

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

**FORT BEND COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2025**

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

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# ***McCall Gibson Swedlund Barfoot Ellis PLLC***

*Certified Public Accountants*

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 165 (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2025, 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.

### **Change in Accounting Principle**

As described in Note 6 to the financial statements, the District's government-wide financial statements as of and for the year ended June 30, 2024, have been restated to account for a change in accounting principle. Our opinions are not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

### **Required Supplementary Information**

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

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

### **Supplementary Information**

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

*McCall Gibson Swedlund Barfoot Ellis PLLC*

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

October 9, 2025

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Management's discussion and analysis of the financial performance of Fort Bend County Municipal Utility District No. 165 (the "District") provides an overview of the District's financial activities for the year ended June 30, 2025. Please read it in conjunction with the District's financial statements.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

**FUND FINANCIAL STATEMENTS**

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$13,070,391 as of June 30, 2025. A portion of the District's net position reflects its net investment in capital assets which includes land as well as the water, wastewater, drainage and recreational facilities less any debt used to acquire those assets that is still outstanding.

The table on the following page presents a comparative analysis of the changes in the Statement of Net Position as of June 30, 2025, and June 30, 2024. The fiscal year ending 2024 balances in the tables on the following page have been adjusted; see Note 6.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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

<u>Summary of Changes in the Statement of Net Position</u>			
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 15,950,263	\$ 12,910,949	\$ 3,039,314
Capital Assets (Net of Accumulated Depreciation)	<u>24,915,412</u>	<u>25,913,596</u>	<u>(998,184)</u>
Total Assets	<u>\$ 40,865,675</u>	<u>\$ 38,824,545</u>	<u>\$ 2,041,130</u>
Deferred Outflows of Resources	\$ 476,581	\$ 529,867	\$ (53,286)
Bonds Payable	\$ 27,548,744	\$ 26,688,809	\$ (859,935)
Other Liabilities	<u>723,121</u>	<u>1,044,409</u>	<u>321,288</u>
Total Liabilities	<u>\$ 28,271,865</u>	<u>\$ 27,733,218</u>	<u>\$ (538,647)</u>
Net Position:			
Net Investment in Capital Assets	\$ (73,707)	\$ (121,756)	\$ 48,049
Restricted	<u>3,046,283</u>	<u>2,855,858</u>	<u>190,425</u>
Unrestricted	<u>10,097,815</u>	<u>8,887,092</u>	<u>1,210,723</u>
Total Net Position	<u>\$ 13,070,391</u>	<u>\$ 11,621,194</u>	<u>\$ 1,449,197</u>

The following table provides a comparative analysis of the District's operations for the years ended June 30, 2025, and June 30, 2024.

<u>Summary of Changes in the Statement of Activities</u>			
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 5,103,202	\$ 4,817,484	\$ 285,718
Charges for Services	<u>2,185,998</u>	<u>2,327,300</u>	<u>(141,302)</u>
Other Revenues	<u>633,534</u>	<u>619,316</u>	<u>14,218</u>
Total Revenues	<u>\$ 7,922,734</u>	<u>\$ 7,764,100</u>	<u>\$ 158,634</u>
Expenses for Services	<u>6,473,537</u>	<u>6,156,908</u>	<u>(316,629)</u>
Change in Net Position	\$ 1,449,197	\$ 1,607,192	\$ (157,995)
Net Position, Beginning of Year	<u>11,621,194</u>	<u>10,014,002</u>	<u>1,607,192</u>
Net Position, End of Year	<u>\$ 13,070,391</u>	<u>\$ 11,621,194</u>	<u>\$ 1,449,197</u>

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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

The District's combined fund balances as of June 30, 2025, were \$15,420,687, an increase of \$3,375,233 from the prior year.

The General Fund fund balance increased by \$1,210,122, primarily due to service revenues, property tax revenues and a transfer in exceeding operating and administrative costs.

The Debt Service Fund fund balance increased by \$205,657, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$1,959,454, primarily due to the issuance of Series 2024 Bonds, a portion of which remained unspent as of year end.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted a budget for the General Fund for the current fiscal year. The budget was amended to increase the budgeted amounts for maintenance tax revenues, capital outlay, contracted services and repairs and maintenance while decreasing purchased services expenditures. Actual revenues were \$130,126 less than budgeted revenues, actual expenditures were \$320,111 less than budgeted expenditures and unbudgeted transfers in were \$283,087. This resulted in a total positive variance of \$473,072. See the budget to actual comparison for more information.

**LONG-TERM DEBT ACTIVITY**

As of June 30, 2025, the District had total bond debt payable of \$27,485,000. The changes in the debt position of the District during the current fiscal year are summarized in the following table:

Bond Debt Payable, July 1, 2024	\$ 26,595,000
Add: Bond Sale	2,540,000
Less: Bond Principal Paid	<u>(1,650,000)</u>
Bond Debt Payable, June 30, 2025	<u>\$ 27,485,000</u>

The District's bonds carry underlying ratings of "A3". The bonds also carry insured ratings of "AA", "A1", or "AA+" by virtue of bond insurance issued by Assured Guaranty Inc. or Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**CAPITAL ASSETS**

Capital assets total \$24,915,412 as of June 30, 2025, and include land as well as the water, wastewater and drainage systems, recreational facilities and the District's capacity interest in the Grand Mission Municipal Utility District No. 1 joint facilities. During the current fiscal year, the District paid its pro-rata share of improvements to shared facilities as well as completed recreational facilities located within the District. The fiscal year ending 2024 balances in the table below have been adjusted as discussed in Note 6.

**Capital Assets at Year End**

	2025	2024	Change Positive (Negative)
<b>Capital Assets Not Being Depreciated:</b>			
Land and Land Improvements	\$ 3,041,156	\$ 3,041,156	\$
Construction in Progress	395,739	262,916	132,823
<b>Capital Assets Subject to Depreciation:</b>			
Water System	5,625,483	5,625,483	
Wastewater System	8,896,320	8,896,320	
Drainage System	14,210,771	14,210,771	
Recreational Facilities	5,211,060	5,211,060	
Less Accumulated Depreciation	<u>(12,465,117)</u>	<u>(11,334,110)</u>	<u>(1,131,007)</u>
<b>Total Net Capital Assets</b>	<b><u>\$ 24,915,412</u></b>	<b><u>\$ 25,913,596</u></b>	<b><u>\$ (998,184)</u></b>

**CONTACTING THE DISTRICT'S MANAGEMENT**

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**JUNE 30, 2025**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 236,872	\$ 58,575
Investments	9,502,259	3,242,312
Receivables:		
Property Taxes	26,002	27,052
Penalty and Interest on Delinquent Taxes		
Service Accounts	147,135	
Accrued Interest	15,840	11,592
Other	156,552	
Due from Other Funds	17,176	
Prepaid Costs	108,170	
Advance for Water Facilities Operations	207,172	
Advance for Wastewater Treatment Facilities Operations	83,848	
Advance for Regional Detention Facilities Operations	6,976	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<hr/> <u>10,508,002</u>	<hr/> <u>3,339,531</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<hr/> <u>10,508,002</u>	<hr/> <u>3,339,531</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 566 2,082,772	\$ 296,013 14,827,343	\$ 53,054 8,832 147,135 27,432 156,552 17,176 108,170 207,172 83,848 6,976 3,041,156 395,739 21,478,517	\$ 296,013 14,827,343 53,054 8,832 147,135 27,432 156,552 (17,176) 27,736 135,906 207,172 83,848 6,976 3,041,156 395,739 21,478,517
<hr/>	<hr/>	<hr/>	<hr/>
\$ 2,083,338	\$ 15,930,871	\$ 24,934,804	\$ 40,865,675
<hr/>	<hr/>	<hr/>	<hr/>
\$ -0-	\$ -0-	\$ 476,581	\$ 476,581
<hr/>	<hr/>	<hr/>	<hr/>
\$ 2,083,338	\$ 15,930.871	\$ 25,411,385	\$ 41,342,256

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**JUNE 30, 2025**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 305,873	\$ 1,737
Accrued Interest Payable		
Due to Other Funds		17,176
Security Deposits	132,050	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<u>\$ 437,923</u>	<u>\$ 18,913</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	<u>\$ 26,002</u>	<u>\$ 27,052</u>
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 108,170	\$
Operating Advances	297,996	
Restricted for Authorized Construction		
Restricted for Debt Service		3,293,566
Unassigned	<u>9,637,911</u>	
<b>TOTAL FUND BALANCES</b>	<u>\$ 10,044,077</u>	<u>\$ 3,293,566</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 10,508,002</u>	<u>\$ 3,339,531</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund		Total	Adjustments	Statement of Net Position
\$ 294		\$ 307,904	\$ 283,167	\$ 307,904
		17,176	(17,176)	283,167
		132,050		132,050
			1,815,000	1,815,000
			25,733,744	25,733,744
\$ 294		\$ 457,130	\$ 27,814,735	\$ 28,271,865
\$ -0-		\$ 53,054	\$ (53,054)	\$ -0-
\$ 2,083,044		\$ 108,170	\$ (108,170)	\$
		297,996	(297,996)	
		2,083,044	(2,083,044)	
		3,293,566	(3,293,566)	
		9,637,911	(9,637,911)	
\$ 2,083,044		\$ 15,420,687	\$ (15,420,687)	\$ -0-
\$ 2,083,338		\$ 15,930,871		
			\$ (73,707)	\$ (73,707)
			3,046,283	3,046,283
			10,097,815	10,097,815
			\$ 13,070,391	\$ 13,070,391

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

Total Fund Balances - Governmental Funds	\$ 15,420,687
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Deferred charges incurred as part of a refunding bond sale are recorded as deferred outflows in governmental activities and amortized over the shorter of the life of the old debt or new debt. Prepaid bond insurance premiums are amortized over the term of the bonds.

504,317

Capital assets and right-to-use assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.

24,915,412

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.

61,886

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (283,167)
Bonds Payable	<u>(27,548,744)</u>
	<u><u>(27,831,911)</u></u>

Total Net Position - Governmental Activities

\$ 13,070,391

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 2,494,397	\$ 2,602,432
Water Service	625,766	
Wastewater Service	433,867	
Water Authority Fees	776,472	
Fire Protection Fees	253,622	
Penalty and Interest	34,147	34,204
Inspection and Other Service Fees	28,372	
Investment and Miscellaneous Revenues	<u>453,631</u>	<u>115,984</u>
<b>TOTAL REVENUES</b>	<u>\$ 5,100,274</u>	<u>\$ 2,752,620</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 283,873	\$ 7,266
Contracted Services	1,239,852	77,860
Purchased Water Service	890,509	
Purchased Wastewater Service	156,959	
Detention Facilities Costs	44,301	
Utilities	21,205	
Repairs and Maintenance	1,333,149	
Depreciation		
Other	203,391	8,282
Capital Outlay		
Debt Service:		
Bond Issuance Costs		
Bond Principal		1,650,000
Bond Interest		<u>803,555</u>
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 4,173,239</u>	<u>\$ 2,546,963</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	<u>\$ 927,035</u>	<u>\$ 205,657</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In/(Out)	\$ 283,087	\$
Bond Discount		
Bond Premium		
Proceeds from Issuance of Long-Term Debt		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ 283,087</u>	<u>\$ -0-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 1,210,122</u>	<u>\$ 205,657</u>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION -</b>		
<b>JULY 1, 2024, AS REPORTED</b>	\$ 8,833,955	\$ 3,087,909
<b>CHANGE IN ACCOUNTING PRINCIPLE</b>		
<b>JULY 1, 2024, AS RESTATED</b>	<u>\$ 8,833,955</u>	<u>\$ 3,087,909</u>
<b>FUND BALANCES/NET POSITION - JUNE 30, 2025</b>	<u>\$ 10,044,077</u>	<u>\$ 3,293,566</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 5,096,829	\$ 6,373	\$ 5,103,202
	625,766		625,766
	433,867		433,867
	776,472		776,472
	253,622		253,622
	68,351	(452)	67,899
	28,372		28,372
63,919	633,534		633,534
<u>\$ 63,919</u>	<u>\$ 7,916,813</u>	<u>\$ 5,921</u>	<u>\$ 7,922,734</u>
\$ 844	\$ 291,983	\$	\$ 291,983
1,460	1,319,172		1,319,172
	890,509	13,876	904,385
	156,959		156,959
	44,301		44,301
	21,205		21,205
	1,333,149		1,333,149
		1,131,007	1,131,007
60	211,733		211,733
146,699	146,699	(146,699)	
188,234	188,234		188,234
	1,650,000	(1,650,000)	
	803,555	67,854	871,409
<u>\$ 337,297</u>	<u>\$ 7,057,499</u>	<u>\$ (583,962)</u>	<u>\$ 6,473,537</u>
<u>\$ (273,378)</u>	<u>\$ 859,314</u>	<u>\$ 589,883</u>	<u>\$ 1,449,197</u>
\$ (283,087)	\$	\$	\$
(62,811)	(62,811)	62,811	
38,730	38,730	(38,730)	
<u>2,540,000</u>	<u>2,540,000</u>	<u>(2,540,000)</u>	
<u>\$ 2,232,832</u>	<u>\$ 2,515,919</u>	<u>\$ (2,515,919)</u>	<u>\$ -0-</u>
\$ 1,959,454	\$ 3,375,233	\$ (3,375,233)	\$
		1,449,197	1,449,197
\$ 123,590	\$ 12,045,454	\$ (1,178,113)	\$ 10,867,341
		753,853	753,853
<u>\$ 123,590</u>	<u>\$ 12,045,454</u>	<u>\$ (424,260)</u>	<u>\$ 11,621,194</u>
<u>\$ 2,083,044</u>	<u>\$ 15,420,687</u>	<u>\$ (2,350,296)</u>	<u>\$ 13,070,391</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Governmental Funds	\$ 3,375,233
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.	6,373
Governmental funds report penalty and interest revenue on delinquent taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	(452)
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.	(1,131,007)
Governmental funds report capital outlay as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	132,823
Governmental funds report bond discounts and bond premiums as other financing uses and sources in the year paid. However, in the Statement of Net Position, the bond discounts and bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	24,081
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,650,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(67,854)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	<u>(2,540,000)</u>
Change in Net Position - Governmental Activities	<u>\$ 1,449,197</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1. CREATION OF DISTRICT**

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

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission. The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

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

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

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

Financial Statement Presentation

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

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

These classifications are defined as follows:

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

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

Government-Wide Financial Statements

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

Government-Wide Financial Statements (Continued)

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

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

Fund Financial Statements and Governmental Funds

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.

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

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

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

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Basis of Accounting (Continued)**

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

As of June 30, 2025, the Debt Service Fund (Tax Fund) owed the General Fund \$17,176 for maintenance tax collections.

**Pensions**

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

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over the estimated useful lives ranging from 10 to 45 years.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Budgeting**

A budget was adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

**Measurement Focus**

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

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources.

Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

*Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

Measurement Focus (Continued)

*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**

	Series 2014	Refunding Series 2015	Series 2015A	Series 2016
Amount Outstanding – June 30, 2025	\$ 3,455,000	\$ 2,900,000	\$ 3,125,000	\$5,200,000
Interest Rates	3.00% - 4.00%	3.00% - 3.375%	2.50% - 3.625%	3.00% - 3.625%
Maturity Dates - Serially Beginning/Ending	September 1, 2025/2039	September 1, 2025/2033	September 1, 2025/2039	September 1, 2025/2040
Interest Payment Dates	September 1/ March 1			
Callable Dates	September 1, 2022*	September 1, 2022*	September 1, 2023*	September 1, 2024*

\* Or on any date thereafter, callable at par plus unpaid accrued interest in whole or in part at the option of the District. Series 2014 term bonds due September 1, 2033, 2035, 2037, and 2039 are subjected to mandatory redemption by random selection beginning September 1, 2032, 2034, 2036, and 2038, respectively. Series 2015A term bonds due September 1, 2035, and 2039 are subjected to mandatory redemption by random selection beginning September 1, 2033, and 2036, respectively. Series 2016 term bonds due September 1, 2040, are subjected to mandatory redemption by random selection beginning September 1, 2037.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

	Series 2017	Series 2017A Park	Refunding Series 2019
Amount Outstanding – June 30, 2025	\$ 1,075,000	\$ 2,165,000	\$ 1,430,000
Interest Rates	2.00% - 3.375%	2.00% - 3.375%	2.00% - 3.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2025/2040	September 1, 2025/2040	September 1, 2025/2036
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2024*	September 1, 2024*	September 1, 2024*

  

	Series 2020	Refunding Series 2020A	Refunding Series 2021	Series 2024
Amount Outstanding – June 30, 2025	\$ 1,120,000	\$ 1,865,000	\$ 2,610,000	\$ 2,540,000
Interest Rates	2.00% - 2.625%	2.00% - 3.00%	1.00% - 3.00%	3.25% - 5.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2025/2040	September 1, 2025/2038	September 1, 2025/2038	March 1, 2026/2041
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	September 1, 2026*	September 1, 2026*	March 1, 2031*

\* Or on any date thereafter, callable at par plus unpaid accrued interest in whole or in part at the option of the District. Series 2017 term bonds due September 1, 2032, 2034, 2036, 2038, and 2040 are subjected to mandatory redemption by random selection beginning September 1, 2031, 2033, 2035, 2037, and 2039, respectively. Series 2017A Park term bonds due September 1, 2031, 2033, 2035, 2037, and 2039 are subjected to mandatory redemption by random selection beginning September 1, 2030, 2032, 2034, 2036, and 2038, respectively. Series 2019 term bonds due September 1, 2026, 2028, 2030, 2032, 2034, and 2036 are subject to mandatory redemption by random selection beginning September 1, 2025, 2027, 2029, 2031, 2033, and 2035, respectively. Series 2020A term bonds due September 1, 2027, 2029, 2032, 2034, 2036, and 2038 are subjected to mandatory redemption by random selection beginning September 1, 2026, 2028, 2030, 2033, 2035, and 2037, respectively. Series 2021 term bonds due September 1, 2032, 2034, 2036, and 2038 are subjected to mandatory redemption by random selection beginning September 1, 2031, 2033, 2035, and 2037, respectively. Series 2024 term bonds due March 1, 2033, 2035, 2037, 2039 and 2041 are subject to mandatory redemption by random selection beginning March 1, 2032, 2034, 2036, 2038 and 2040, respectively.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2025:

	July 1, 2024	Additions	Retirements	June 30, 2025
Bonds Payable	\$ 26,595,000	\$ 2,540,000	\$ 1,650,000	\$ 27,485,000
Unamortized Discounts	(22,057)	(62,811)	(4,224)	(80,644)
Unamortized Premiums	115,866	38,730	10,208	144,388
<b>Bonds Payable, Net</b>	<b><u>\$ 26,688,809</u></b>	<b><u>\$ 2,515,919</u></b>	<b><u>\$ 1,655,984</u></b>	<b><u>\$ 27,548,744</u></b>
			Amount Due Within One Year	\$ 1,815,000
			Amount Due After One Year	25,733,744
			<b>Bonds Payable, Net</b>	<b><u>\$ 27,548,744</u></b>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. As of June 30, 2025, the District had authorized but unissued bonds in the amount of \$21,590,000 for utility facilities, \$20,905,000 for refunding purposes and \$2,135,000 for recreational facilities.

As of June 30, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 1,815,000	\$ 826,613	\$ 2,641,613
2027	1,820,000	773,579	2,593,579
2028	1,830,000	719,962	2,549,962
2029	1,845,000	667,330	2,512,330
2030	1,865,000	614,245	2,479,245
2031-2035	9,330,000	2,218,221	11,548,221
2036-2040	8,135,000	815,218	8,950,218
2041	845,000	17,485	862,485
	<b><u>\$ 27,485,000</u></b>	<b><u>\$ 6,652,653</u></b>	<b><u>\$ 34,137,653</u></b>

During the year ended June 30, 2025, the District levied an ad valorem debt service tax rate of \$0.48 per \$100 of assessed valuation, which resulted in a tax levy of \$2,608,037 on the adjusted taxable valuation of \$543,340,995 for the 2024 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

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

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

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

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

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At June 30, 2025, the carrying amount of the District's deposits was \$2,176,013 and the bank balance was \$2,193,246. The District was not exposed to custodial credit risk at year-end.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

Deposits (Continued)

The carrying values of the deposits at June 30, 2025, are summarized in the following table:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 236,872	\$ 1,175,000	\$ 1,411,872
DEBT SERVICE FUND	58,575	705,000	763,575
CAPITAL PROJECTS FUND	566		566
<b>TOTAL DEPOSITS</b>	<b>\$ 296,013</b>	<b>\$ 1,880,000</b>	<b>\$ 2,176,013</b>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

Investments (Continued)

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

As of June 30, 2025, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities - Less Than 1 Year
<b><u>GENERAL FUND</u></b>		
Texas CLASS	\$ 8,327,259	\$ 8,327,259
Certificates of Deposits	1,175,000	1,175,000
<b><u>DEBT SERVICE FUND</u></b>		
Texas CLASS	2,537,312	2,537,312
Certificates of Deposits	705,000	705,000
<b><u>CAPITAL PROJECTS FUND</u></b>		
Texas CLASS	<u>2,082,772</u>	<u>2,082,772</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$14,827,343</u></b>	<b><u>\$14,827,343</u></b>

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

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

Restrictions

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

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6. CAPITAL ASSETS**

In accordance with current accounting guidance, groups of items, that on an individual basis may not be material but when aggregated are material, should be capitalized. As such, water meters acquired in prior fiscal years were recognized as capital assets with a prior period adjustment for a total amount of \$753,853. Capital asset activity for the current fiscal year is summarized in the following table:

	July 1, 2024	Increases	Decreases	June 30, 2025
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 3,041,156	\$	\$	\$ 3,041,156
Construction in Progress	<u>262,916</u>	<u>132,823</u>	<u>      </u>	<u>395,739</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u><u>\$ 3,304,072</u></u>	<u><u>\$ 132,823</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ 3,436,895</u></u>
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 5,625,483	\$	\$	\$ 5,625,483
Wastewater System	8,896,320			8,896,320
Drainage System	14,210,771			14,210,771
Recreational Facilities	<u>5,211,060</u>	<u>      </u>	<u>      </u>	<u>5,211,060</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u><u>\$ 33,943,634</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ 33,943,634</u></u>
<b>Less Accumulated Depreciation</b>				
Water System	\$ 1,603,265	\$ 165,490	\$	\$ 1,768,755
Wastewater System	2,435,465	214,602		2,650,067
Drainage System	4,003,314	321,225		4,324,539
Recreational Facilities	<u>3,292,066</u>	<u>429,690</u>	<u>      </u>	<u>3,721,756</u>
<b>Total Accumulated Depreciation</b>	<u><u>\$ 11,334,110</u></u>	<u><u>\$ 1,131,007</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ 12,465,117</u></u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u><u>\$ 22,609,524</u></u>	<u><u>\$ (1,131,007)</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ 21,478,517</u></u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u><u>\$ 25,913,596</u></u>	<u><u>\$ (998,184)</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ 24,915,412</u></u>

**NOTE 7. MAINTENANCE TAX**

On November 8, 2005, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. During the year ended June 30, 2025, the District levied an ad valorem maintenance tax rate of \$0.46 per \$100 of assessed valuation, which resulted in a tax levy of \$2,499,369 on the adjusted taxable valuation of \$543,340,995 for the 2024 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's utility systems.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8. REGIONAL WATER SUPPLY SYSTEM**

On May 22, 2006, the District, District No. 143, District No. 1, and District No. 2 executed the Second Amended and Restated Agreement for Financing, Construction, Ownership, Operation and Maintenance of Water Facilities (“Water Supply Agreement”) which provided for the further expansion of the existing plant. On June 11, 2007, November 26, 2007, December 1, 2012, July 1, 2015, and May 13, 2019 the District, District No. 143, District No. 1, and District No. 2 executed the First Amendment, Second Amendment, Third Amendment, Fourth Amendment and Fifth Amendment to the Second Amended and Restated Agreement for Financing, Construction, Ownership, Operation and Maintenance of Water Facilities. These amendments set forth the prorations for participation in the expansions of the water facilities and the construction of the third water plant and related appurtenances. Unless terminated by mutual agreement of the participants, the Water Supply Agreement will continue in force and effect as long as the participants are in existence.

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

During the year ended June 30, 2025, the District paid \$890,509 for purchased water. The District maintains a reserve balance of \$207,172 to be used for operations of the regional water facilities.

The following summary financial data on the joint water plant is presented for the fiscal year ended June 30, 2025.

Total Assets	\$ 2,689,252
Total Liabilities	<u>1,578,086</u>
Total Fund Balance	<u>\$ 1,111,166</u>
Total Revenues	\$ 6,681,242
Total Expenditures	<u>6,681,242</u>
Excess Revenues (Expenditures)	\$ -0-
Other Financing Sources: Reserve Adjustment	<u>174,517</u>
Net Increase in Fund Balance	\$ 174,517
Fund Balance, Beginning of Year	<u>936,649</u>
Fund Balance, End of Year	<u>\$ 1,111,166</u>

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 9. REGIONAL WASTEWATER TREATMENT FACILITIES**

On August 1, 2005, District No. 1 executed three separate agreements titled “Contract for Financing, Construction and Operation of Regional Wastewater Treatment Facilities” with District No. 143, District No. 2, and the District (“Wastewater Treatment Agreement”). Per the Fifth Amendment to the Wastewater Treatment Agreement dated September 1, 2014, once expansion is completed the District will own 372,923 gpd of wastewater treatment capacity in the plant. Ownership of the system belongs to District No. 1. Unless terminated by mutual agreement of the participants, the Wastewater Treatment Agreement will continue in force and effect as long as the participants are in existence. Monthly billings consist of a fixed capacity charge, currently \$1.50 per 1,000 gallons of treatment capacity in the system reserved to each participant, and an operating charge, currently \$14.16 per active single family residential connections.

During the year ended June 30, 2025, the District incurred costs of \$156,959 for purchased wastewater services. The District maintains a reserve balance of \$83,848 for operations of the wastewater treatment facilities.

The following summary financial data of the joint wastewater treatment facilities is presented for the fiscal year ended June 30, 2025.

Total Assets	\$ 983,868
Total Liabilities	<u>572,252</u>
Total Fund Balance	<u><u>\$ 411,616</u></u>
Total Revenues	\$ 1,257,546
Total Expenditures	<u>1,257,546</u>
Net Increase in Fund Balance	\$ -0-
Fund Balance, Beginning of Year	<u>411,616</u>
Fund Balance, End of Year	<u><u>\$ 411,616</u></u>

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10. REGIONAL DETENTION FACILITIES**

On August 1, 2005, District No. 1 entered into the Regional Detention Pond and Drainage Agreement (“Detention Agreement”) with District No. 143, District No. 2, and the District. District No. 1 operates the detention facilities. Each district is responsible for operation and maintenance costs based on its pro rata share of detention volume. During the year ended June 30, 2025, the District incurred detention facilities costs of \$44,301. The District maintains a reserve balance of \$6,976 for maintenance and operations costs associated with the detention system. The term of the Detention Agreement is 50 years from its effective date. The following summary financial data of the joint detention facilities is presented for the fiscal year ended June 30, 2025.

Total Assets	\$ 35,546
Total Liabilities	8,004
<b>Total Fund Balance</b>	<b>\$ 27,542</b>
Total Revenues	\$ 137,749
Total Expenditures	137,749
Net Decrease in Fund Balance	\$ -0-
Fund Balance, Beginning of Year	27,542
<b>Fund Balance, End of Year</b>	<b>\$ 27,542</b>

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

The District is located within the boundaries of the North Fort Bend Water Authority (the “Authority”). The Authority was created by an Act of the Texas Legislature. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Authority is overseeing that its participants comply with subsidence district pumpage requirements. The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. The District’s costs for these fees are included in purchased water costs.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 12. RISK MANAGEMENT**

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

**NOTE 13. FIRE PROTECTION AGREEMENT**

The District is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. The District has prepared a detailed fire plan which has been approved by the Commission. The fire plan does not call for the issuance of bonds but for a mandatory fee and monetary contribution to the City of Richmond, Texas. Pursuant to a Fire Protection Services Agreement, the Board held a successful election to approve the fire plan and Fire Protection Services Agreement. Fire protection is currently provided to property in the District by the City of Richmond, Texas Fire Station No. 3 located one-half a mile south of the District. The Agreement with the City of Richmond requires residents of the District to pay a mandatory fire fee. The agreement is in effect for 15 years from the effective date of December 1, 2007, and will be automatically renewed thereafter for successive one-year terms unless the District is dissolved by reason of annexation by the City of Houston. On May 3, 2025, the land within the District was annexed into the service area of Emergency Services District No. 100.

**NOTE 14. BOND SALE**

On November 7, 2024, the District closed on the sale of its \$2,540,000 Series 2024 Unlimited Tax Bonds. Proceeds are being used to finance the construction and engineering costs related to the following projects: lift station no. 1 improvements; water plant nos. 1, 2, and 3 corrosion control treatment addition; water well no. 3 at water plant no. 3; and water plant nos. 1, 2, and 3 improvements. Proceeds were also used to pay certain bond issuance costs.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2025**

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 2,393,600	\$ 2,424,400	\$ 2,494,397	\$ 69,997
Water Service	679,000	679,000	625,766	(53,234)
Wastewater Service	443,400	443,400	433,867	(9,533)
Water Authority Fees	953,000	928,000	776,472	(151,528)
Fire Protection Fees	255,000	255,000	253,622	(1,378)
Penalty and Interest	37,000	37,000	34,147	(2,853)
Inspection and Other Service Fees	13,700	13,700	28,372	14,672
Investment and Miscellaneous Revenues	<u>449,900</u>	<u>449,900</u>	<u>453,631</u>	<u>3,731</u>
<b>TOTAL REVENUES</b>	<u>\$ 5,224,600</u>	<u>\$ 5,230,400</u>	<u>\$ 5,100,274</u>	<u>\$ (130,126)</u>
<b>EXPENDITURES</b>				
Service Operations:				
Professional Fees	\$ 276,000	\$ 276,000	\$ 283,873	\$ (7,873)
Contracted Services	1,027,000	1,243,000	1,239,852	3,148
Purchased Water Service	1,459,000	1,358,300	890,509	467,791
Purchased Wastewater Service	254,300	254,300	156,959	97,341
Detention Facilities Costs	42,000	42,000	44,301	(2,301)
Utilities	23,000	23,000	21,205	1,795
Repairs, Maintenance, Capital Outlay	988,000	1,120,000	1,333,149	(213,149)
Other	<u>176,750</u>	<u>176,750</u>	<u>203,391</u>	<u>(26,641)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,246,050</u>	<u>\$ 4,493,350</u>	<u>\$ 4,173,239</u>	<u>\$ 320,111</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>\$ 978,550</u>	<u>\$ 737,050</u>	<u>\$ 927,035</u>	<u>\$ 189,985</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 283,087</u>	<u>\$ 283,087</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 978,550</u>	<u>\$ 737,050</u>	<u>\$ 1,210,122</u>	<u>\$ 473,072</u>
<b>FUND BALANCE - JULY 1, 2024</b>	<u>8,833,955</u>	<u>8,833,955</u>	<u>8,833,955</u>	<u></u>
<b>FUND BALANCE - JUNE 30, 2025</b>	<u>\$ 9,812,505</u>	<u>\$ 9,571,005</u>	<u>\$ 10,044,077</u>	<u>\$ 473,072</u>

See accompanying independent auditor's report.

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

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE  
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**JUNE 30, 2025**

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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

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

**2. RETAIL SERVICE PROVIDERS**

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

The rates below are based on the rate order approved August 8, 2024.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$33.60	8,000	N	\$ 1.00 \$ 1.50 \$ 2.00	8,001 to 15,000 15,001 to 30,000 30,001 and up
WASTEWATER	\$24.80		Y		
SURCHARGE:					
Fire Protection Fee	\$14.80		Y		
Water Authority Fees		\$5.39 per 1,000 gallons (\$4.90 + 10%)			

District employs winter averaging for wastewater usage?

<input type="checkbox"/>	<input checked="" type="checkbox"/>
Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$35.60 Wastewater: \$24.80 Surcharge: \$68.70

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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

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

<b>Meter Size</b>	<b>Total Connections</b>	<b>Active Connections</b>	<b>ESFC Factor</b>	<b>Active ESFCs</b>
Unmetered			x 1.0	
$\leq \frac{3}{4}$ "	<u>1,059</u>	<u>1,055</u>	x 1.0	<u>1,055</u>
1"	<u>416</u>	<u>416</u>	x 2.5	<u>1,040</u>
1½"			x 5.0	
2"	<u>18</u>	<u>18</u>	x 8.0	<u>144</u>
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10" Master			x 115.0	
Total Water Connections	<u>1,493</u>	<u>1,489</u>		<u>2,239</u>
Total Wastewater Connections	<u>1,445</u>	<u>1,441</u>	x 1.0	<u>1,441</u>

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

Gallons billed to customers: 142,350,000 Water Accountability Ratio: \*

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

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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

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

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes X No       

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely        Partly        Not at all X

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

Entirely X Partly        Not at all       

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes        No X

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**PROFESSIONAL FEES:**

Auditing	\$ 20,000
Engineering	108,751
Legal	<u>155,122</u>
<b>TOTAL PROFESSIONAL FEES</b>	<b><u>\$ 283,873</u></b>

**PURCHASED SERVICES FOR RESALE:**

Purchased Water Service	\$ 890,509
Purchased Wastewater Service	156,959
Detention Facilities Costs	<u>44,301</u>
<b>TOTAL PURCHASED SERVICES FOR RESALE</b>	<b><u>\$ 1,091,769</u></b>

**CONTRACTED SERVICES:**

Bookkeeping	\$ 72,300
Operations and Billing	60,128
Solid Waste Disposal	421,439
Security	432,380
Fire Fighting	<u>253,605</u>
<b>TOTAL CONTRACTED SERVICES</b>	<b><u>\$ 1,239,852</u></b>
<b>UTILITIES</b>	<b><u>\$ 21,205</u></b>
<b>REPAIRS AND MAINTENANCE</b>	<b><u>\$ 1,333,149</u></b>

**ADMINISTRATIVE EXPENDITURES:**

Arbitrage Compliance Costs	\$ 17,500
Director Fees, Including Payroll Taxes and Travel	39,286
Insurance	10,783
Office Supplies and Postage	67,678
Website, Meetings, and Other	<u>12,170</u>
<b>TOTAL ADMINISTRATIVE EXPENDITURES</b>	<b><u>\$ 147,417</u></b>

**OTHER EXPENDITURES:**

Chemicals and Laboratory Fees	\$ 9,620
Permit Fees	3,378
Connection, Inspection and Reconnection Costs	37,790
Regulatory Assessment	<u>5,186</u>
<b>TOTAL OTHER EXPENDITURES</b>	<b><u>\$ 55,974</u></b>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 4,173,239</u></b>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**INVESTMENTS**  
**JUNE 30, 2025**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest	Receivable at End of Year
<b><u>GENERAL FUND</u></b>						
Texas CLASS	XXXX0005	Varies	Daily	\$ 8,327,259	\$	
Certificate of Deposit	XXXX1187	4.00%	01/09/26	235,000		1,983
Certificate of Deposit	XXXX9625	4.56%	10/13/25	235,000		2,202
Certificate of Deposit	XXXX2634	4.75%	07/17/25	235,000		7,707
Certificate of Deposit	XXXX6055	4.08%	03/15/26	235,000		1,891
Certificate of Deposit	XXXX2593	4.15%	04/14/26	235,000		2,057
TOTAL GENERAL FUND				<u>\$ 9,502,259</u>		<u>\$ 15,840</u>
<b><u>DEBT SERVICE FUND</u></b>						
Texas CLASS	XXXX0004	Varies	Daily	\$ 2,537,312	\$	
Certificates of Deposit	XXXX7074	4.56%	08/09/25	235,000		4,110
Certificates of Deposit	XXXX8319	4.15%	02/07/26	235,000		3,821
Certificates of Deposit	XXXX1141	4.15%	02/13/26	235,000		3,661
TOTAL DEBT SERVICE FUND				<u>\$ 3,242,312</u>		<u>\$ 11,592</u>
<b><u>CAPITAL PROJECTS FUND</u></b>						
Texas CLASS	XXXX0007	Varies	Daily	\$ 114,293	\$	
Texas CLASS	XXXX0008	Varies	Daily	1,968,479		
TOTAL CAPITAL PROJECTS FUND				<u>\$ 2,082,772</u>		<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 14,827,343</u>		<u>\$ 27,432</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
<b>TAXES RECEIVABLE -</b>				
JULY 1, 2024	\$ 23,158		\$ 23,523	
Adjustments to Beginning				
Balance	<u>(2,128)</u>	\$ 21,030	<u>(2,076)</u>	\$ 21,447
Original 2024 Tax Levy	\$ 2,499,385		\$ 2,608,054	
Adjustment to 2024 Tax Levy	<u>(16)</u>	<u>2,499,369</u>	<u>(17)</u>	<u>2,608,037</u>
<b>TOTAL TO BE</b>				
<b>ACCOUNTED FOR</b>		<b>\$ 2,520,399</b>		<b>\$ 2,629,484</b>
<b>TAX COLLECTIONS:</b>				
Prior Years	\$ 18,368		\$ 18,750	
Current Year	<u>2,476,029</u>	<u>2,494,397</u>	<u>2,583,682</u>	<u>2,602,432</u>
<b>TAXES RECEIVABLE -</b>				
JUNE 30, 2025		<b><u>\$ 26,002</u></b>		<b><u>\$ 27,052</u></b>
<b>TAXES RECEIVABLE BY</b>				
<b>YEAR:</b>				
2024	\$ 23,340		\$ 24,355	
2023	2,104		2,018	
2022	362		415	
2021	96		131	
2020	<u>100</u>			<u>133</u>
<b>TOTAL</b>		<b><u>\$ 26,002</u></b>		<b><u>\$ 27,052</u></b>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	2024	2023	2022	2021
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 76,777,912	\$ 58,809,416	\$ 58,809,910	\$ 58,640,520
Improvements	540,797,354	535,731,940	465,204,173	342,357,339
Personal Property	2,309,160	2,132,006	1,878,240	1,678,090
Exemptions	<u>(76,543,431)</u>	<u>(92,710,742)</u>	<u>(71,565,016)</u>	<u>(8,668,310)</u>
<b>TOTAL PROPERTY VALUATIONS</b>	<b><u>\$ 543,340,995</u></b>	<b><u>\$ 503,962,620</u></b>	<b><u>\$ 454,327,307</u></b>	<b><u>\$ 394,007,639</u></b>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.48	\$ 0.47	\$ 0.55	\$ 0.64
Maintenance	<u>0.46</u>	<u>0.49</u>	<u>0.48</u>	<u>0.47</u>
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<b><u>\$ 0.94</u></b>	<b><u>\$ 0.96</u></b>	<b><u>\$ 1.03</u></b>	<b><u>\$ 1.11</u></b>
<b>ADJUSTED TAX LEVY*</b>	<b><u>\$ 5,107,406</u></b>	<b><u>\$ 4,839,241</u></b>	<b><u>\$ 4,679,572</u></b>	<b><u>\$ 4,373,486</u></b>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>				
	<u>99.07 %</u>	<u>99.91 %</u>	<u>99.98 %</u>	<u>99.99 %</u>

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

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

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2025**

**S E R I E S - 2 0 1 4**

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 235,000	\$ 113,637	\$ 348,637
2027	230,000	106,662	336,662
2028	230,000	99,762	329,762
2029	230,000	92,862	322,862
2030	230,000	85,819	315,819
2031	230,000	78,488	308,488
2032	230,000	71,013	301,013
2033	230,000	63,250	293,250
2034	230,000	55,200	285,200
2035	230,000	47,150	277,150
2036	230,000	39,100	269,100
2037	230,000	30,906	260,906
2038	230,000	22,569	252,569
2039	230,000	13,800	243,800
2040	230,000	4,600	234,600
2041			
	<u>\$ 3,455,000</u>	<u>\$ 924,818</u>	<u>\$ 4,379,818</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2025**

**S E R I E S - 2 0 1 5 R E F U N D I N G**

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 290,000	\$ 86,519	\$ 376,519
2027	300,000	77,669	377,669
2028	305,000	68,593	373,593
2029	310,000	59,368	369,368
2030	325,000	49,640	374,640
2031	330,000	39,406	369,406
2032	335,000	28,806	363,806
2033	345,000	17,756	362,756
2034	360,000	6,075	366,075
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	<u>\$ 2,900,000</u>	<u>\$ 433,832</u>	<u>\$ 3,333,832</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2025**

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

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 175,000	\$ 100,625	\$ 275,625
2027	175,000	96,141	271,141
2028	175,000	91,219	266,219
2029	175,000	85,969	260,969
2030	175,000	80,719	255,719
2031	175,000	75,469	250,469
2032	175,000	70,109	245,109
2033	175,000	64,531	239,531
2034	175,000	58,625	233,625
2035	250,000	51,187	301,187
2036	250,000	42,437	292,437
2037	250,000	33,531	283,531
2038	250,000	24,469	274,469
2039	275,000	14,953	289,953
2040	275,000	4,984	279,984
2041			
	<u>\$ 3,125,000</u>	<u>\$ 894,968</u>	<u>\$ 4,019,968</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2025**

**S E R I E S - 2 0 1 6**

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 325,000	\$ 166,563	\$ 491,563
2027	325,000	156,813	481,813
2028	325,000	147,063	472,063
2029	325,000	137,313	462,313
2030	325,000	127,563	452,563
2031	325,000	117,812	442,812
2032	325,000	107,860	432,860
2033	325,000	97,500	422,500
2034	325,000	86,734	411,734
2035	325,000	75,563	400,563
2036	325,000	64,188	389,188
2037	325,000	52,812	377,812
2038	325,000	41,234	366,234
2039	325,000	29,453	354,453
2040	325,000	17,672	342,672
2041	325,000	5,891	330,891
	<b><u>\$ 5,200,000</u></b>	<b><u>\$ 1,432,034</u></b>	<b><u>\$ 6,632,034</u></b>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2025**

**S E R I E S - 2 0 1 7**

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 60,000	\$ 30,788	\$ 90,788
2027	60,000	29,550	89,550
2028	60,000	28,162	88,162
2029	60,000	26,662	86,662
2030	60,000	25,087	85,087
2031	60,000	23,437	83,437
2032	60,000	21,712	81,712
2033	60,000	19,912	79,912
2034	60,000	18,112	78,112
2035	75,000	16,087	91,087
2036	75,000	13,791	88,791
2037	75,000	11,447	86,447
2038	75,000	9,056	84,056
2039	75,000	6,619	81,619
2040	80,000	4,050	84,050
2041	80,000	1,350	81,350
	<b><u>\$ 1,075,000</u></b>	<b><u>\$ 285,822</u></b>	<b><u>\$ 1,360,822</u></b>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2025**

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

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 100,000	\$ 64,131	\$ 164,131
2027	100,000	62,069	162,069
2028	100,000	59,819	159,819
2029	100,000	57,381	157,381
2030	100,000	54,755	154,755
2031	100,000	51,881	151,881
2032	100,000	48,881	148,881
2033	100,000	45,881	145,881
2034	100,000	42,881	142,881
2035	175,000	38,647	213,647
2036	175,000	33,178	208,178
2037	175,000	27,600	202,600
2038	175,000	21,912	196,912
2039	175,000	16,115	191,115
2040	190,000	9,956	199,956
2041	200,000	3,375	203,375
	<b><u>\$ 2,165,000</u></b>	<b><u>\$ 638,462</u></b>	<b><u>\$ 2,803,462</u></b>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2025**

**S E R I E S - 2 0 1 9 R E F U N D I N G**

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 100,000	\$ 38,237	\$ 138,237
2027	105,000	36,187	141,187
2028	105,000	33,956	138,956
2029	110,000	31,537	141,537
2030	110,000	28,650	138,650
2031	115,000	25,275	140,275
2032	120,000	21,750	141,750
2033	120,000	18,150	138,150
2034	130,000	14,400	144,400
2035	130,000	10,500	140,500
2036	140,000	6,450	146,450
2037	145,000	2,175	147,175
2038			
2039			
2040			
2041			
	<u>\$ 1,430,000</u>	<u>\$ 267,267</u>	<u>\$ 1,697,267</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2025**

**S E R I E S - 2 0 2 0**

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 70,000	\$ 24,850	\$ 94,850
2027	70,000	23,450	93,450
2028	70,000	22,050	92,050
2029	70,000	20,650	90,650
2030	70,000	19,250	89,250
2031	70,000	17,850	87,850
2032	70,000	16,363	86,363
2033	70,000	14,787	84,787
2034	70,000	13,213	83,213
2035	70,000	11,593	81,593
2036	70,000	9,888	79,888
2037	70,000	8,137	78,137
2038	70,000	6,388	76,388
2039	70,000	4,593	74,593
2040	70,000	2,756	72,756
2041	70,000	919	70,919
	<b>\$ 1,120,000</b>	<b>\$ 216,737</b>	<b>\$ 1,336,737</b>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2025**

**S E R I E S - 2 0 2 0 A R E F U N D I N G**

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 100,000	\$ 47,250	\$ 147,250
2027	100,000	44,750	144,750
2028	105,000	42,700	147,700
2029	110,000	40,550	150,550
2030	120,000	38,250	158,250
2031	120,000	35,700	155,700
2032	125,000	32,944	157,944
2033	135,000	30,019	165,019
2034	140,000	26,400	166,400
2035	145,000	22,125	167,125
2036	155,000	17,625	172,625
2037	165,000	12,825	177,825
2038	170,000	7,800	177,800
2039	175,000	2,625	177,625
2040			
2041			
	<u>\$ 1,865,000</u>	<u>\$ 401,563</u>	<u>\$ 2,266,563</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2025**

**S E R I E S - 2 0 2 1 R E F U N D I N G**

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 210,000	\$ 53,200	\$ 263,200
2027	205,000	46,975	251,975
2028	205,000	40,825	245,825
2029	205,000	36,725	241,725
2030	200,000	33,700	233,700
2031	195,000	29,750	224,750
2032	190,000	25,900	215,900
2033	185,000	22,150	207,150
2034	185,000	18,450	203,450
2035	180,000	14,800	194,800
2036	170,000	11,300	181,300
2037	165,000	7,950	172,950
2038	160,000	4,700	164,700
2039	155,000	1,550	156,550
2040			
2041			
	<u>\$ 2,610,000</u>	<u>\$ 347,975</u>	<u>\$ 2,957,975</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2025**

**S E R I E S - 2 0 2 4**

Due During Fiscal Years Ending June 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2026	\$ 150,000	\$ 100,813	\$ 250,813
2027	150,000	93,313	243,313
2028	150,000	85,813	235,813
2029	150,000	78,313	228,313
2030	150,000	70,812	220,812
2031	150,000	63,313	213,313
2032	150,000	55,813	205,813
2033	160,000	50,937	210,937
2034	160,000	45,737	205,737
2035	160,000	40,337	200,337
2036	160,000	34,937	194,937
2037	170,000	29,537	199,537
2038	170,000	23,800	193,800
2039	170,000	17,850	187,850
2040	170,000	11,900	181,900
2041	170,000	5,950	175,950
	<u>\$ 2,540,000</u>	<u>\$ 809,175</u>	<u>\$ 3,349,175</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2025**

**A N N U A L R E Q U I R E M E N T S**  
**F O R A L L S E R I E S**

Due During Fiscal Years Ending June 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 1,815,000	\$ 826,613	\$ 2,641,613
2027	1,820,000	773,579	2,593,579
2028	1,830,000	719,962	2,549,962
2029	1,845,000	667,330	2,512,330
2030	1,865,000	614,245	2,479,245
2031	1,870,000	558,381	2,428,381
2032	1,880,000	501,151	2,381,151
2033	1,905,000	444,873	2,349,873
2034	1,935,000	385,827	2,320,827
2035	1,740,000	327,989	2,067,989
2036	1,750,000	272,894	2,022,894
2037	1,770,000	216,920	1,986,920
2038	1,625,000	161,928	1,786,928
2039	1,650,000	107,558	1,757,558
2040	1,340,000	55,918	1,395,918
2041	845,000	17,485	862,485
	<u>\$ 27,485,000</u>	<u>\$ 6,652,653</u>	<u>\$ 34,137,653</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Description	Original Bonds Issued	Bonds Outstanding July 1, 2024
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2014	\$ 5,800,000	\$ 3,690,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2015	4,940,000	3,185,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2015A	4,750,000	3,300,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2016	7,830,000	5,525,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2017	1,495,000	1,135,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Park Bonds - Series 2017A	2,865,000	2,265,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2019	1,875,000	1,525,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2020	1,455,000	1,190,000

See accompanying independent auditor's report.

Current Year Transactions

Bonds Sold	Retirements		Bonds Outstanding June 30, 2025	Paying Agent
	Principal	Interest		
\$ 235,000	\$ 120,687	\$ 3,455,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
285,000	95,144	2,900,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
175,000	104,781	3,125,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
325,000	176,313	5,200,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
60,000	31,988	1,075,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
100,000	66,131	2,165,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
95,000	40,662	1,430,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
70,000	26,250	1,120,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Description	Original Bonds Issued	Bonds Outstanding July 1, 2024
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2020A	\$ 1,990,000	\$ 1,960,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2021	3,055,000	2,820,000
Fort Bend County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2024	<u>2,540,000</u>	<u></u>
<b>TOTAL</b>	<b><u>\$ 38,595,000</u></b>	<b><u>\$ 26,595,000</u></b>
 Bond Authority:		
Amount Authorized by Voters	\$ 60,000,000	\$ 5,000,000
Amount Issued	<u>(38,410,000)</u>	<u>(2,865,000)</u>
Remaining to be Issued	<u>\$ 21,590,000</u>	<u>\$ 2,135,000</u>
 Debt Service Fund cash and investment balances as of June 30, 2025:		<u>\$ 3,300,887</u>
 Average annual debt service payment for remaining term of all bond debt:		<u>\$ 2,133,603</u>

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

See accompanying independent auditor's report.

Current Year Transactions

Bonds Sold	Retirements		Bonds Outstanding June 30, 2025	Paying Agent
	Principal	Interest		
\$ 95,000	\$ 50,175	\$ 1,865,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
210,000	59,500	2,610,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>2,540,000</u>	<u>31,924</u>	<u>2,540,000</u>		The Bank of New York Mellon Trust Company, N.A. Houston, TX
<u>\$ 2,540,000</u>	<u>\$ 803,555</u>	<u>\$ 27,485,000</u>		

See accompanying independent auditor's report.

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

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Property Taxes	\$ 2,494,397	\$ 2,453,680	\$ 2,178,208
Water Service	625,766	661,918	619,105
Wastewater Service	433,867	430,082	427,073
Water Authority Fees	776,472	907,629	784,506
Fire Protection Fees	253,622	247,476	237,053
Penalty and Interest	34,147	35,345	36,624
Inspection and Other Service Fees	28,372	14,293	12,475
Investment and Miscellaneous Revenues	<u>453,631</u>	<u>463,977</u>	<u>284,209</u>
<b>TOTAL REVENUES</b>	<u>\$ 5,100,274</u>	<u>\$ 5,214,400</u>	<u>\$ 4,579,253</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 283,873	\$ 296,114	\$ 230,255
Contracted Services	1,239,852	974,215	888,671
Purchased Services	1,091,769	1,436,791	1,184,512
Utilities	21,205	21,114	21,056
Repairs, Maintenance and Capital Outlay	1,333,149	1,353,928	721,578
Other	<u>203,391</u>	<u>211,858</u>	<u>148,809</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,173,239</u>	<u>\$ 4,294,020</u>	<u>\$ 3,194,881</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 927,035</u>	<u>\$ 920,380</u>	<u>\$ 1,384,372</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In	<u>\$ 283,087</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 1,210,122</u>	<u>\$ 920,380</u>	<u>\$ 1,384,372</u>
<b>BEGINNING FUND BALANCE</b>	<u>\$ 8,833,955</u>	<u>\$ 7,913,575</u>	<u>\$ 6,529,203</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 10,044,077</u>	<u>\$ 8,833,955</u>	<u>\$ 7,913,575</u>

See accompanying independent auditor's report.

Percentage of Total Revenues							
2022	2021	2025	2024	2023	2022	2021	
\$ 1,853,366	\$ 1,880,544	48.8 %	47.1 %	47.6 %	48.0 %	49.5 %	
645,326	621,048	12.3	12.7	13.5	16.7	16.4	
406,652	414,432	8.5	8.2	9.3	10.6	10.9	
673,006	609,519	15.2	17.4	17.1	17.5	16.1	
219,066	206,939	5.0	4.7	5.2	5.7	5.5	
27,200	25,995	0.7	0.7	0.8	0.7	0.7	
10,765	9,191	0.6	0.3	0.3	0.3	0.2	
17,590	27,562	8.9	8.9	6.2	0.5	0.7	
<u>\$ 3,852,971</u>	<u>\$ 3,795,230</u>	<u>100.0</u> %					
\$ 199,991	\$ 180,054	5.6 %	5.7 %	5.0 %	5.2 %	4.7 %	
739,065	712,083	24.3	18.7	19.4	19.2	18.8	
976,964	870,739	21.4	27.6	25.9	25.4	22.9	
19,105	20,178	0.4	0.4	0.5	0.5	0.5	
1,627,476	616,614	26.1	26.0	15.8	42.2	16.2	
131,253	137,951	4.0	4.1	3.2	3.4	3.6	
<u>\$ 3,693,854</u>	<u>\$ 2,537,619</u>	<u>81.8</u> %	<u>82.5</u> %	<u>69.8</u> %	<u>95.9</u> %	<u>66.7</u> %	
<u>\$ 159,117</u>	<u>\$ 1,257,611</u>	<u>18.2</u> %	<u>17.5</u> %	<u>30.2</u> %	<u>4.1</u> %	<u>33.3</u> %	
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>						
\$ 159,117	\$ 1,257,611						
<u>6,370,086</u>	<u>5,112,475</u>						
<u>\$ 6,529,203</u>	<u>\$ 6,370,086</u>						

See accompanying independent auditor's report.

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

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Property Taxes	\$ 2,602,432	\$ 2,354,874	\$ 2,498,004
Penalty and Interest	34,204	29,705	23,350
Investment and Miscellaneous Revenues	<u>115,984</u>	<u>130,670</u>	<u>91,775</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 2,752,620</u></u>	<u><u>\$ 2,515,249</u></u>	<u><u>\$ 2,613,129</u></u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 86,808	\$ 79,187	\$ 66,520
Debt Service Principal	1,650,000	1,635,000	1,620,000
Debt Service Interest and Fees	810,155	826,850	871,750
Bond Issuance Costs			
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 2,546,963</u></u>	<u><u>\$ 2,541,037</u></u>	<u><u>\$ 2,558,270</u></u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u><u>\$ 205,657</u></u>	<u><u>\$ (25,788)</u></u>	<u><u>\$ 54,859</u></u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Issuance of Long-Term Debt	\$	\$	\$
Payment to Refunding Bond Escrow Agent			
Bond Premium and Discount, Net			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ 205,657</u></u>	<u><u>\$ (25,788)</u></u>	<u><u>\$ 54,859</u></u>
<b>BEGINNING FUND BALANCE</b>	<u><u>3,087,909</u></u>	<u><u>3,113,697</u></u>	<u><u>3,058,838</u></u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 3,293,566</u></u>	<u><u>\$ 3,087,909</u></u>	<u><u>\$ 3,113,697</u></u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u><u>1,489</u></u>	<u><u>1,486</u></u>	<u><u>1,490</u></u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u><u>1,441</u></u>	<u><u>1,438</u></u>	<u><u>1,442</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenues					
2022	2021	2025	2024	2023	2022	2021	
\$ 2,523,424	\$ 2,499,479	94.6 %	93.6 %	95.6 %	98.1 %	98.0 %	
25,721	28,877	1.2	1.2	0.9	1.0	1.1	
23,615	22,319	4.2	5.2	3.5	0.9	0.9	
<u>\$ 2,572,760</u>	<u>\$ 2,550,675</u>	<u>100.0</u> %	<u>100.0</u> %	<u>100.0</u> %	<u>100.0</u> %	<u>100.0</u> %	
\$ 85,094	\$ 68,367	3.2 %	3.1 %	2.5 %	3.3 %	2.7 %	
1,585,000	1,535,000	59.9	65.0	62.0	61.6	60.2	
898,413	1,011,015	29.4	32.9	33.4	34.9	39.6	
<u>186,489</u>	<u>186,489</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7.3</u>	
<u>\$ 2,568,507</u>	<u>\$ 2,800,871</u>	<u>92.5</u> %	<u>101.0</u> %	<u>97.9</u> %	<u>99.8</u> %	<u>109.8</u> %	
\$ 4,253	\$ (250,196)	7.5 %	(1.0) %	2.1 %	0.2 %	(9.8) %	
\$	\$ 3,055,000						
	(3,014,234)						
<u>108,302</u>	<u>108,302</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
<u>\$ - 0 -</u>	<u>\$ 149,068</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
\$ 4,253	\$ (101,128)						
<u>3,054,585</u>	<u>3,155,713</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
<u>\$ 3,058,838</u>	<u>\$ 3,054,585</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
<u>1,486</u>	<u>1,488</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
<u>1,438</u>	<u>1,439</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**JUNE 30, 2025**

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

District Telephone Number - (713) 860-6400

<b>Board Members:</b>	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of office for the year ended June 30, 2025</u>	<u>Expense reimbursements for the year ended June 30, 2025</u>	<u>Title</u>
Christine Oliver	05/22 05/26 (Elected)	\$ 3,757	\$ 1,000	President
Ed Escobar	10/22 05/26 (Appointed)	\$ 3,757	\$ 149	Vice President
Gregory Henry	05/24 05/28 (Elected)	\$ 3,315	\$ 224	Secretary
Ryan Andrasek	05/24 05/28 (Elected)	\$ 4,862	\$ 561	Assistant Vice President
Rick Bolanos	05/24 05/28 (Elected)	\$ 7,072	\$ 1,356	Assistant Secretary

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

The most recent submission date of the District Registration Form was on May 13, 2024.

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

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**JUNE 30, 2025**

	Date Hired	Fees for the year ended June 30, 2025	
<b>Consultants:</b>			
Allen Boone Humphries Robinson LLP	08/04/05	\$ 162,468 \$ 78,921	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	04/09/15	\$ 20,000 \$ 2,500	Auditor Bond Related
Municipal Accounts & Consulting, LP	08/10/17	\$ 82,187	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	02/08/07	\$ 7,638	Delinquent Tax Attorney
Quiddity Engineering LLC	08/04/05	\$ 108,041	Engineer
Masterson Advisors, LLC	05/10/18	\$ 57,783	Financial Advisor
Mark Burton & Ghia Lewis	04/12/18	\$ -0-	Investment Officers
Municipal District Services, LLC	06/01/12	\$1,188,151	Operator
BLICO, Inc.	08/22/05	\$ 27,332	Tax Assessor/ Collector

See accompanying independent auditor's report.

