00%	2.00%-3.00%	2.00%-3.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2025/2044	March 1, 2025/2045	March 1, 2025/2030	March 1, 2025/2038
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1	March 1 / September 1
Callable Dates	March 1, 2024*	March 1, 2025*	March 1, 2025*	March 1, 2027*

- * The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2015 Refunding term bonds maturing on March 1, 2034 are subject to mandatory redemption beginning March 1, 2033. Series 2017 term bonds maturing on March 1, 2031 and March 1, 2042 are subject to mandatory redemption beginning March 1, 2030 and March 1, 2041, respectively. Series 2018 term bonds maturing on March 1, 2025, 2027, 2029, 2031, 2033, 2035 and 2041 are subject to mandatory redemption beginning March 1, 2024, 2026, 2028, 2030, 2032, 2034 and 2040, respectively. Series 2019 term bonds maturing on March 1, 2044 are subject to mandatory redemption beginning March 1, 2040. Series 2020 term bonds maturing on March 1, 2045 are subject to mandatory redemption beginning March 1, 2042.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

	Defined Area No. 1 Road Series 2022	Defined Area No. 2 Road Series 2022	Series 2022	Defined Area No. 1 Road Series 2022A
Amount Outstanding - September 30, 2024	\$7,925,000	\$4,785,000	\$47,265,000	\$6,130,000
Interest Rates	2.50%-5.00%	3.00%-3.35%	3.00%-4.00%	5.00%-7.50%
Maturity Dates – Serially Beginning/Ending	March 1, 2025/2048	March 1, 2025/2048	March 1, 2025/2046	March 1, 2025/2049
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1	March 1 / September 1
Callable Dates	March 1, 2027*	March 1, 2027*	March 1, 2028*	March 1, 2028*
	Defined Area No. 2 Road Series 2022A	Defined Area No. 2 Road Series 2023	Series 2023	Defined Area No. 1 Road Series 2023
Amount Outstanding - September 30, 2024	\$4,120,000	\$7,090,000	\$44,260,000	\$12,850,000
Interest Rates	5.00%-7.50%	4.00%-6.50%	4.00%-4.25%	4.50%-7.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2025/2049	March 1, 2025/2050	March 1, 2025/2047	March 1, 2025/2049
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1	March 1 / September 1
Callable Dates	March 1, 2028*	June 1, 2029*	August 1, 2029*	December 1, 2029*

- * The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Defined Area No. 1 Series 2022 Road term bonds maturing on March 1, 2029, 2031, 2033, 2035, 2037, 2039, 2042, 2045 and 2048 are subject to mandatory redemption beginning March 1, 2028, 2030, 2032, 2034, 2036, 2038, 2040, 2043 and 2046, respectively. Defined Area No. 2 Series 2022 Road term bonds maturing on March 1, 2031, 2034, 2037, 2041 and 2048 are subject to mandatory redemption beginning March 1, 2029, 2032, 2035, 2038 and 2042, respectively. Series 2022 term bonds maturing on March 1, 2031, 2034, 2039, 2042, 2044 and 2046 are subject to mandatory redemption beginning March 1, 2030, 2033, 2037, 2041, 2043 and 2045, respectively. Defined Area No. 1 Series 2022A Road term bonds maturing on March 1, 2031, 2033, 2035, 2037, 2039, 2042, 2046 and 2049 are subject to mandatory redemption beginning on March 1, 2029, 2032, 2034, 2036, 2038, 2040, 2043 and 2047, respectively. Defined Area No. 2 Series 2022A Road term bonds maturing on March 1, 2031, 2033, 2035, 2037, 2039, 2042, 2046 and 2049 are subject to mandatory redemption beginning March 1, 2029, 2032, 2034, 2036, 2038, 2040, 2043 and 2047, respectively. Defined Area No. 2 Series 2023 Road term bonds maturing on March 1, 2037 are subject to mandatory redemption beginning March 1, 2036. Series 2023 term bonds maturing on March 1, 2039, 2041 and 2047 are subject to mandatory redemption beginning March 1, 2038, 2040 and 2046, respectively. Defined Area No. 1 Road Series 2023 term bonds maturing on March 1, 2042 are subject to mandatory redemption beginning March 1, 2040.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

	Defined Area No. 2 Road Series 2023A	Defined Area No. 2 Park Series 2024	Defined Area No. 1 Road Series 2024	Defined Area No. 2 Road Series 2024
Amount Outstanding - September 30, 2024	\$12,665,000	\$11,195,000	\$13,610,000	\$20,210,000
Interest Rates	4.50%-7.00%	4.00%-5.00%	4.00%-5.50%	4.00%-5.50%
Maturity Dates – Serially Beginning/Ending	March 1, 2025/2050	March 1, 2026/2050	March 1, 2026/2050	March 1, 2026/2050
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1	March 1 / September 1
Callable Dates	December 1, 2029*	September 1, 2030*	September 1, 2030*	December 1, 2030*

* The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Defined Area No. 2 Series 2023A Road term bonds maturing on March 1, 2042 are subject to mandatory redemption beginning March 1, 2040. Defined Area No. 2 Series 2024 Park term bonds maturing on March 1, 2050 are subject to mandatory redemption beginning March 1, 2047. Defined Area No. 1 Series 2024 Road term bonds maturing on March 1, 2039 are subject to mandatory redemption beginning March 1, 2038. Defined Area No. 2 Series 2024 Road term bond maturing on March 1, 2030 are subject to mandatory redemption beginning March 1, 2026.

As of September 30, 2024, the District had authorized but unissued bonds in the amount of \$352,164,000 for tax bonds for utility facilities, \$16,000,000 for recreational facilities and \$4,777,734 for refunding bonds. Defined Area No. 1 of the District had authorized but unissued bonds in the amount of \$281,255,000 for tax and refunding bonds for utility facilities, \$43,995,000 for recreational and refunding bonds and \$108,600,000 for road and refunding bonds. Defined Area No. 2 of the District had authorized but unissued bonds in the amount of \$277,673,000 for tax bonds for utility facilities, \$106,761,000 for road bonds, \$25,236,000 for recreational bonds and \$87,954,406 for refunding bonds for utility, road and recreational facilities combined.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

As of September 30, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 10,900,000	\$ 11,922,100	\$ 22,822,100
2026	12,285,000	11,566,865	23,851,865
2027	12,695,000	11,155,615	23,850,615
2028	13,100,000	10,731,226	23,831,226
2029	13,530,000	10,288,566	23,818,566
2030-2034	75,640,000	43,553,170	119,193,170
2035-2039	67,825,000	30,839,506	98,664,506
2040-2044	74,865,000	18,334,288	93,199,288
2045-2049	49,385,000	5,055,595	54,440,595
2050	4,320,000	102,200	4,422,200
	<u>\$ 334,545,000</u>	<u>\$ 153,549,131</u>	<u>\$ 488,094,131</u>

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.

During the year ended September 30, 2024, the District levied an ad valorem debt service tax rate of \$0.61 per \$100 of assessed valuation, which resulted in a tax levy of \$18,589,057 on the adjusted taxable valuation of \$3,045,367,738 for the 2023 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.

During the year ended September 30, 2024, Defined Area No. 1 of the District levied an ad valorem debt service tax rate of \$0.64 per \$100 of assessed valuation, which resulted in a tax levy of \$1,495,073 on the adjusted taxable valuation of \$231,586,550 for the 2023 tax year.

During the year ended September 30, 2024, Defined Area No. 2 of the District levied an ad valorem debt service tax rate of \$0.64 per \$100 of assessed valuation, which resulted in a tax levy of \$2,284,000 on the adjusted taxable valuation of \$356,960,968 for the 2023 tax year.

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

All investments and any profits realized from or interest accruing on such investments shall belong to the fund from which the moneys for such investments were taken; provided, however, that at the discretion of the Board of Directors the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.

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 to each nationally recognized municipal securities information depository and the state information depository. 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.

In accordance with Defined Area No. 2 Series 2022A Road, Series 2023 Road, Series 2024 Park and Series 2024 Road and Defined Area No. 1 Series 2024 Road Bonds Resolutions, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond Interest Reserve, October 1, 2023		\$ 208,044
Addition - Interest Appropriated from Bond Proceeds:		
Defined Area No. 1 Series 2024 Road	284,772	
Defined Area No. 2 Series 2024 Park	471,150	
Defined Area No. 2 Series 2024 Road	<u>416,600</u>	1,172,522
Less: Appropriation from Bond Interest Paid		
Defined Area No. 2 Series 2022A Road	52,225	
Defined Area No. 2 Series 2023 Road	<u>155,819</u>	<u>208,044</u>
Bond Interest Reserve, September 30, 2024		<u>\$ 1,172,522</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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. As of September 30, 2024, the carrying amount of the District's deposits was \$4,728,341 and the bank balance was \$5,162,370. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2024, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 3,631,002	\$ 702,204	\$ 4,333,206
DEBT SERVICE FUND	391,142		391,142
CAPITAL PROJECTS FUND	3,993		3,993
TOTAL DEPOSITS	<u>\$ 4,026,137</u>	<u>\$ 702,204</u>	<u>\$ 4,728,341</u>

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 TexPool and TexSTAR, external investment pools that are not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. Federated Investors, Inc. manages the daily operations of TexPool under a contract with the Comptroller. First Southwest Asset Management, Inc., and JPMorgan Chase manage the daily operations of TexSTAR. TexPool and TexSTAR meet the criterion established in GASB No. 79 and measure all of their portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool and TexSTAR at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool and TexSTAR.

The District records certificates of deposits at acquisition cost.

As of September 30, 2024, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 12,889,572	\$ 12,889,572
TexSTAR	13,475,893	13,475,893
Certificates of Deposit	702,204	702,204
<u>DEBT SERVICE FUND</u>		
TexPool	2,874,611	2,874,611
TexSTAR	17,575,778	17,575,778
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	<u>31,312,503</u>	<u>31,312,503</u>
TOTAL INVESTMENTS	<u>\$ 78,830,561</u>	<u>\$ 78,830,561</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2024, the District's investments in TexPool and TexSTAR were rated "AAAm" by Standard & Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024:

	October 1, 2023	Increases	Decreases	September 30, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 71,021,979	\$ 12,178,689	\$	\$ 83,200,668
Construction in Progress	<u>33,701,301</u>	<u>32,965,014</u>	<u>36,405,039</u>	<u>30,261,276</u>
Total Capital Assets Not Being Depreciated	<u>\$ 104,723,280</u>	<u>\$ 45,143,703</u>	<u>\$ 36,405,039</u>	<u>\$ 113,461,944</u>
Capital Assets Subject to Depreciation				
Water System	\$ 55,311,302	\$ 239,868	\$	\$ 55,551,170
Wastewater System	70,556,434	11,424,306		81,980,740
Parks and Recreation	<u>3,401,308</u>	<u>12,462,176</u>		<u>15,863,484</u>
Total Capital Assets Subject to Depreciation	<u>\$ 129,269,044</u>	<u>\$ 24,126,350</u>	<u>\$ -0-</u>	<u>\$ 153,395,394</u>
Less Accumulated Depreciation				
Water System	\$ 13,242,338	\$ 1,397,544	\$	\$ 14,639,882
Wastewater System	16,881,947	2,116,830		18,998,777
Parks and Recreation	<u>1,562,628</u>	<u>742,528</u>		<u>2,305,156</u>
Total Accumulated Depreciation	<u>\$ 31,686,913</u>	<u>\$ 4,256,902</u>	<u>\$ -0-</u>	<u>\$ 35,943,815</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 97,582,131</u>	<u>\$ 19,869,448</u>	<u>\$ -0-</u>	<u>\$ 117,451,579</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 202,305,411</u>	<u>\$ 65,013,151</u>	<u>\$ 36,405,039</u>	<u>\$ 230,913,523</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 7. MAINTENANCE TAX

On May 2, 1998, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. During the year ended September 30, 2024, the District levied an ad valorem maintenance tax rate of \$0.25 per \$100 of assessed valuation, which resulted in a tax levy of \$7,618,466 on the adjusted taxable valuation of \$3,045,367,738 for the 2023 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system.

At an election held May 4, 2019, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on taxable property within Defined Area No. 1. During the year ended September 30, 2024, the District did not levy a Defined Area No. 1 ad valorem maintenance tax. The maintenance tax will be used by the General Fund to pay expenditures of operation Defined Area No. 1. In addition, at the May 4, 2019 election, voters authorized a road maintenance tax not to exceed \$0.25 per \$100 of assessed valuation on all taxable property within Defined Area No. 1. During the year ended September 30, 2024, the District did not levy a Defined Area No. 1 road maintenance tax. The Road maintenance tax will be used by the General Fund to pay expenditures for maintenance of certain roads within Defined Area No. 1.

At an election held November 3, 2020, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all taxable property within Defined Area No. 2. During the year ended September 30, 2024, the District did not levy a Defined Area No. 2 ad valorem maintenance tax. The maintenance tax will be used by the General Fund to pay expenditures of operating Defined Area No. 2. Voters also authorized a road maintenance tax not to exceed \$0.25 per \$100 of assessed valuation on all taxable property within Defined Area No. 2. During the year ended September 30, 2024, the District did not levy a Defined Area No. 2 road maintenance tax. The road maintenance tax will be used by the General Fund to pay expenditures for maintenance of certain roads within Defined Area No. 2.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 8. WASTE DISPOSAL AGREEMENT

On July 3, 2003, the District entered into a Restated Permanent Waste Disposal Agreement (the Agreement) with Harris County Municipal Utility District No. 157 (“District No. 157”), which restates an agreement with District No. 157 and Harris County Municipal Utility District No. 225 dated September 20, 1979, as subsequently amended. The Agreement is for the term 50 years.

Under the terms of the Agreement, District No. 157 has oversight responsibility for operations and holds title to the facility for the benefit of the participants. The facility has a current rated capacity of 1,200,000 gallons per day (gpd), of which the District is entitled to utilize 45.43%. The District is billed the actual expenditures for the preceding month’s operation of the facility. These expenditures are allocated to either fixed costs, which are based on capacity owned, or variable costs, which are shared based on active connections. For the year ended September 30, 2024, the District recorded an expenditure of \$593,223 in accordance with this Agreement. The District’s share of a required operating reserve was \$199,871 as of September 30, 2024.

Summary financial activities of the sewage treatment plant for the year ended December 31, 2023, are as follows:

Total Assets	\$ 440,742
Total Liabilities	
Total Fund Balance	<u>\$ 440,742</u>
 Total Revenue	 \$ 1,572,365
Total Expenditures	<u>1,572,365</u>
Net Change in Fund Balance	<u>\$ 3,144,730</u>
 Increase in Reserve	 \$ 52,714
Fund Balance - January 1, 2023	<u>388,028</u>
Fund Balance December 31, 2023	<u>\$ 440,742</u>

NOTE 9. RISK MANAGEMENT

The District carries commercial insurance to protect against various risks including loss related to torts, the theft of, damage to or destruction of assets, errors and omissions and natural disasters. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the West Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the “Act”), as passed by the seventy-seventh Texas Legislature, in 2001. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivision.

The Authority charges a fee which enables it to fulfill its purpose and regulatory functions. The current pumpage fee charged by the Authority is \$3.95 per 1,000 gallons of water pumped from each well. The District also pays a fee for purchased surface water of \$4.35 per 1,000 gallons of water purchased from the Authority. The District recorded \$3,386,394 for pumpage fees and \$2,090,201 for purchased surface water in the current fiscal year.

NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT

Effective December 12, 2008, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas (the “City”). The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and the Act, the City shall annex a tract or tracts of land for the limited purposes of applying the City’s Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District. The District will continue to develop, own, operate, and maintain a water, wastewater, and drainage system in the District.

All taxable property within the District shall not be liable for any present or future debts of the City, and current and future taxes levied by the City shall not be levied on taxable property within the District. The District retains all rights to assess and levy ad valorem taxes on taxable property within the Tract. Upon the limited purpose annexation of the Tract, the City’s municipal courts shall have jurisdiction to adjudicate criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and State laws. Provisions of the Regulatory Plan adopted by the City will be applicable to the District and the Tract of land within the District. The District’s assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period of this agreement.

After the Tract is annexed for limited purposes by the City, the qualified voters of the Tract may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the Tract.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

The City shall impose a Sales and Use Tax within the boundaries of the Tract upon the limited-purpose annexation of the Tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City agreed to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Tract. The City agreed to deliver to the District its share of the sales tax receipts with 30 days of the City receiving the funds from the State Comptroller's office.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 30 years from the effective date of the Agreement. During the current fiscal year, the District recorded \$166,308 of sales tax revenues.

NOTE 12. DUE TO DEVELOPERS

The District has executed agreements for the construction of improvements and reimbursement of advances with Developers within the District. The agreement calls for the Developers to fund costs associated with water, wastewater, drainage, park and road facilities and operating advances until such time as the District can sell bonds. As reflected in the Statement of Net Position, \$2,696,387 has been recorded as a liability for operating advances. As of September 30, 2024, the Developers have indicated that approximately \$38,974,617 had been expended on behalf of the District in accordance with the agreement on completed projects. These liabilities have been recorded in the Statement of Net Position for these projects and reimbursement is contingent upon approval from the Commission and the future sale of bonds.

The following table summarizes the current year activity related to unreimbursed developer costs for completed projects and operating advances:

Due to Developer, beginning of year	\$ 61,709,976
Additions	6,196,627
Reimbursements	<u>26,235,599</u>
Due to Developer, end of year	<u>\$ 41,671,004</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 13. BOND ANTICIPATION NOTE SALES

On November 29, 2023, the District closed on the sale of its \$22,349,000 Series 2023 Bond Anticipation Note ("2023 BAN"). Proceeds from the 2023 BAN sale were used to reimburse Developers for a portion of construction and engineering costs for various water, wastewater and drainage facilities, detention facilities, lift stations and land acquisition. Additional proceeds were used to pay for issuance costs of the 2023 BAN. The 2023 BAN was redeemed with proceeds from the Series 2024 Unlimited Tax Bonds. See Note 15.

On December 14, 2023, the District closed on the sale of its \$6,020,000 Series 2023 Defined Area No. 2 Park Bond Anticipation Note ("2023 Park BAN"). Proceeds from the 2023 Park BAN were used to reimburse Developers for a portion of construction and engineering costs for various parks and recreational facilities. Addition proceeds were used to pay for issuance costs of the 2023 Park BAN. The 2023 Park BAN was redeemed with proceeds from the Series 2024 Defined Area No. 2 Unlimited Tax Park Bonds. See Note 14.

NOTE 14. BOND SALES

On December 7, 2023, the District closed on the sale of \$12,850,000 of Series 2023 Defined Area No. 1 Unlimited Tax Road Bonds. Proceeds from the bond sale were used to reimburse a Developer for construction and engineering costs for paving facilities and associated land right-of-way acquisitions. Additional proceeds were used to pay for bond issuance costs.

On December 7, 2023, the District closed on the sale of \$12,665,000 of Series 2023A Defined Area No. 2 Unlimited Tax Road Bonds. Proceeds from the bond sale were used to reimburse a Developer for construction and engineering costs for paving facilities and associated land right-of-way acquisitions. Additional proceeds were used to pay for bond issuance costs.

On September 5, 2024, the District closed on the sale of \$13,610,000 of Series 2024 Defined Area No. 1 Unlimited Tax Road Bonds. Proceeds from the bond sale were used to reimburse a Developer for construction and engineering costs for paving facilities and associated land right-of-way acquisitions. Additional proceeds were used to fund capitalized interest and pay for bond issuance costs.

On September 5, 2024, the District closed on the sale of \$11,195,000 of Series 2024 Defined Area No. 2 Unlimited Tax Park Bonds. Proceeds from the bond sale were used to reimburse Developers for a portion of construction and engineering costs for various parks and recreational facilities. Additional proceeds were used to fund capitalized interest, redeem the 2023 Park BAN and pay for issuance costs of the bonds and the 2023 Park BAN.

On September 25, 2024, the District closed on the sale of \$20,210,000 of Series 2024 Defined Area No. 2 Unlimited Tax Road Bonds. Proceeds from the bond sale were used to reimburse Developers for construction and engineering costs for paving facilities and associated land right-of-way acquisitions. Additional proceeds were used to fund capitalized interest and pay for bond issuance costs.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 15. SUBSEQUENT EVENTS – BOND SALES AND PENDING BOND SALE

On October 31, 2024, subsequent to year end, the District closed on the sale of \$45,580,000 of Series 2024 Unlimited Tax Bonds. Proceeds from the bond sale were used to reimburse Developers for a portion of construction and engineering costs for various water, wastewater and drainage facilities, detention facilities, lift stations and land acquisition. Additional proceeds were used to fund capitalized interest, redeem the 2023 BAN and pay for issuance costs of the bonds and the 2023 BAN.

On December 5, 2024, subsequent to year end, the District closed on the sale of \$6,985,000 Series 2024A Defined Area No. 2 Unlimited Tax Park Bonds. Proceeds from the bond sale were used to reimburse Developers for construction and engineering costs for various parks and recreational facilities and associated land acquisition costs. Additional proceeds were used to fund capitalized interest and pay for the bond issuance costs.

Subsequent to the report date, the District expects to close on the sale of \$58,400,000 of Series 2025 Unlimited Tax Bonds. Proceeds from the bond sale will be used to reimburse a Developer for construction and engineering costs for water, wastewater and drainage facilities as well as land acquisition costs. Additional proceeds will be used to fund costs for various District water plant, lift station, force main, sanitary main, waterline and detention facilities and pay for bond issuance costs. Delivery of the bonds is expected on or about March 6, 2025.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2024

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 7,700,000	\$ 7,447,700	\$ 7,496,076	\$ 48,376
Water Service	4,700,000	4,700,000	4,332,579	(367,421)
Wastewater Service	3,900,000	4,000,000	4,711,903	711,903
Regional Water Authority Fee	4,500,000	4,500,000	4,954,672	454,672
Penalty and Interest	450,000	450,000	489,720	39,720
Tap Connection and Inspection Fees	2,050,000	2,050,000	2,150,631	100,631
Sales Tax Revenues	145,000	145,000	166,308	21,308
Investment Revenues	800,000	800,000	1,500,226	700,226
Miscellaneous Revenues	<u>6,248</u>	<u>6,248</u>	<u>219,448</u>	<u>213,200</u>
TOTAL REVENUES	<u>\$ 24,251,248</u>	<u>\$ 24,098,948</u>	<u>\$ 26,021,563</u>	<u>\$ 1,922,615</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 700,500	\$ 700,500	\$ 971,094	\$ (270,594)
Contracted Services	4,672,000	4,976,900	5,663,027	(686,127)
Purchased Water Service	35,000	35,000	2,142,424	(2,107,424)
Purchased Wastewater Service	952,000	952,000	593,223	358,777
Utilities	645,000	705,000	720,664	(15,664)
Regional Water Authority Assessment	4,500,000	4,500,000	3,386,394	1,113,606
Repairs and Maintenance	3,350,000	4,500,000	4,942,248	(442,248)
Parks and Recreation	220,000	220,000	135,148	84,852
Other	2,531,500	3,011,000	2,920,808	90,192
Capital Outlay	<u>16,843,000</u>	<u>17,443,000</u>	<u>2,889,858</u>	<u>14,553,142</u>
TOTAL EXPENDITURES	<u>\$ 34,449,000</u>	<u>\$ 37,043,400</u>	<u>\$ 24,364,888</u>	<u>\$ 12,678,512</u>
NET CHANGE IN FUND BALANCE	\$ (10,197,752)	\$ (12,944,452)	\$ 1,656,675	\$ 14,601,127
FUND BALANCE - OCTOBER 1, 2023	<u>28,381,035</u>	<u>28,381,035</u>	<u>28,381,035</u>	<u></u>
FUND BALANCE - SEPTEMBER 30, 2024	<u>\$ 18,183,283</u>	<u>\$ 15,436,583</u>	<u>\$ 30,037,710</u>	<u>\$ 14,601,127</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2024

1. SERVICES PROVIDED BY THE DISTRICT DURING THE YEAR:

2. RETAIL SERVICE PROVIDERS

Based on the rate order approved June 6, 2024.

District employs winter averaging for wastewater usage?	<u>Yes</u>	<u>X</u> No
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See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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"	<u>9,547</u>	<u>9,367</u>	x 1.0	<u>9,367</u>
1"	<u>1,607</u>	<u>1,607</u>	x 2.5	<u>4,018</u>
1½"	<u>30</u>	<u>30</u>	x 5.0	<u>150</u>
2"	<u>189</u>	<u>182</u>	x 8.0	<u>1,456</u>
3"	<u>5</u>	<u>5</u>	x 15.0	<u>75</u>
4"	<u>1</u>	<u>1</u>	x 25.0	<u>25</u>
6"			x 50.0	
8"	<u>7</u>	<u>7</u>	x 80.0	<u>560</u>
10"			x 115.0	
Total Water Connections	<u>11,386</u>	<u>11,199</u>		<u>15,651</u>
Total Wastewater Connections	<u>11,116</u>	<u>10,929</u>	x 1.0	<u>10,929</u>

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

Gallons pumped into system:	881,998,000	Water Accountability Ratio: 94.8 % (Gallons billed/Gallons pumped)
Gallons billed to customers:	1,272,522,000	
Total gallons purchased:	477,517,000	From: West Harris County Regional Water Authority
Total gallons sold:	16,143,000	To: Harris County Municipal Utility District No. 157

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ's in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

PROFESSIONAL FEES:

Auditing	\$ 45,000
Engineering	663,929
Legal	<u>262,165</u>

TOTAL PROFESSIONAL FEES	<u>\$ 971,094</u>
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PURCHASED SERVICES FOR RESALE:

Purchased Water Service	\$ 2,142,424
Purchased Wastewater Service	<u>593,223</u>

TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 2,735,647</u>
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CONTRACTED SERVICES:

Bookkeeping	\$ 59,515
Operations and Billing	561,991
Security	1,737,299
Solid Waste Disposal	<u>3,304,222</u>

TOTAL CONTRACTED SERVICES	<u>\$ 5,663,027</u>
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UTILITIES	<u>\$ 720,664</u>
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REPAIRS AND MAINTENANCE	<u>\$ 4,942,248</u>
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ADMINISTRATIVE EXPENDITURES:

Director Fees	\$ 30,506
Dues	1,500
Insurance	162,880
Legal Notices	12,996
Office Supplies and Postage	424,219
Payroll Taxes	2,333
Travel and Meetings	13,143
Regional Water Authority Assessment	3,386,394
Other	<u>77,609</u>

TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 4,111,580</u>
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See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

PARKS AND RECREATION	\$ 135,148
CAPITAL OUTLAY	\$ 2,889,858
TAP CONNECTIONS	\$ 1,048,412
OTHER EXPENDITURES:	
Chemicals	\$ 495,861
Laboratory Fees	106,190
Permit Fees	27,688
Reconnection Fees	118,887
Inspection Fees	279,494
Regulatory Assessment	41,577
Sludge Hauling	77,513
TOTAL OTHER EXPENDITURES	\$ 1,147,210
TOTAL EXPENDITURES	\$ 24,364,888

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
INVESTMENTS
SEPTEMBER 30, 2024

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Period</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 12,889,572	\$
TexSTAR	XXXX1110	Varies	Daily	12,998,638	
TexSTAR	XXXX4890	Varies	Daily	169,830	
TexSTAR	XXXX4891	Varies	Daily	307,425	
Certificate of Deposit	XXXX1372	5.65%	12/26/24	230,000	9,933
Certificate of Deposit	XXXX4355	5.50%	05/31/25	230,000	4,228
Certificate of Deposit	XXXX0719	5.31%	12/04/24	<u>242,204</u>	<u>4,123</u>
TOTAL GENERAL FUND				<u>\$ 27,067,669</u>	<u>\$ 18,284</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 2,874,611	\$
TexSTAR	XXXX0090	Varies	Daily	14,009,176	
TexSTAR	XXXX0091	Varies	Daily	1,622,513	
TexSTAR	XXXX4894	Varies	Daily	1,321,803	
TexSTAR	XXXX4895	Varies	Daily	<u>622,286</u>	
TOTAL DEBT SERVICE FUND				<u>\$ 20,450,389</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX1891	Varies	Daily	\$ 9,454,031	\$
TexSTAR	XXXX4892	Varies	Daily	18,146,468	
TexSTAR	XXXX4893	Varies	Daily	2,521,590	
TexSTAR	XXXX4896	Varies	Daily	<u>1,190,414</u>	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 31,312,503</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u><u>\$ 78,830,561</u></u>	<u><u>\$ 18,284</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2023	\$	82,368	\$	263,532
Adjustments to Beginning				
Balance		<u>(76,919)</u>	<u>(251,512)</u>	\$ 12,020
Original 2023 Tax Levy	\$	7,468,483	\$	18,223,098
Adjustment to 2023 Tax Levy		<u>149,983</u>	<u>7,618,466</u>	<u>18,589,057</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 7,623,915		\$ 18,601,077
TAX COLLECTIONS:				
Prior Years	\$	(57,578)	\$	(200,212)
Current Year		<u>7,553,652</u>	<u>18,430,912</u>	<u>18,230,700</u>
TAXES RECEIVABLE -				
SEPTEMBER 30, 2024		<u>\$ 127,841</u>		<u>\$ 370,377</u>
TAXES RECEIVABLE BY				
YEAR:				
2023	\$	64,814	\$	158,145
2022		21,601		58,755
2021		12,596		37,264
2020		6,140		23,026
2019		4,681		24,968
2018 and Prior		<u>18,009</u>		<u>68,219</u>
TOTAL	\$	<u>127,841</u>	\$	<u>370,377</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165

TAXES LEVIED AND RECEIVABLE FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 867,340,639	\$ 610,287,501	\$ 561,760,404	\$ 454,581,655
Improvements	2,817,524,725	2,244,959,702	1,642,312,584	1,517,417,028
Personal Property	50,294,574	51,207,142	35,387,304	34,433,427
Exemptions	<u>(689,792,200)</u>	<u>(516,257,397)</u>	<u>(256,883,952)</u>	<u>(237,845,051)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 3,045,367,738</u>	<u>\$ 2,390,196,948</u>	<u>\$ 1,982,576,340</u>	<u>\$ 1,768,587,059</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.61	\$ 0.68	\$ 0.71	\$ 0.75
Maintenance	<u>0.25</u>	<u>0.25</u>	<u>0.24</u>	<u>0.20</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.86</u>	<u>\$ 0.93</u>	<u>\$ 0.95</u>	<u>\$ 0.95</u>
ADJUSTED TAX LEVY*	<u>\$ 26,207,523</u>	<u>\$ 22,228,832</u>	<u>\$ 18,834,479</u>	<u>\$ 16,801,579</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.15 %</u>	<u>99.64 %</u>	<u>99.74 %</u>	<u>99.83 %</u>

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

Maintenance Tax – Maximum tax rate of \$0.25 per \$100 of assessed valuation approved by voters on May 2, 1998.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Defined Area No. 1 Debt Service Taxes	
TAXES RECEIVABLE -		
OCTOBER 1, 2023	\$ 3,877	
Adjustments to Beginning		
Balance	<u>10,794</u>	\$ 14,671
Original 2023 Tax Levy	\$ 1,350,835	
Adjustment to 2023 Tax Levy	<u>144,238</u>	<u>1,495,073</u>
TOTAL TO BE		
ACCOUNTED FOR		\$ 1,509,744
TAX COLLECTIONS:		
Prior Years	\$ 3,505	
Current Year	<u>1,481,386</u>	<u>1,484,891</u>
TAXES RECEIVABLE -		
SEPTEMBER 30 , 2024		<u>\$ 24,853</u>
TAXES RECEIVABLE BY		
YEAR:		
2023		\$ 13,687
2022		5,113
2021		<u>6,053</u>
TOTAL		<u><u>\$ 24,853</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
TAXES LEVIED AND RECEIVABLE – DEFINED AREA NO. 1
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 89,228,211	\$ 60,642,256	\$ 52,245,671	\$ 41,945,763
Improvements	160,547,766	57,210,542	8,713,297	166,800
Personal Property	688,948	73,100	25,033	
Exemptions	<u>(18,878,375)</u>	<u>(8,360,521)</u>	<u>(16,565,547)</u>	<u>(19,874,485)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 231,586,550</u>	<u>\$ 109,565,377</u>	<u>\$ 44,418,454</u>	<u>\$ 22,238,078</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.64	\$ 0.57	\$ 0.55	\$ 0.00
Road Maintenance	0.00	0.00	0.00	0.00
Maintenance	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.55</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.64</u>	<u>\$ 0.57</u>	<u>\$ 0.55</u>	<u>\$ 0.55</u>
ADJUSTED TAX LEVY*	<u>\$ 1,495,073</u>	<u>\$ 624,523</u>	<u>\$ 244,303</u>	<u>\$ 122,309</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.08 %</u>	<u>99.18 %</u>	<u>97.52 %</u>	<u>100.00 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on May 4, 2019.

Road Maintenance Tax – Maximum tax rate of \$0.25 per \$100 of assessed valuation approved by voters on May 4, 2019.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Defined Area No. 2 Maintenance Taxes		Defined Area No. 2 Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2023	\$	2	\$	8,074
Adjustments to Beginning				
Balance		\$ 2	3,027	\$ 11,101
Original 2023 Tax Levy	\$		\$ 1,381,607	
Adjustment to 2023 Tax Levy			902,943	2,284,550
TOTAL TO BE				
ACCOUNTED FOR		\$ 2		\$ 2,295,651
TAX COLLECTIONS:				
Prior Years	\$	2	\$ 10,476	
Current Year		2	2,264,873	2,275,349
TAXES RECEIVABLE -				
SEPTEMBER 30, 2024		\$ -0-		\$ 20,302
TAXES RECEIVABLE BY				
YEAR:				
2023	\$		\$ 19,677	
2022				625
TOTAL	\$	-0-		\$ 20,302

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
TAXES LEVIED AND RECEIVABLE – DEFINED AREA NO. 2
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS:			
Land	\$ 166,285,204	\$ 59,358,181	\$ 24,899,308
Improvements	203,837,823	12,145,146	4,231,224
Personal Property	936,339	39,500	
Exemptions	<u>(14,098,398)</u>	<u>(1,035,970)</u>	<u>(50,409)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 356,960,968</u>	<u>\$ 70,506,857</u>	<u>\$ 29,080,123</u>
TAX RATES PER \$100 VALUATION:			
Debt Service	\$ 0.64	\$ 0.57	\$ 0.00
Road Maintenance	0.00	0.00	0.00
Maintenance	<u>0.00</u>	<u>0.00</u>	<u>0.55</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.64</u>	<u>\$ 0.57</u>	<u>\$ 0.55</u>
ADJUSTED TAX LEVY*	<u>\$ 2,284,550</u>	<u>\$ 401,889</u>	<u>\$ 159,940</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.14 %</u>	<u>99.84 %</u>	<u>100.00 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on November 3, 2020.

Road Maintenance Tax – Maximum tax rate of \$0.25 per \$100 of assessed valuation approved by voters on November 3, 2020.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

REFUNDING SERIES - 2015			
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 2,880,000	\$ 1,162,100	\$ 4,042,100
2026	3,035,000	1,044,575	4,079,575
2027	3,135,000	952,025	4,087,025
2028	3,235,000	856,475	4,091,475
2029	3,340,000	753,675	4,093,675
2030	3,465,000	612,775	4,077,775
2031	4,055,000	424,775	4,479,775
2032		323,400	323,400
2033	4,525,000	244,213	4,769,213
2034	4,715,000	82,513	4,797,513
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	<u>\$ 32,385,000</u>	<u>\$ 6,456,526</u>	<u>\$ 38,841,526</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

S E R I E S - 2 0 1 5			
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 915,000	\$ 662,762	\$ 1,577,762
2026	955,000	634,713	1,589,713
2027	1,000,000	605,387	1,605,387
2028	1,045,000	574,060	1,619,060
2029	1,090,000	540,019	1,630,019
2030	1,145,000	502,984	1,647,984
2031	1,195,000	462,750	1,657,750
2032	1,250,000	419,963	1,669,963
2033	1,310,000	375,163	1,685,163
2034	1,370,000	327,407	1,697,407
2035	1,430,000	275,763	1,705,763
2036	1,495,000	220,919	1,715,919
2037	1,565,000	163,544	1,728,544
2038	1,640,000	101,400	1,741,400
2039	1,715,000	34,300	1,749,300
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2050			
	<u>\$ 19,120,000</u>	<u>\$ 5,901,134</u>	<u>\$ 25,021,134</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

S E R I E S - 2 0 1 7			
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 1,000,000	\$ 784,956	\$ 1,784,956
2026	1,040,000	753,256	1,793,256
2027	1,075,000	728,119	1,803,119
2028	1,120,000	699,981	1,819,981
2029	1,160,000	667,881	1,827,881
2030	1,205,000	632,406	1,837,406
2031	1,250,000	595,581	1,845,581
2032	1,300,000	557,331	1,857,331
2033	1,350,000	516,738	1,866,738
2034	1,400,000	472,894	1,872,894
2035	1,455,000	426,500	1,881,500
2036	1,510,000	378,319	1,888,319
2037	1,565,000	327,372	1,892,372
2038	1,625,000	273,541	1,898,541
2039	1,690,000	217,600	1,907,600
2040	1,755,000	159,466	1,914,466
2041	1,820,000	98,000	1,918,000
2042	1,890,000	33,075	1,923,075
2043			
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	<u>\$ 25,210,000</u>	<u>\$ 8,323,016</u>	<u>\$ 33,533,016</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

S E R I E S - 2 0 1 8			
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 110,000	\$ 106,363	\$ 216,363
2026	115,000	102,843	217,843
2027	115,000	99,105	214,105
2028	120,000	95,288	215,288
2029	125,000	91,305	216,305
2030	130,000	87,000	217,000
2031	135,000	82,363	217,363
2032	140,000	77,200	217,200
2033	145,000	71,500	216,500
2034	150,000	65,600	215,600
2035	155,000	59,500	214,500
2036	165,000	53,100	218,100
2037	170,000	46,400	216,400
2038	175,000	40,375	215,375
2039	185,000	34,975	219,975
2040	190,000	28,400	218,400
2041	195,000	20,700	215,700
2042	205,000	12,700	217,700
2043	215,000	4,300	219,300
2044			
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	<u>\$ 2,940,000</u>	<u>\$ 1,179,017</u>	<u>\$ 4,119,017</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

S E R I E S - 2 0 1 9			
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 380,000	\$ 251,900	\$ 631,900
2026	395,000	240,350	635,350
2027	410,000	232,300	642,300
2028	425,000	223,950	648,950
2029	440,000	215,300	655,300
2030	455,000	206,350	661,350
2031	470,000	197,100	667,100
2032	490,000	187,500	677,500
2033	505,000	177,234	682,234
2034	525,000	165,963	690,963
2035	540,000	153,981	693,981
2036	560,000	141,256	701,256
2037	580,000	127,719	707,719
2038	600,000	113,706	713,706
2039	625,000	98,769	723,769
2040	645,000	82,491	727,491
2041	670,000	65,231	735,231
2042	690,000	47,381	737,381
2043	715,000	28,941	743,941
2044	745,000	9,778	754,778
2045			
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2050			
	<u>\$ 10,865,000</u>	<u>\$ 2,967,200</u>	<u>\$ 13,832,200</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

S E R I E S - 2 0 2 0			
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 1,440,000	\$ 753,800	\$ 2,193,800
2026	1,480,000	724,800	2,204,800
2027	1,520,000	709,800	2,229,800
2028	1,560,000	692,450	2,252,450
2029	1,605,000	672,669	2,277,669
2030	1,650,000	650,263	2,300,263
2031	1,695,000	625,175	2,320,175
2032	1,745,000	597,194	2,342,194
2033	1,790,000	564,025	2,354,025
2034	1,840,000	527,725	2,367,725
2035	1,895,000	490,375	2,385,375
2036	1,945,000	451,975	2,396,975
2037	2,000,000	412,525	2,412,525
2038	2,055,000	371,975	2,426,975
2039	2,115,000	330,275	2,445,275
2040	2,170,000	287,425	2,457,425
2041	2,235,000	240,581	2,475,581
2042	2,295,000	189,619	2,484,619
2043	2,360,000	137,250	2,497,250
2044	2,425,000	83,419	2,508,419
2045	2,495,000	28,069	2,523,069
2046			
2047			
2048			
2049			
2050			
	<u>\$ 40,315,000</u>	<u>\$ 9,541,389</u>	<u>\$ 49,856,389</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

REFUNDING SERIES - 2020			
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 335,000	\$ 41,125	\$ 376,125
2026	340,000	32,700	372,700
2027	350,000	25,800	375,800
2028	360,000	18,700	378,700
2029	375,000	11,350	386,350
2030	380,000	3,800	383,800
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	<u>\$ 2,140,000</u>	<u>\$ 133,475</u>	<u>\$ 2,273,475</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

REFUNDING SERIES - 2021			
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 720,000	\$ 243,050	\$ 963,050
2026	750,000	221,000	971,000
2027	775,000	198,125	973,125
2028	800,000	178,500	978,500
2029	835,000	162,150	997,150
2030	855,000	145,250	1,000,250
2031	520,000	131,500	651,500
2032	535,000	118,275	653,275
2033	560,000	101,850	661,850
2034	580,000	84,750	664,750
2035	600,000	67,050	667,050
2036	625,000	48,675	673,675
2037	640,000	29,700	669,700
2038	670,000	10,050	680,050
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	<u>\$ 9,465,000</u>	<u>\$ 1,739,925</u>	<u>\$ 11,204,925</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

DEFINED AREA NO. 1 ROAD SERIES - 2022

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 215,000	\$ 264,563	\$ 479,563
2026	220,000	253,687	473,687
2027	230,000	242,438	472,438
2028	240,000	231,287	471,287
2029	245,000	220,375	465,375
2030	255,000	209,763	464,763
2031	265,000	199,362	464,362
2032	275,000	188,563	463,563
2033	285,000	177,362	462,362
2034	295,000	166,500	461,500
2035	305,000	156,000	461,000
2036	315,000	145,150	460,150
2037	325,000	133,950	458,950
2038	340,000	123,163	463,163
2039	350,000	112,812	462,812
2040	360,000	102,163	462,163
2041	375,000	91,137	466,137
2042	390,000	79,663	469,663
2043	405,000	67,484	472,484
2044	415,000	54,672	469,672
2045	430,000	41,469	471,469
2046	445,000	29,187	474,187
2047	465,000	17,813	482,813
2048	480,000	6,000	486,000
2049			
2050			
	\$ 7,925,000	\$ 3,314,563	\$ 11,239,563

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

DEFINED AREA NO. 2 ROAD SERIES - 2022

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 130,000	\$ 152,235	\$ 282,235
2026	135,000	148,260	283,260
2027	140,000	144,135	284,135
2028	145,000	139,860	284,860
2029	150,000	135,435	285,435
2030	155,000	130,860	285,860
2031	160,000	126,135	286,135
2032	165,000	121,178	286,178
2033	170,000	115,985	285,985
2034	175,000	110,637	285,637
2035	185,000	104,965	289,965
2036	190,000	98,965	288,965
2037	195,000	92,805	287,805
2038	205,000	86,302	291,302
2039	210,000	79,455	289,455
2040	220,000	72,360	292,360
2041	225,000	65,018	290,018
2042	235,000	57,369	292,369
2043	245,000	49,329	294,329
2044	250,000	41,037	291,037
2045	260,000	32,495	292,495
2046	270,000	23,617	293,617
2047	280,000	14,405	294,405
2048	290,000	4,858	294,858
2049			
2050			
	<u>\$ 4,785,000</u>	<u>\$ 2,147,700</u>	<u>\$ 6,932,700</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

S E R I E S - 2 0 2 2			
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 1,170,000	\$ 1,791,500	\$ 2,961,500
2026	1,135,000	1,751,250	2,886,250
2027	1,115,000	1,706,250	2,821,250
2028	1,085,000	1,662,250	2,747,250
2029	1,045,000	1,619,650	2,664,650
2030	1,045,000	1,577,850	2,622,850
2031	1,380,000	1,529,350	2,909,350
2032	5,620,000	1,389,350	7,009,350
2033	1,265,000	1,251,650	2,516,650
2034	1,240,000	1,201,550	2,441,550
2035	2,065,000	1,135,450	3,200,450
2036	2,150,000	1,051,150	3,201,150
2037	2,235,000	974,625	3,209,625
2038	2,330,000	906,150	3,236,150
2039	2,420,000	834,900	3,254,900
2040	2,520,000	748,200	3,268,200
2041	2,625,000	645,300	3,270,300
2042	2,730,000	538,200	3,268,200
2043	2,845,000	426,700	3,271,700
2044	2,960,000	310,600	3,270,600
2045	3,080,000	189,800	3,269,800
2046	3,205,000	64,100	3,269,100
2047			
2048			
2049			
2050			
	<u>\$ 47,265,000</u>	<u>\$ 23,305,825</u>	<u>\$ 70,570,825</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

DEFINED AREA NO. 1 ROAD SERIES - 2022A

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 125,000	\$ 319,950	\$ 444,950
2026	130,000	310,387	440,387
2027	140,000	300,612	440,612
2028	145,000	290,637	435,637
2029	155,000	280,719	435,719
2030	160,000	270,875	430,875
2031	170,000	260,563	430,563
2032	180,000	250,750	430,750
2033	185,000	241,625	426,625
2034	195,000	232,125	427,125
2035	205,000	222,125	427,125
2036	220,000	211,500	431,500
2037	230,000	200,250	430,250
2038	240,000	188,500	428,500
2039	255,000	176,125	431,125
2040	265,000	163,125	428,125
2041	280,000	149,500	429,500
2042	295,000	135,125	430,125
2043	310,000	120,000	430,000
2044	330,000	104,000	434,000
2045	345,000	87,125	432,125
2046	365,000	69,375	434,375
2047	380,000	50,750	430,750
2048	400,000	31,250	431,250
2049	425,000	10,625	435,625
2050			
	\$ 6,130,000	\$ 4,677,618	\$ 10,807,618

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

DEFINED AREA NO.2 ROAD SERIES - 2022A

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 85,000	\$ 219,413	\$ 304,413
2026	85,000	213,037	298,037
2027	90,000	206,475	296,475
2028	95,000	199,656	294,656
2029	100,000	192,838	292,838
2030	105,000	185,919	290,919
2031	110,000	178,662	288,662
2032	120,000	171,350	291,350
2033	125,000	164,000	289,000
2034	130,000	157,000	287,000
2035	140,000	150,250	290,250
2036	145,000	143,125	288,125
2037	155,000	135,625	290,625
2038	160,000	127,750	287,750
2039	170,000	119,500	289,500
2040	180,000	110,750	290,750
2041	190,000	101,500	291,500
2042	200,000	91,750	291,750
2043	210,000	81,500	291,500
2044	220,000	70,750	290,750
2045	235,000	59,375	294,375
2046	245,000	47,375	292,375
2047	260,000	34,750	294,750
2048	275,000	21,375	296,375
2049	290,000	7,250	297,250
2050			
	\$ 4,120,000	\$ 3,190,975	\$ 7,310,975

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

DEFINED AREA NO.2 ROAD SERIES - 2023

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 140,000	\$ 311,637	\$ 451,637
2026	145,000	302,538	447,538
2027	155,000	293,112	448,112
2028	160,000	283,038	443,038
2029	170,000	272,637	442,637
2030	175,000	261,588	436,588
2031	185,000	251,962	436,962
2032	195,000	244,563	439,563
2033	205,000	236,762	441,762
2034	215,000	228,563	443,563
2035	225,000	219,962	444,962
2036	235,000	210,963	445,963
2037	250,000	201,562	451,562
2038	260,000	191,562	451,562
2039	275,000	181,163	456,163
2040	290,000	170,162	460,162
2041	305,000	158,563	463,563
2042	320,000	146,362	466,362
2043	335,000	133,563	468,563
2044	350,000	119,744	469,744
2045	370,000	105,306	475,306
2046	385,000	90,044	475,044
2047	405,000	74,162	479,162
2048	425,000	56,950	481,950
2049	445,000	38,888	483,888
2050	470,000	19,975	489,975
	<u>\$ 7,090,000</u>	<u>\$ 4,805,331</u>	<u>\$ 11,895,331</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

S E R I E S - 2 0 2 3			
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 815,000	\$ 1,767,925	\$ 2,582,925
2026	855,000	1,734,525	2,589,525
2027	900,000	1,699,425	2,599,425
2028	940,000	1,662,625	2,602,625
2029	990,000	1,624,025	2,614,025
2030	1,035,000	1,583,525	2,618,525
2031	1,085,000	1,541,125	2,626,125
2032	1,140,000	1,496,625	2,636,625
2033	1,195,000	1,449,925	2,644,925
2034	1,255,000	1,400,925	2,655,925
2035	1,315,000	1,349,525	2,664,525
2036	1,375,000	1,295,725	2,670,725
2037	1,445,000	1,239,325	2,684,325
2038	1,515,000	1,180,125	2,695,125
2039	480,000	1,140,225	1,620,225
2040	2,260,000	1,085,425	3,345,425
2041	2,340,000	993,425	3,333,425
2042	2,440,000	897,825	3,337,825
2043	4,500,000	759,025	5,259,025
2044	4,925,000	570,525	5,495,525
2045	5,925,000	353,525	6,278,525
2046	2,700,000	177,650	2,877,650
2047	2,830,000	60,137	2,890,137
2048			
2049			
2050			
	<u>\$ 44,260,000</u>	<u>\$ 27,063,112</u>	<u>\$ 71,323,112</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

DEFINED AREA NO.1 ROAD SERIES - 2023

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 230,000	\$ 643,963	\$ 873,963
2026	240,000	627,513	867,513
2027	255,000	610,188	865,188
2028	275,000	592,638	867,638
2029	290,000	574,038	864,038
2030	310,000	558,313	868,313
2031	325,000	543,250	868,250
2032	345,000	528,175	873,175
2033	370,000	512,088	882,088
2034	390,000	494,988	884,988
2035	415,000	476,356	891,356
2036	440,000	455,500	895,500
2037	470,000	433,338	903,338
2038	500,000	410,300	910,300
2039	530,000	385,838	915,838
2040	560,000	359,250	919,250
2041	595,000	330,375	925,375
2042	635,000	299,625	934,625
2043	670,000	267,000	937,000
2044	715,000	232,375	947,375
2045	760,000	195,500	955,500
2046	805,000	156,375	961,375
2047	855,000	114,875	969,875
2048	905,000	70,875	975,875
2049	965,000	24,124	989,124
2050			
	<u>\$ 12,850,000</u>	<u>\$ 9,896,860</u>	<u>\$ 22,746,860</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

DEFINED AREA NO.2 ROAD SERIES - 2023 A

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 210,000	\$ 638,075	\$ 848,075
2026	220,000	623,550	843,550
2027	235,000	607,625	842,625
2028	250,000	590,650	840,650
2029	265,000	572,625	837,625
2030	280,000	556,350	836,350
2031	300,000	542,600	842,600
2032	315,000	528,763	843,763
2033	335,000	514,138	849,138
2034	355,000	498,613	853,613
2035	380,000	481,600	861,600
2036	405,000	462,450	867,450
2037	430,000	442,113	872,113
2038	455,000	421,094	876,094
2039	485,000	398,769	883,769
2040	510,000	374,500	884,500
2041	545,000	348,125	893,125
2042	575,000	320,125	895,125
2043	615,000	290,375	905,375
2044	650,000	258,750	908,750
2045	690,000	225,250	915,250
2046	735,000	189,625	924,625
2047	780,000	151,750	931,750
2048	830,000	111,500	941,500
2049	880,000	68,750	948,750
2050	935,000	23,375	958,375
	<u>\$ 12,665,000</u>	<u>\$ 10,241,140</u>	<u>\$ 22,906,140</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

DEFINED AREA NO.2 PARK SERIES - 2024

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$	\$ 465,915	\$ 465,915
2026	250,000	464,900	714,900
2027	260,000	452,150	712,150
2028	270,000	438,900	708,900
2029	285,000	425,025	710,025
2030	295,000	410,525	705,525
2031	310,000	395,400	705,400
2032	325,000	379,525	704,525
2033	340,000	362,900	702,900
2034	355,000	347,300	702,300
2035	370,000	332,800	702,800
2036	390,000	317,600	707,600
2037	405,000	301,700	706,700
2038	425,000	285,100	710,100
2039	445,000	267,700	712,700
2040	465,000	249,500	714,500
2041	485,000	230,500	715,500
2042	510,000	210,600	720,600
2043	535,000	189,700	724,700
2044	555,000	167,900	722,900
2045	585,000	145,100	730,100
2046	610,000	121,200	731,200
2047	635,000	96,300	731,300
2048	665,000	70,300	735,300
2049	695,000	43,100	738,100
2050	730,000	14,600	744,600
	<u>\$ 11,195,000</u>	<u>\$ 7,186,240</u>	<u>\$ 18,381,240</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

DEFINED AREA NO.1 ROAD SERIES - 2024

Due During Fiscal Years Ending September 30	Principal Due March	Interest Due March 1/ September 1	Total
2025	\$	\$ 563,215	\$ 563,215
2026	305,000	561,156	866,156
2027	320,000	543,969	863,969
2028	335,000	525,956	860,956
2029	350,000	507,775	857,775
2030	365,000	489,681	854,681
2031	380,000	472,956	852,956
2032	395,000	457,456	852,456
2033	415,000	441,256	856,256
2034	435,000	424,256	859,256
2035	455,000	406,456	861,456
2036	475,000	387,856	862,856
2037	495,000	368,456	863,456
2038	520,000	348,156	868,156
2039	540,000	326,956	866,956
2040	565,000	304,856	869,856
2041	590,000	281,756	871,756
2042	615,000	257,656	872,656
2043	645,000	232,456	877,456
2044	675,000	206,056	881,056
2045	705,000	178,456	883,456
2046	735,000	149,656	884,656
2047	770,000	119,556	889,556
2048	805,000	87,553	892,553
2049	840,000	53,625	893,625
2050	880,000	18,150	898,150
	<u>\$ 13,610,000</u>	<u>\$ 8,715,332</u>	<u>\$ 22,325,332</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

DEFINED AREA NO. 2 ROAD SERIES - 2024

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$	\$ 777,653	\$ 777,653
2026	455,000	821,825	1,276,825
2027	475,000	798,575	1,273,575
2028	495,000	774,325	1,269,325
2029	515,000	749,075	1,264,075
2030	540,000	722,700	1,262,700
2031	565,000	697,900	1,262,900
2032	590,000	674,800	1,264,800
2033	615,000	650,700	1,265,700
2034	645,000	625,500	1,270,500
2035	675,000	599,100	1,274,100
2036	705,000	571,500	1,276,500
2037	735,000	542,700	1,277,700
2038	770,000	512,600	1,282,600
2039	805,000	481,100	1,286,100
2040	840,000	448,200	1,288,200
2041	875,000	413,900	1,288,900
2042	915,000	378,100	1,293,100
2043	960,000	340,600	1,300,600
2044	1,000,000	301,400	1,301,400
2045	1,045,000	260,500	1,305,500
2046	1,095,000	217,700	1,312,700
2047	1,145,000	172,900	1,317,900
2048	1,195,000	126,100	1,321,100
2049	1,250,000	77,200	1,327,200
2050	1,305,000	26,100	1,331,100
	<u>\$ 20,210,000</u>	<u>\$ 12,762,753</u>	<u>\$ 32,972,753</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending March 31	Total Principal Due	Total Interest Due	Total Principal Interest Due
2025	\$ 10,900,000	\$ 11,922,100	\$ 22,822,100
2026	12,285,000	11,566,865	23,851,865
2027	12,695,000	11,155,615	23,850,615
2028	13,100,000	10,731,226	23,831,226
2029	13,530,000	10,288,566	23,818,566
2030	14,005,000	9,798,777	23,803,777
2031	14,555,000	9,258,509	23,813,509
2032	15,125,000	8,711,961	23,836,961
2033	15,690,000	8,169,114	23,859,114
2034	16,265,000	7,614,809	23,879,809
2035	12,810,000	7,107,758	19,917,758
2036	13,345,000	6,645,728	19,990,728
2037	13,890,000	6,173,709	20,063,709
2038	14,485,000	5,691,849	20,176,849
2039	13,295,000	5,220,462	18,515,462
2040	13,795,000	4,746,273	18,541,273
2041	14,350,000	4,233,611	18,583,611
2042	14,940,000	3,695,175	18,635,175
2043	15,565,000	3,128,223	18,693,223
2044	16,215,000	2,531,006	18,746,006
2045	16,925,000	1,901,970	18,826,970
2046	11,595,000	1,335,904	12,930,904
2047	8,805,000	907,398	9,712,398
2048	6,270,000	586,761	6,856,761
2049	5,790,000	323,562	6,113,562
2050	4,320,000	102,200	4,422,200
	<u>\$ 334,545,000</u>	<u>\$ 153,549,131</u>	<u>\$ 488,094,131</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Description	Original Original Bonds Issued	Bonds Outstanding October 1, 2023
Harris County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2015	\$ 49,045,000	\$ 34,645,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2015	25,720,000	19,990,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2017	30,970,000	26,175,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2018	3,535,000	3,045,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2019	12,600,000	11,235,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2020	44,400,000	41,715,000
Harris County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2020	2,515,000	2,460,000
Harris County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2021	10,305,000	10,155,000
Harris County Municipal Utility District No. 165 Defined Area No. 1 Unlimited Tax Road Bonds - Series 2022	8,130,000	8,130,000
Harris County Municipal Utility District No. 165 Defined Area No. 2 Unlimited Tax Road Bonds - Series 2022	4,910,000	4,910,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2022	50,450,000	48,890,000

See accompanying independent auditor's report.

Current Year Transactions				Bonds Outstanding September 30, 2024	
Bonds Sold	Retirements				
	Principal	Interest			
\$	\$ 2,260,000	\$ 1,290,599	\$ 32,385,000	Amegy Bank, N.A. Houston, Texas	
	870,000	689,538	19,120,000	Amegy Bank, N.A. Houston, Texas	
	965,000	824,256	25,210,000	Amegy Bank, N.A. Houston, Texas	
	105,000	109,587	2,940,000	Zions Bancorporation, NA Houston, Texas	
	370,000	266,900	10,865,000	Zions Bancorporation, NA Houston, Texas	
	1,400,000	796,400	40,315,000	Zions Bancorporation, NA Houston, Texas	
	320,000	50,950	2,140,000	Zions Bancorporation, NA Houston, Texas	
	690,000	264,200	9,465,000	Zions Bancorporation, NA Houston, Texas	
	205,000	275,062	7,925,000	Zions Bancorporation, NA Houston, Texas	
	125,000	156,060	4,785,000	Zions Bancorporation, NA Houston, Texas	
	1,625,000	1,833,425	47,265,000	Zions Bancorporation, NA Houston, Texas	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Description	Original Original Bonds Issued	Bonds Outstanding October 1, 2023
Harris County Municipal Utility District No. 165		
Defined Area No. 1 Unlimited Tax Road Bonds - Series 2022A	\$ 6,250,000	\$ 6,250,000
Harris County Municipal Utility District No. 165		
Defined Area No. 2 Unlimited Tax Road Bonds - Series 2022A	4,200,000	4,200,000
Harris County Municipal Utility District No. 165		
Defined Area No. 2 Unlimited Tax Road Bonds - Series 2023	7,090,000	7,090,000
Harris County Municipal Utility District No. 165		
Unlimited Tax Bonds - Series 2023	44,260,000	44,260,000
Harris County Municipal Utility District No. 165		
Defined Area No. 1 Unlimited Tax Road Bonds - Series 2023	12,850,000	
Harris County Municipal Utility District No. 165		
Defined Area No. 2 Unlimited Tax Road Bonds - Series 2023A	12,665,000	
Harris County Municipal Utility District No. 165		
Defined Area No. 2 Unlimited Tax Park Bonds - Series 2024	11,195,000	
Harris County Municipal Utility District No. 165		
Defined Area No. 1 Unlimited Tax Road Bonds - Series 2024	13,610,000	
Harris County Municipal Utility District No. 165		
Defined Area No. 2 Unlimited Tax Road Bonds - Series 2024	<u>20,210,000</u>	
TOTAL	<u>\$ 374,910,000</u>	<u>\$ 273,150,000</u>

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding September 30, 2024	
	Principal	Interest		
\$	\$ 120,000	\$ 329,138	\$ 6,130,000	Zions Bancorporation, NA Houston, Texas
	80,000	225,600	4,120,000	Zions Bancorporation, NA Houston, Texas
		365,309	7,090,000	Zions Bancorporation, NA Houston, Texas
		1,853,612	44,260,000	Zions Bancorporation, NA Houston, Texas
12,850,000		478,142	12,850,000	Zions Bancorporation, NA Houston, Texas
12,665,000		472,927	12,665,000	Zions Bancorporation, NA Houston, Texas
11,195,000			11,195,000	Zions Bancorporation, NA Houston, Texas
13,610,000			13,610,000	Zions Bancorporation, NA Houston, Texas
<u>20,210,000</u>			<u>20,210,000</u>	Zions Bancorporation, NA Houston, Texas
<u>\$ 70,530,000</u>	<u>\$ 9,135,000</u>	<u>\$ 10,281,705</u>	<u>\$ 334,545,000</u>	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

District Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>	<u>Recreational Bonds</u>	
Amount Authorized by Voters	\$ 665,684,000	\$ 8,000,000	\$ 16,000,000	
Amount Issued	<u>313,520,000</u>	<u>3,222,266</u>	<u></u>	
Remaining to be Issued	<u>\$ 352,164,000</u>	<u>\$ 4,777,734</u>	<u>\$ 16,000,000</u>	
Defined Area No. 1 Bond Authority:	<u>Tax and Refunding Bonds</u>	<u>Recreational and Refunding Bonds</u>	<u>Road and Refunding Bonds</u>	
Amount Authorized by Voters	\$ 281,255,000	\$ 43,995,000	\$ 149,440,000	
Amount Issued	<u></u>	<u></u>	<u>40,840,000</u>	
Remaining to be Issued	<u>\$ 281,255,000</u>	<u>\$ 43,995,000</u>	<u>\$ 108,600,000</u>	
Defined Area No. 2 Bond Authority:	<u>Tax Bonds</u>	<u>Road Bonds</u>	<u>Recreational Bonds</u>	<u>Refunding Bonds*</u>
Amount Authorized by Voters	\$ 277,673,000	\$ 155,836,000	\$ 36,431,000	\$ 87,954,406
Amount Issued	<u></u>	<u>49,075,000</u>	<u>11,195,000</u>	<u></u>
Remaining to be Issued	<u>\$ 277,673,000</u>	<u>\$ 106,761,000</u>	<u>\$ 25,236,000</u>	<u>\$ 87,954,406</u>

* For utility, road and recreational facilities combined.

Debt Service Fund cash and investment balances as of
September 30, 2024: \$ 20,841,531

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 18,772,851

See accompanying independent auditor's report.

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

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 7,496,076	\$ 6,148,037	\$ 4,904,202
Water Service	4,332,579	4,071,788	3,837,761
Wastewater Service	4,711,903	3,895,113	3,490,730
Penalty and Interest	489,720	407,344	221,235
Tap Connection and Inspection Fees	2,150,631	3,029,342	1,524,498
Sales Tax Revenues	166,308	156,438	146,118
Regional Water Authority Fee	4,954,672	5,137,992	3,661,902
Investment Revenues	1,500,226	1,101,065	139,429
Miscellaneous Revenues	219,448	168,588	962
TOTAL REVENUES	\$ 26,021,563	\$ 24,115,707	\$ 17,926,837
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 971,094	\$ 1,081,354	\$ 992,087
Contracted Services	5,663,027	4,898,338	4,174,396
Purchased Water Service	2,142,424	2,258,555	2,169,618
Purchased Wastewater Service	593,223	630,031	541,828
Utilities	720,664	563,023	438,695
Regional Water Authority Assessment	3,386,394	3,018,721	1,663,478
Repairs and Maintenance	4,942,248	3,340,058	2,547,431
Parks and Recreation	135,148	261,450	193,004
Other	2,920,808	1,905,143	1,290,890
Capital Outlay	2,889,858	1,310,450	1,003,751
TOTAL EXPENDITURES	\$ 24,364,888	\$ 19,267,123	\$ 15,015,178
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,656,675	\$ 4,848,584	\$ 2,911,659
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$	\$ 342,753	\$ 187,955
Contributed by Other Governmental Units			29,573
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ 342,753	\$ 217,528
NET CHANGE IN FUND BALANCE	\$ 1,656,675	\$ 5,191,337	\$ 3,129,187
BEGINNING FUND BALANCE	28,381,035	23,189,698	20,060,511
ENDING FUND BALANCE	\$ 30,037,710	\$ 28,381,035	\$ 23,189,698

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2021	2020	2024	2023	2022	2021	2020
\$ 3,648,401	\$ 2,430,958	28.9 %	25.4 %	27.4 %	26.6 %	19.7 %
3,172,370	3,046,377	16.6	16.9	21.4	23.0	24.7
3,164,353	2,932,047	18.1	16.2	19.5	23.0	23.8
4,695	98,300	1.9	1.7	1.2		0.8
589,658	494,202	8.3	12.6	8.5	4.3	4.0
135,303	117,701	0.6	0.6	0.8	1.0	1.0
3,034,065	2,927,238	19.0	21.3	20.4	22.0	23.7
15,402	161,945	5.8	4.6	0.8	0.1	1.3
	128,149	0.8	0.7			1.0
<u>\$ 13,764,247</u>	<u>\$ 12,336,917</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 1,083,950	\$ 791,631	3.7 %	4.5 %	5.5 %	7.9 %	6.4 %
3,682,159	3,334,640	21.8	20.3	23.3	26.8	27.0
19,902	22,490	8.2	9.4	12.1	0.1	0.2
	773,589	2.3	2.6	3.0		6.3
345,355	372,762	2.8	2.3	2.4	2.5	3.0
3,042,132	2,866,622	13.0	12.5	9.3	22.1	23.2
2,215,086	1,964,925	19.0	13.9	14.2	16.1	15.9
150,725	181,376	0.5	1.1	1.1	1.1	1.5
848,896	705,489	11.2	7.9	7.2	6.2	5.7
958,631	2,727,352	11.1	5.4	5.6	7.0	22.1
<u>\$ 12,346,836</u>	<u>\$ 13,740,876</u>	<u>93.6 %</u>	<u>79.9 %</u>	<u>83.7 %</u>	<u>89.8 %</u>	<u>111.3 %</u>
<u>\$ 1,417,411</u>	<u>\$ (1,403,959)</u>	<u>6.4 %</u>	<u>20.1 %</u>	<u>16.3 %</u>	<u>10.2 %</u>	<u>(11.3) %</u>
\$ 234,352	\$ 364,597					
<u>459,230</u>	<u>2,860,418</u>					
<u>\$ 693,582</u>	<u>\$ 3,225,015</u>					
\$ 2,110,993	\$ 1,821,056					
<u>17,949,518</u>	<u>16,128,462</u>					
<u>\$ 20,060,511</u>	<u>\$ 17,949,518</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 21,990,940	\$ 17,519,241	\$ 14,296,760
Penalty and Interest	323,913	209,500	192,086
Investment Revenues	1,134,363	785,588	96,674
TOTAL REVENUES	<u>\$ 23,462,338</u>	<u>\$ 18,514,329</u>	<u>\$ 14,585,520</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 568,653	\$ 395,763	\$ 376,550
Debt Service Principal	9,135,000	8,300,000	6,590,000
Debt Service Interest and Fees	10,287,305	7,270,301	5,347,493
Bond Issuance Costs			376,814
TOTAL EXPENDITURES	<u>\$ 19,990,958</u>	<u>\$ 15,966,064</u>	<u>\$ 12,690,857</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 3,471,380</u>	<u>\$ 2,548,265</u>	<u>\$ 1,894,663</u>
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	\$ 1,172,522	\$ 540,382	\$ 10,743,122
Payment to Refunded Bond Escrow Agent			(10,415,712)
Bond Premium			482,850
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 1,172,522</u>	<u>\$ 540,382</u>	<u>\$ 810,260</u>
NET CHANGE IN FUND BALANCE	\$ 4,643,902	\$ 3,088,647	\$ 2,704,923
BEGINNING FUND BALANCE	<u>16,011,069</u>	<u>12,922,422</u>	<u>10,217,499</u>
ENDING FUND BALANCE	<u>\$ 20,654,971</u>	<u>\$ 16,011,069</u>	<u>\$ 12,922,422</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>11,199</u>	<u>9,858</u>	<u>9,085</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>10,929</u>	<u>9,598</u>	<u>8,854</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2021	2020	2024	2023	2022	2021	2020
\$ 13,235,135	\$ 12,650,597	93.7 %	94.7 %	98.0 %	98.4 %	98.2 %
206,559	144,592	1.4	1.1	1.3	1.5	1.1
8,713	88,663	4.8	4.2	0.7	0.1	0.7
<u>\$ 13,450,407</u>	<u>\$ 12,883,852</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 309,394	\$ 274,600	2.4 %	2.1 %	2.6 %	2.3 %	2.1 %
4,980,000	9,075,000	38.9	44.8	45.2	37.0	70.4
4,838,781	5,042,274	43.8	39.3	36.7	36.0	39.1
133,254				2.6	1.0	
<u>\$ 10,261,429</u>	<u>\$ 14,391,874</u>	<u>85.1 %</u>	<u>86.2 %</u>	<u>87.1 %</u>	<u>76.3 %</u>	<u>111.6 %</u>
\$ 3,188,978	\$ (1,508,022)	14.9 %	13.8 %	12.9 %	23.7 %	(11.6) %
\$ 2,515,000	\$					
(2,478,352)						
93,266						
<u>\$ 129,914</u>	<u>\$ - 0 -</u>					
\$ 3,318,892	\$ (1,508,022)					
6,898,607	8,406,629					
<u>\$ 10,217,499</u>	<u>\$ 6,898,607</u>					
<u>8,311</u>	<u>8,022</u>					
<u>8,112</u>	<u>7,828</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2024

District Mailing Address - Harris 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

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2024	Expense Reimbursements for the year ended September, 2024	Title
Alan Bentson	05/24 05/28 (Elected)	\$ 7,072	\$ 1,612	President/ Investment Officer
David Molina	05/22 05/26 (Elected)	\$ 7,293	\$ 3,426	Vice President
Wayne Green	05/22 05/26 (Elected)	\$ 6,188	\$ 2,095	Secretary
Scott Barr	05/22 05/26 (Elected)	\$ 3,757	\$ 519	Assistant Vice President
Scott Nilsson	05/24 05/28 (Elected)	\$ 6,196	\$ 2,726	Assistant Secretary

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

Submission date of most recent District Registration Form: May 2, 2024.

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum extent allowed by law as set by Board Resolution (TWC Section 49.060). Fees of Office are the amounts actually paid to a Director during the District's current fiscal year. During the current fiscal year, a director was inadvertently overpaid fees of office in the amount of \$93 due to an accounting error. This error will be corrected in the fiscal year ending September 30, 2025.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2024

Consultants:	Date Hired	Fees for the year ended September 30, 2024	Title
Allen Boone Humphries Robinson LLP	07/28/03	\$ 374,312 \$ 1,916,271	General Counsel Bond/BAN Related
McCall Gibson Swedlund Barfoot PLLC	08/08/24	\$ -0-	Auditor
FORVIS, LLP	06/27/85- 08/08/24	\$ 45,000 \$ 96,100	Former Auditor Bond/BAN Related
Myrtle Cruz, Inc.	03/01/04	\$ 67,139 \$ 42,500	Bookkeeper Bond/BAN Related
Perdue, Brandon, Fielder, Collins & Mott, LP	04/25/85	\$ 63,806	Delinquent Tax Attorney
DAC Engineering	06/02/11	\$ 2,213,876	Engineer
Robert W. Baird & Co. Incorporated	02/05/15	\$ 1,639,427	Financial Advisor
H2O Consulting, Inc.	06/01/12	\$ 5,771,578	Operator
Bob Leard Interests	01/04/79	\$ 233,014 \$ 10,000	Tax Assessor/ Collector Bond/BAN Related

See accompanying independent auditor's report.