

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2025**

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# *McCall Gibson Swedlund Barfoot Ellis PLLC*

*Certified Public Accountants*

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(retired)  
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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 165 (the "District") as of and for the year ended September 30, 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 September 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.

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

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

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

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

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

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

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

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

### **Required Supplementary Information**

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

Board of Directors  
Harris County Municipal Utility District No. 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

February 5, 2026

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

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

**FUND FINANCIAL STATEMENTS**

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 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 period. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets and deferred outflows of resources by \$95,843,878 as of September 30, 2025.

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

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

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

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

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 104,787,915	\$ 86,607,280	\$ 18,180,635
Capital Assets (Net of Accumulated Depreciation)	<u>260,177,625</u>	<u>230,913,523</u>	<u>29,264,102</u>
Total Assets	<u>\$ 364,965,540</u>	<u>\$ 317,520,803</u>	<u>\$ 47,444,737</u>
Deferred Outflows of Resources	<u>\$ 2,209,797</u>	<u>\$ 2,473,580</u>	<u>\$ (263,783)</u>
Due to Developers	\$ 24,876,418	\$ 41,671,004	\$ 16,794,586
Bonds Payable	430,327,864	331,472,378	(98,855,486)
Other Liabilities	<u>7,814,933</u>	<u>30,669,782</u>	<u>22,854,849</u>
Total Liabilities	<u>\$ 463,019,215</u>	<u>\$ 403,813,164</u>	<u>\$ (59,206,051)</u>
Net Position:			
Net Investment in Capital Assets	\$ (149,772,034)	\$ (131,673,499)	\$ (18,098,535)
Restricted	22,336,615	20,385,554	1,951,061
Unrestricted	<u>31,591,541</u>	<u>27,469,164</u>	<u>4,122,377</u>
Total Net Position	<u>\$ (95,843,878)</u>	<u>\$ (83,818,781)</u>	<u>\$ (12,025,097)</u>

The following table provides a summary of the District's operations for the years ended September 30, 2025, and September 30, 2024. The District's net position decreased by \$12,025,097.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 36,085,480	\$ 29,672,536	\$ 6,412,944
Charges for Services	19,121,960	16,964,121	2,157,839
Other Revenues	<u>4,409,317</u>	<u>6,254,643</u>	<u>(1,845,326)</u>
Total Revenues	<u>\$ 59,616,757</u>	<u>\$ 52,891,300</u>	<u>\$ 6,725,457</u>
Expenses for Services	<u>71,641,854</u>	<u>61,886,623</u>	<u>(9,755,231)</u>
Change in Net Position	\$ (12,025,097)	\$ (8,995,323)	\$ (3,029,774)
Net Position, Beginning of Year	<u>(83,818,781)</u>	<u>(74,823,458)</u>	<u>(8,995,323)</u>
Net Position, End of Year	<u>\$ (95,843,878)</u>	<u>\$ (83,818,781)</u>	<u>\$ (12,025,097)</u>

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

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

The District's combined fund balances as of September 30, 2025, were \$96,838,859, an increase of \$18,410,785 from the prior year.

The General Fund fund balance increased by \$4,137,293 primarily due to tax and service revenues exceeding operating and capital costs.

The Debt Service Fund fund balance increased by \$2,510,446 primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$11,763,046, primarily due to unspent bond proceeds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted an unappropriated budget for the current fiscal year. The budget was amended during the current fiscal year to increase projected revenues and increase projected expenditures. Actual revenues were \$458,484 more than budgeted revenues. Actual expenditures were \$532,955 more than budgeted expenditures. Transfers out of \$11,224 were not budgeted. This resulted in a negative budget variance of \$85,695. See the budget to actual comparison for further information.

**CAPITAL ASSETS**

Capital assets as of September 30, 2025, total \$260,177,625 (net of accumulated depreciation) and include land, as well as the water and wastewater systems, as well as parks and recreation facilities.

Capital Assets At Period-End, Net of Accumulated Depreciation			
	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 96,114,068	\$ 83,200,668	\$ 12,913,400
Construction in Progress	18,262,141	30,261,276	(11,999,135)
Capital Assets, Net of Accumulated Depreciation:			
Water System	51,175,461	40,911,288	10,264,173
Wastewater System	81,752,545	62,981,963	18,770,582
Parks and Recreation	12,873,410	13,558,328	(684,918)
Total Net Capital Assets	\$ 260,177,625	\$ 230,913,523	\$ 29,264,102

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**LONG-TERM DEBT ACTIVITY**

As of September 30, 2025, the District had total bond debt payable of \$434,610,000. The changes in the debt position of the District during the year ended September 30, 2025, are summarized as follows:

Bond Debt Payable, October 1, 2024	\$ 334,545,000
Add: Bond Sales	110,965,000
Less: Bond Principal Paid	<u>10,900,000</u>
Bond Debt Payable, September 30, 2025	<u>\$ 434,610,000</u>

The District’s bonds carry an underlying rating of “A2” from Moody’s.

The Series 2015 Refunding, Series 2018, Series 2021 Refunding, Series 2022, Series 2023, Series 2022 Defined Area No. 1 Road, Series 2022A Defined Area No. 1 Road, Series 2022 Defined Area No. 2 Road, Series 2022A Defined Area No. 2 Road, Series 2023 Defined Area No. 2 Road, Series 2024 Defined Area No. 1 Park, Series 2024 Defined Area No. 1 Road, Series 2024 Defined Area No. 2 Road, Series 2024, Series 2024A Defined Area No. 2 Park, and Series 2025 bonds carry an insured rating of “AA” from Standard & Poor’s by virtue of bond insurance issued by Build America Mutual Assurance Company.

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

The above ratings are as of September 30, 2025, and reflect all ratings of the bond insurers through the year then ended.

**CONTACTING THE DISTRICT’S MANAGEMENT**

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

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

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 3,278,269	\$ 276,309
Investments	32,477,813	23,066,023
Receivables:		
Property Taxes	112,925	352,257
Penalty and Interest on Delinquent Taxes		
Service Accounts	2,559,781	
Accrued Interest	7,883	
Other	600	
Due from Developers	40,134	
Due from Other Funds	5,000	4,298
Prepaid Costs	111,154	
Due from City of Houston	47,630	
Advance for Wastewater Treatment		
Plant Operations	245,022	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 38,886,211</b>	<b>\$ 23,698,887</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 38,886,211</b>	<b>\$ 23,698,887</b>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 41,328	\$ 3,595,906	\$	\$ 3,595,906
41,129,172	96,673,008		96,673,008
	465,182		465,182
		191,615	191,615
	2,559,781		2,559,781
	7,883		7,883
850,000	850,600		850,600
	40,134		40,134
246,124	255,422	(255,422)	
	111,154		111,154
	47,630		47,630
	245,022		245,022
		96,114,068	96,114,068
		18,262,141	18,262,141
		145,801,416	145,801,416
\$ 42,266,624	\$ 104,851,722	\$ 260,113,818	\$ 364,965,540
\$ - 0 -	\$ - 0 -	\$ 2,209,797	\$ 2,209,797
\$ 42,266,624	\$ 104,851,722	\$ 262,323,615	\$ 367,175,337

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

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

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 2,388,643	\$
Accrued Interest Payable		
Due to Developers		
Retainage Payable		
Due to Other Funds	250,422	5,000
Due to Taxpayers		176,213
Due to Others		
Security Deposits	1,959,218	
Long-Term Liabilities:		
Bonds Payable Due Within One Year		
Bonds Payable Due After One Year		
<b>TOTAL LIABILITIES</b>	\$ 4,598,283	\$ 181,213
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 112,925	\$ 352,257
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 111,154	\$
For Wastewater Treatment Plant		
Operations	245,022	
Restricted for Authorized Construction		
Restricted for Debt Service		23,165,417
Unassigned	33,818,827	
<b>TOTAL FUND BALANCES</b>	\$ 34,175,003	\$ 23,165,417
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	\$ 38,886,211	\$ 23,698,887
<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
\$ 516,387	\$ 2,905,030	\$	\$ 2,905,030
		1,372,674	1,372,674
850,000	850,000	24,026,418	24,876,418
1,026,953	1,026,953		1,026,953
	255,422	(255,422)	
	176,213		176,213
374,845	374,845		374,845
	1,959,218		1,959,218
		13,590,000	13,590,000
		416,737,864	416,737,864
<u>\$ 2,768,185</u>	<u>\$ 7,547,681</u>	<u>\$ 455,471,534</u>	<u>\$ 463,019,215</u>
<u>\$ - 0 -</u>	<u>\$ 465,182</u>	<u>\$ (465,182)</u>	<u>\$ - 0 -</u>
\$	\$ 111,154	\$ (111,154)	\$
	245,022	(245,022)	
39,498,439	39,498,439	(39,498,439)	
	23,165,417	(23,165,417)	
	33,818,827	(33,818,827)	
<u>\$ 39,498,439</u>	<u>\$ 96,838,859</u>	<u>\$ (96,838,859)</u>	<u>\$ - 0 -</u>
<u>\$ 42,266,624</u>	<u>\$ 104,851,722</u>		
		\$ (149,772,034)	\$ (149,772,034)
		22,336,615	22,336,615
		31,591,541	31,591,541
		<u>\$ (95,843,878)</u>	<u>\$ (95,843,878)</u>

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

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

Total Fund Balances - Governmental Funds \$ 96,838,859

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

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter. The District also amortizes prepaid bond insurance over the term of the bonds. 2,209,797

Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 260,177,625

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. 656,797

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

Due to Developers	\$ (24,026,418)	
Accrued Interest Payable	(1,372,674)	
Bonds Payable	<u>(430,327,864)</u>	<u>(455,726,956)</u>
Total Net Position - Governmental Activities		<u>\$ (95,843,878)</u>

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

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

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 8,819,403	\$ 27,344,268
Water Service	4,744,739	
Wastewater Service	5,357,924	
Regional Water Authority Fees	5,666,114	
Penalty and Interest	487,269	293,293
Tap Connection and Inspection Fees	2,557,027	
Sales Tax Revenues	194,056	
Investment Revenues	1,329,462	1,223,890
Miscellaneous Revenues	133,738	290
	<u>\$ 29,289,732</u>	<u>\$ 28,861,741</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 1,114,166	\$ 133,819
Contracted Services	5,914,962	497,959
Purchased Water Service	2,111,229	
Purchased Wastewater Service	1,284,943	
Utilities	765,319	
Regional Water Authority Assessment	3,700,427	
Repairs and Maintenance	4,517,101	
Depreciation		
Parks and Recreation	398,994	
Other	3,131,685	49,046
Capital Outlay	2,202,389	
Developer Interest		
Conveyance of Assets		
Debt Service:		
Bond and Bond Anticipation Note Issuance Costs		
Bond and Bond Anticipation Note Principal		10,900,000
Bond and Bond Anticipation Note Interest		14,937,529
	<u>\$ 25,141,215</u>	<u>\$ 26,518,353</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	<u>\$ 4,148,517</u>	<u>\$ 2,343,388</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 36,163,671	\$ (78,191)	\$ 36,085,480
	4,744,739		4,744,739
	5,357,924		5,357,924
	5,666,114		5,666,114
	780,562	15,594	796,156
	2,557,027		2,557,027
	194,056		194,056
1,515,916	4,069,268		4,069,268
11,965	145,993		145,993
<u>\$ 1,527,881</u>	<u>\$ 59,679,354</u>	<u>\$ (62,597)</u>	<u>\$ 59,616,757</u>
\$ 180,499	\$ 1,428,484	\$	\$ 1,428,484
	6,412,921		6,412,921
	2,111,229		2,111,229
	1,284,943		1,284,943
	765,319		765,319
	3,700,427		3,700,427
	4,517,101	191,923	4,709,024
		5,351,502	5,351,502
	398,994		398,994
480,201	3,660,932		3,660,932
65,701,451	67,903,840	(67,903,840)	
4,955,761	4,955,761		4,955,761
		15,451,724	15,451,724
5,584,381	5,584,381		5,584,381
22,349,000	33,249,000	(33,249,000)	
	14,937,529	888,684	15,826,213
<u>\$ 99,251,293</u>	<u>\$ 150,910,861</u>	<u>\$ (79,269,007)</u>	<u>\$ 71,641,854</u>
<u>\$ (97,723,412)</u>	<u>\$ (91,231,507)</u>	<u>\$ 79,206,410</u>	<u>\$ (12,025,097)</u>

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

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

	General Fund	Debt Service Fund
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In (Out)	\$ (11,224)	\$ 11,224
Long-Term Debt Issued		155,834
Bond Premium		
Bond Discounts		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (11,224)</b>	<b>\$ 167,058</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 4,137,293</b>	<b>\$ 2,510,446</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - OCTOBER 1, 2024</b>	<b>30,037,710</b>	<b>20,654,971</b>
<b>FUND BALANCES/NET POSITION - SEPTEMBER 30, 2025</b>	<b>\$ 34,175,003</b>	<b>\$ 23,165,417</b>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$	\$	\$	\$
110,809,166	110,965,000	(110,965,000)	
2,085,797	2,085,797	(2,085,797)	
<u>(3,408,505)</u>	<u>(3,408,505)</u>	<u>3,408,505</u>	
<u>\$ 109,486,458</u>	<u>\$ 109,642,292</u>	<u>\$ (109,642,292)</u>	<u>\$ - 0 -</u>
\$ 11,763,046	\$ 18,410,785	\$ (18,410,785)	\$
		(12,025,097)	(12,025,097)
<u>27,735,393</u>	<u>78,428,074</u>	<u>(162,246,855)</u>	<u>(83,818,781)</u>
<u>\$ 39,498,439</u>	<u>\$ 96,838,859</u>	<u>\$ (192,682,737)</u>	<u>\$ (95,843,878)</u>

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

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

Net Change in Fund Balances - Governmental Funds	\$ 18,410,785
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.	(78,191)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	15,594
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.	(5,351,502)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	67,711,917
Assets conveyed to other governmental entities are recorded as expenses in the Statement of Activities.	(15,451,724)
Governmental funds report bond premiums and bond discounts as other financing sources or uses in the year received or paid. However, in the Statement of Net Position, the bond premiums and bond discounts are amortized over the life of the bonds and the current period amortized portion is recorded in the Statement of Activities.	1,322,708
Governmental funds report bond and bond anticipation note principal payments as expenditures. However, in the Statement of Net Position, principal payments are reported as decreases in long-term liabilities.	33,249,000
Governmental funds report interest expenditures on long-term debt as expenditures in the period paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(888,684)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	<u>(110,965,000)</u>
Change in Net Position - Governmental Activities	<u>\$ (12,025,097)</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 1. CREATION OF DISTRICT**

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

On January 3, 2019, the District created Defined Area No. 1 over approximately 833.04 acres of land that were newly annexed into the District on such date of creation. Defined Area No. 1 was created pursuant to Subchapter J of Chapter 54 of the Texas Water Code for the purposes of purchasing, constructing, operating and maintaining a water, wastewater and storm drainage system, a road system and recreational improvements to serve the land within the boundaries of Defined Area No. 1.

On August 6, 2020, the District created Defined Area No. 2 over approximately 858.64 acres of land, which includes 854.61 acres that were newly annexed into the District on such date of creation and an additional 4.03 acres that were previously within the boundaries of the District. Defined Area No. 2 was created pursuant to Subchapter J of Chapter 54 of the Texas Water Code for the purposes of purchasing, constructing, operating and maintaining a water, wastewater and storm drainage system, a road system and recreational improvements to serve the land within the boundaries of Defined Area No. 2.

On July 11, 2024, the District created Defined Area No. 3 over approximately 457.57 acres of land that were newly annexed into the District on such date of creation. Defined Area No. 3 was created pursuant to Subchapter J of Chapter 54 of the Texas Water Code for the purposes of purchasing, constructing, operating and maintaining a water, wastewater and storm drainage system, a road system and recreational improvements to serve the land within the boundaries of Defined Area No. 3.

**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.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

The District is a political subdivision of the State of Texas governed by an elected board. The GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

The District has entered into an agreement with Harris County Municipal Utility District No. 157 ("District No. 157") for wastewater disposal. An additional disclosure concerning this agreement is provided in Note 8. Financial information is included in the financial statements for District No. 157. Copies of the financial statements can be obtained from their auditor.

Financial Statement Presentation

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

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

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

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

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.

Property taxes considered available by the District and included in revenue include taxes collected during the current period and taxes collected after September 30, 2025, which were considered available to defray the expenditures of the current period. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2025, the General Fund owed the Debt Service Fund \$4,298 for an excess transfers of maintenance tax collections, the Debt Service Fund owed the General Fund \$5,000 for arbitrage compliance costs and the General Fund owed the Capital Projects Fund \$246,124 for capital costs.

Capital Assets

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

Capital Assets (Continued)

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

	Years
Water System	10-45
Wastewater System	10-45
Parks and Recreation Facilities	10-20

Budgeting

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

Pensions

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

Measurement Focus

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

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

Measurement Focus (Continued)

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

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

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

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

*Unassigned:* all other spendable amounts in the General Fund.

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

Accounting Estimates

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 3. LONG-TERM DEBT**

	Refunding Series 2015	Series 2015	Series 2017	Series 2018
Amount Outstanding - September 30, 2025	\$29,505,000	\$18,205,000	\$24,210,000	\$2,830,000
Interest Rates	3.00%-5.00%	3.00%-4.00%	2.25%-3.50%	3.00%-4.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2026/2034	March 1, 2026/2039	March 1, 2026/2042	March 1, 2026/2043
Interest Payment Dates	March 1 / September 1			
Callable Dates	March 1, 2025*	March 1, 2024*	March 1, 2025*	March 1, 2023*
	Series 2019	Series 2020	Refunding Series 2020	Refunding Series 2021
Amount Outstanding - September 30, 2025	\$10,485,000	\$38,875,000	\$1,805,000	\$8,745,000
Interest Rates	2.00%-2.625%	1.00%-2.25%	2.00%	2.00%-3.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2026/2044	March 1, 2026/2045	March 1, 2026/2030	March 1, 2026/2038
Interest Payment Dates	March 1 / September 1			
Callable Dates	March 1, 2024*	March 1, 2025*	March 1, 2025*	March 1, 2027*

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

	Defined Area No. 1 Road Series 2022	Defined Area No. 2 Road Series 2022	Series 2022	Defined Area No. 1 Road Series 2022A
Amount Outstanding - September 30, 2025	\$7,710,000	\$4,655,000	\$46,095,000	\$6,005,000
Interest Rates	2.50%-5.00%	3.00%-3.35%	3.00%-4.00%	5.00%-7.50%
Maturity Dates – Serially Beginning/Ending	March 1, 2026/2048	March 1, 2026/2048	March 1, 2026/2046	March 1, 2026/2049
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1	March 1 / September 1
Callable Dates	March 1, 2027*	March 1, 2027*	March 1, 2028*	March 1, 2028*
	Defined Area No. 2 Road Series 2022A	Defined Area No. 2 Road Series 2023	Series 2023	Defined Area No. 1 Road Series 2023
Amount Outstanding - September 30, 2025	\$4,035,000	\$6,950,000	\$43,445,000	\$12,620,000
Interest Rates	5.00%-7.50%	4.00%-6.50%	4.00%-4.25%	4.50%-7.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2026/2049	March 1, 2026/2050	March 1, 2026/2047	March 1, 2026/2049
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1	March 1 / September 1
Callable Dates	March 1, 2028*	June 1, 2029*	August 1, 2029*	December 1, 2029*

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

	Defined Area No. 2 <u>Road Series 2023A</u>	Defined Area No. 2 <u>Park Series 2024</u>	Defined Area No. 1 <u>Road Series 2024</u>	Defined Area No. 2 <u>Road Series 2024</u>
Amount Outstanding - September 30, 2025	\$12,455,000	\$11,195,000	\$13,610,000	\$20,210,000
Interest Rates	4.50%-7.00%	4.00%-5.00%	4.00%-5.50%	4.00%-5.50%
Maturity Dates – Serially Beginning/Ending	March 1, 2026/2050	March 1, 2026/2050	March 1, 2026/2050	March 1, 2026/2050
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1	March 1 / September 1
Callable Dates	December 1, 2029*	September 1, 2030*	September 1, 2030*	December 1, 2030*
		Defined Area No. 2 <u>Park Series 2024A</u>	<u>Series 2025</u>	
Amount Outstanding - September 30, 2025	\$45,580,000	\$6,985,000	\$58,400,000	
Interest Rates	3.375%-5.875%	4.00%-6.50%	4.00%-6.50%	
Maturity Dates – Serially Beginning/Ending	March 1, 2026/2049	March 1, 2026/2051	March 1, 2027/2051	
Interest Payment Dates	March 1 / September 1	March 1 / September 1	March 1 / September 1	
Callable Dates	September 1, 2030*	September 1, 2030*	September 1, 2031*	

\* The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Defined Area No. 2 Series 2023A Road term bonds maturing on March 1, 2042 are subject to mandatory redemption beginning March 1, 2040. Defined Area No. 2 Series 2024 Park term bonds maturing on March 1, 2050 are subject to mandatory redemption beginning March 1, 2047. Defined Area No. 1 Series 2024 Road term bonds maturing on March 1, 2039 are subject to mandatory redemption beginning March 1, 2038. Defined Area No. 2 Series 2024 Road term bond maturing on March 1, 2030 are subject to mandatory redemption beginning March 1, 2026. Series 2024 bonds maturing on March 1, 2041 are subject to mandatory redemption beginning March 1, 2040. Defined Area No. 2 Series 2024A Park term bonds maturing on March 1, 2030 are subject to mandatory redemption beginning March 1, 2026. Series 2025 bonds maturing on March 1, 2041 are subject to mandatory redemption beginning March 1, 2040.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

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

	October 1, 2024	Additions	Retirements	September 30, 2025
Bonds Payable	\$ 334,545,000	\$ 110,965,000	\$ 10,900,000	\$ 434,610,000
Bond Anticipation Note Payable	22,349,000		22,349,000	
Unamortized Discounts	(5,424,127)	(3,408,505)	(376,135)	(8,456,497)
Unamortized Premiums	2,351,505	2,085,797	262,941	4,174,361
Bonds Payable, Net	\$ 353,821,378	\$ 109,642,292	\$ 33,135,806	\$ 430,327,864
		Amount Due Within One Year		\$ 13,590,000
		Amount Due After One Year		416,737,864
		Bonds Payable, Net		\$ 430,327,864

As of September 30, 2025, the District had authorized but unissued bonds in the amount of \$248,184,000 for tax bonds for utility facilities, \$16,000,000 for recreational facilities and \$4,777,734 for refunding bonds. Defined Area No. 1 of the District had authorized but unissued bonds in the amount of \$281,255,000 for tax and refunding bonds for utility facilities, \$43,995,000 for recreational and refunding bonds and \$108,600,000 for road and refunding bonds. Defined Area No. 2 of the District had authorized but unissued bonds in the amount of \$277,673,000 for tax bonds for utility facilities, \$106,761,000 for road bonds, \$18,251,000 for recreational bonds and \$87,954,406 for refunding bonds for utility, road and recreational facilities combined.

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

Fiscal Year	Principal	Interest	Total
2026	\$ 13,590,000	\$ 16,236,362	\$ 29,826,362
2027	14,530,000	15,730,421	30,260,421
2028	15,015,000	15,191,814	30,206,814
2029	15,520,000	14,630,210	30,150,210
2030	16,080,000	14,016,606	30,096,606
2031-2035	86,170,000	60,136,739	146,306,739
2036-2040	83,155,000	44,961,918	128,116,918
2041-2045	95,590,000	29,010,790	124,600,790
2046-2050	87,185,000	10,145,225	97,330,225
2051	7,775,000	165,484	7,940,484
	\$ 434,610,000	\$ 220,225,569	\$ 654,835,569

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended September 30, 2025, the District levied an ad valorem debt service tax rate of \$0.59 per \$100 of assessed valuation, which resulted in a tax levy of \$20,829,935 on the adjusted taxable valuation of \$3,530,497,508 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.

During the year ended September 30, 2025, Defined Area No. 1 of the District levied an ad valorem debt service tax rate of \$0.66 per \$100 of assessed valuation, which resulted in a tax levy of \$2,414,853 on the adjusted taxable valuation of \$365,886,699 for the 2024 tax year.

During the year ended September 30, 2025, Defined Area No. 2 of the District levied an ad valorem debt service tax rate of \$0.66 per \$100 of assessed valuation, which resulted in a tax levy of \$4,130,431 on the adjusted taxable valuation of \$625,822,957 for the 2024 tax year.

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

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

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

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS**  
(Continued)

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

Bond Interest Reserve, October 1, 2024		\$ 1,172,522
Addition - Interest Appropriated from Bond Proceeds:		
Defined Area No. 2 Series 2024A Park	155,834	155,834
Less: Appropriation from Bond Interest Paid		
Defined Area No. 1 Series 2024 Road	284,772	
Defined Area No. 2 Series 2024 Park	235,575	
Defined Area No. 2 Series 2024 Road	416,600	936,947
Bond Interest Reserve, September 30, 2025		\$ 391,409

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. As of September 30, 2025, the carrying amount of the District’s deposits was \$3,825,906 and the bank balance was \$4,677,145. The District was not exposed to custodial credit risk at year-end.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2025, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 3,278,269	\$ 230,000	\$ 3,508,269
DEBT SERVICE FUND	276,309		276,309
CAPITAL PROJECTS FUND	41,328		41,328
TOTAL DEPOSITS	\$ 3,595,906	\$ 230,000	\$ 3,825,906

Investments

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

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

Investments (Continued)

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

The District records certificates of deposits at acquisition cost.

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

<u>Fund and Investment Type</u>	<u>Fair Value</u>	<u>Maturities of Less Than 1 Year</u>
<u>GENERAL FUND</u>		
TexPool	\$ 13,255,960	\$ 13,255,960
TexSTAR	18,991,853	18,991,853
Certificates of Deposit	230,000	230,000
<u>DEBT SERVICE FUND</u>		
TexPool	3,004,436	3,004,436
TexSTAR	20,061,587	20,061,587
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	41,129,172	41,129,172
<b>TOTAL INVESTMENTS</b>	<b><u>\$96,673,008</u></b>	<b><u>\$ 96,673,008</u></b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2025, the District's investments in TexPool and TexSTAR were rated "AAAm" by Standard & Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

Investments (Continued)

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

Restrictions

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

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2025:

	October 1, 2024	Increases	Decreases	September 30, 2025
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 83,200,668	\$ 12,913,400	\$	\$ 96,114,068
Construction in Progress	<u>30,261,276</u>	<u>34,615,604</u>	<u>46,614,739</u>	<u>18,262,141</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 113,461,944</u>	<u>\$ 47,529,004</u>	<u>\$ 46,614,739</u>	<u>\$ 114,376,209</u>
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 55,551,170	\$ 12,057,204	\$	\$ 67,608,374
Wastewater System	81,980,740	21,504,076		103,484,816
Parks and Recreation	<u>15,863,484</u>	<u>140,059</u>		<u>16,003,543</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 153,395,394</u>	<u>\$ 33,701,339</u>	<u>\$ -0-</u>	<u>\$ 187,096,733</u>
<b>Less Accumulated Depreciation</b>				
Water System	\$ 14,639,882	\$ 1,793,031	\$	\$ 16,432,913
Wastewater System	18,998,777	2,733,494		21,732,271
Parks and Recreation	<u>2,305,156</u>	<u>824,977</u>		<u>3,130,133</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 35,943,815</u>	<u>\$ 5,351,502</u>	<u>\$ -0-</u>	<u>\$ 41,295,317</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 117,451,579</u>	<u>\$ 28,349,837</u>	<u>\$ -0-</u>	<u>\$ 145,801,416</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 230,913,523</u>	<u>\$ 75,878,841</u>	<u>\$ 46,614,739</u>	<u>\$ 260,177,625</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 7. MAINTENANCE TAX**

On May 2, 1998, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. During the year ended September 30, 2025, the District levied an ad valorem maintenance tax rate of \$0.25 per \$100 of assessed valuation, which resulted in a tax levy of \$8,826,244 on the adjusted taxable valuation of \$3,530,497,508 for the 2024 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system.

At an election held May 4, 2019, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on taxable property within Defined Area No. 1. During the year ended September 30, 2025, the District did not levy a Defined Area No. 1 ad valorem maintenance tax. The maintenance tax will be used by the General Fund to pay expenditures of operation Defined Area No. 1. In addition, at the May 4, 2019 election, voters authorized a road maintenance tax not to exceed \$0.25 per \$100 of assessed valuation on all taxable property within Defined Area No. 1. During the year ended September 30, 2025, the District did not levy a Defined Area No. 1 road maintenance tax. The Road maintenance tax will be used by the General Fund to pay expenditures for maintenance of certain roads within Defined Area No. 1.

At an election held November 3, 2020, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all taxable property within Defined Area No. 2. During the year ended September 30, 2025, the District did not levy a Defined Area No. 2 ad valorem maintenance tax. The maintenance tax will be used by the General Fund to pay expenditures of operating Defined Area No. 2. Voters also authorized a road maintenance tax not to exceed \$0.25 per \$100 of assessed valuation on all taxable property within Defined Area No. 2. During the year ended September 30, 2025, the District did not levy a Defined Area No. 2 road maintenance tax. The road maintenance tax will be used by the General Fund to pay expenditures for maintenance of certain roads within Defined Area No. 2.

At an election held November 5, 2024, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all taxable property within Defined Area No. 3. During the year ended September 30, 2025, the District did not levy a Defined Area No. 3 ad valorem maintenance tax. The maintenance tax will be used by the General Fund to pay expenditures of operating Defined Area No. 3. Voters also authorized a road maintenance tax not to exceed \$0.25 per \$100 of assessed valuation on all taxable property within Defined Area No. 3. During the year ended September 30, 2025, the District did not levy a Defined Area No. 3 road maintenance tax. The road maintenance tax will be used by the General Fund to pay expenditures for maintenance of certain roads within Defined Area No. 3.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 8. WASTE DISPOSAL AGREEMENT**

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

Under the terms of the Agreement, District No. 157 has oversight responsibility for operations and holds title to the facility for the benefit of the participants. The facility has a current rated capacity of 1,200,000 gallons per day (gpd), of which the District is entitled to utilize 45.43%. The District is billed the actual expenditures for the preceding month’s operation of the facility. These expenditures are allocated to either fixed costs, which are based on capacity owned, or variable costs, which are shared based on active connections. For the year ended September 30, 2025, the District recorded an expenditure of \$1,284,943 in accordance with this Agreement. The District’s share of a required operating reserve was \$245,022 as of September 30, 2025.

Summary financial activities of the sewage treatment plant for the year ended December 31, 2024, are as follows:

Total Assets	\$	540,126
Total Liabilities		
Total Fund Balance	\$	540,126
Total Revenues	\$	1,654,099
Total Expenditures		1,654,099
Net Change in Fund Balance	\$	3,308,198
Increase in Reserve	\$	99,384
Fund Balance - January 1, 2024		440,742
Fund Balance December 31, 2024	\$	540,126

**NOTE 9. RISK MANAGEMENT**

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

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

The Authority charges a fee which enables it to fulfill its purpose and regulatory functions. The current pumpage fee charged by the Authority is \$3.95 per 1,000 gallons of water pumped from each well. The District also pays a fee for purchased surface water of \$4.35 per 1,000 gallons of water purchased from the Authority. The District recorded \$3,700,423 for pumpage fees and \$2,057,350 for purchased surface water in the current fiscal year.

**NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT**

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

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

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT (Continued)**

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

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 30 years from the effective date of the Agreement. During the current fiscal year, the District recorded \$194,056 of sales tax revenues.

**NOTE 12. DUE TO DEVELOPERS**

The District has executed agreements for the construction of improvements and reimbursement of advances with Developers within the District. The agreement calls for the Developers to fund costs associated with water, wastewater, drainage, park and road facilities and operating advances until such time as the District can sell bonds. As reflected in the Statement of Net Position, \$680,421 has been recorded as a liability for operating advances. As of September 30, 2025, the Developers have indicated that approximately \$23,799,350 had been expended on behalf of the District in accordance with the agreement on completed projects. These liabilities have been recorded in the Statement of Net Position for these projects and reimbursement is contingent upon approval from the Commission and the future sale of bonds.

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

Due to Developer, beginning of year	\$ 41,671,004
Additions	16,541,932
Reimbursements	<u>34,186,518</u>
Due to Developer, end of year	<u>\$ 24,026,418</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 13. BOND SALES**

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

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

On March 6, 2025, the District closed on the sale of \$58,400,000 of Series 2025 Unlimited Tax Bonds. Proceeds from the bond sale were used to reimburse a Developer for construction and engineering costs for water, wastewater and drainage facilities as well as land acquisition costs. Additional proceeds were used to fund costs for various District water plant, lift station, force main, sanitary main, waterline and detention facilities and pay for bond issuance costs.

**NOTE 14. SUBSEQUENT EVENTS – BOND SALE**

On October 3, 2025, subsequent to year end, the District closed on the sale of \$6,950,000 of Series 2025 Defined Area No. 1 Unlimited Tax Road Bonds. Proceeds from the bond sale were used to reimburse Developers for cost of construction of certain road improvements serving Defined Area No. 1. Additional proceeds were used to fund capitalized interest and pay for the bond issuance costs.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2025**

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

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 8,668,315	\$ 8,750,000	\$ 8,819,403	\$ 69,403
Water Service	4,700,000	5,250,000	4,744,739	(505,261)
Wastewater Service	3,900,000	4,750,000	5,357,924	607,924
Regional Water Authority Fee	5,700,000	5,700,000	5,666,114	(33,886)
Penalty and Interest	450,000	400,000	487,269	87,269
Tap Connection and Inspection Fees	2,800,000	2,800,000	2,557,027	(242,973)
Sales Tax Revenues	145,000	175,000	194,056	19,056
Investment Revenues	800,000	1,000,000	1,329,462	329,462
Miscellaneous Revenues	6,248	6,248	133,738	127,490
<b>TOTAL REVENUES</b>	<b>\$ 27,169,563</b>	<b>\$ 28,831,248</b>	<b>\$ 29,289,732</b>	<b>\$ 458,484</b>
<b>EXPENDITURES</b>				
Service Operations:				
Professional Fees	\$ 710,000	\$ 740,000	\$ 1,114,166	\$ (374,166)
Contracted Services	5,512,000	6,278,660	5,914,962	363,698
Purchased Water Service/Regional Water				
Authority Assessment	5,235,000	5,550,000	5,811,656	(261,656)
Purchased Wastewater Service	952,000	952,000	1,284,943	(332,943)
Utilities	760,000	710,000	765,319	(55,319)
Repairs and Maintenance	4,850,000	5,250,000	4,517,101	732,899
Parks and Recreation	220,000	300,000	398,994	(98,994)
Other	3,704,500	3,511,600	3,131,685	379,915
Capital Outlay	2,550,000	1,316,000	2,202,389	(886,389)
<b>TOTAL EXPENDITURES</b>	<b>\$ 24,493,500</b>	<b>\$ 24,608,260</b>	<b>\$ 25,141,215</b>	<b>\$ (532,955)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 2,676,063</b>	<b>\$ 4,222,988</b>	<b>\$ 4,148,517</b>	<b>\$ (74,471)</b>
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers In(Out)	\$ -0-	\$ -0-	\$ (11,224)	\$ (11,224)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 2,676,063</b>	<b>\$ 4,222,988</b>	<b>\$ 4,137,293</b>	<b>\$ (85,695)</b>
<b>FUND BALANCE - OCTOBER 1, 2024</b>	<b>30,037,710</b>	<b>30,037,710</b>	<b>30,037,710</b>	
<b>FUND BALANCE - SEPTEMBER 30, 2025</b>	<b>\$ 32,713,773</b>	<b>\$ 34,260,698</b>	<b>\$ 34,175,003</b>	<b>\$ (85,695)</b>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE**

**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**SEPTEMBER 30, 2025**

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

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

**2. RETAIL SERVICE PROVIDERS**

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

Based on the rate order effective June 6, 2024.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 22.20	-0-	N	\$ 0.72 \$ 1.50 \$ 2.00	0,001 to 10,000 10,001 to 15,000 15,001 and up
WASTEWATER:	\$ 36.81	-0-	Y		
SURCHARGE: Regional Water Authority Fee			N	\$ 4.35	0,001 and up

District employs winter averaging for wastewater usage? 
                X    
 Yes                      No

Total monthly charges per 10,000 gallons usage: Water: \$29.40 Wastewater: \$36.81 Surcharge: \$43.50 Total: \$109.71

See accompanying independent auditor’s report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

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

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	10,411	10,225	x 1.0	10,225
1"	1,617	1,617	x 2.5	4,043
1½"	30	30	x 5.0	150
2"	204	204	x 8.0	1,632
3"	5	5	x 15.0	75
4"	2	2	x 25.0	50
6"			x 50.0	
8"	7	7	x 80.0	560
10"			x 115.0	
Total Water Connections	<u>12,276</u>	<u>12,090</u>		<u>16,735</u>
Total Wastewater Connections	<u>11,985</u>	<u>11,799</u>	x 1.0	<u>11,799</u>

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

Gallons pumped into system:	944,331,000	Water Accountability Ratio: 98.3 % (Gallons billed/Gallons pumped)
Gallons billed to customers:	1,400,382,000	
Total gallons purchased:	479,849,000	From: West Harris County Regional Water Authority

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

Does the District have Debt Service standby fees? Yes  No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

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

Entirely  Partly  Not at all

ETJ's in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes  No

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

PROFESSIONAL FEES:	
Auditing	\$ 34,000
Engineering	817,182
Legal	<u>262,984</u>
TOTAL PROFESSIONAL FEES	<u>\$ 1,114,166</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 2,111,229
Purchased Wastewater Service	<u>1,284,943</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 3,396,172</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 78,300
Operations and Billing	629,779
Security	1,686,012
Solid Waste Disposal	3,519,177
Tax Collector	<u>1,694</u>
TOTAL CONTRACTED SERVICES	<u>\$ 5,914,962</u>
UTILITIES	<u>\$ 765,319</u>
REPAIRS AND MAINTENANCE	<u>\$ 4,517,101</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 27,643
Insurance	200,309
Legal Notices	10,204
Office Supplies and Postage	552,169
Payroll Taxes	1,770
Travel and Meetings	14,628
Regional Water Authority Assessment	3,700,427
Other	<u>24,505</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 4,531,655</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

PARKS AND RECREATION	<u>\$ 398,994</u>
CAPITAL OUTLAY	<u>\$ 2,202,389</u>
TAP CONNECTIONS	<u>\$ 931,996</u>
OTHER EXPENDITURES:	
Chemicals	\$ 653,319
Laboratory Fees	159,550
Permit Fees	30,482
Reconnection Fees	85,925
Inspection Fees	213,773
Regulatory Assessment	48,737
Sludge Hauling	<u>176,675</u>
TOTAL OTHER EXPENDITURES	<u>\$ 1,368,461</u>
TOTAL EXPENDITURES	<u><u>\$ 25,141,215</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**INVESTMENTS**  
**SEPTEMBER 30, 2025**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Period	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 13,255,960	\$
TexSTAR	XXXX1110	Varies	Daily	18,493,110	
TexSTAR	XXXX4890	Varies	Daily	177,477	
TexSTAR	XXXX4891	Varies	Daily	321,266	
Certificate of Deposit	XXXX7614	4.50%	12/26/25	<u>230,000</u>	<u>7,883</u>
TOTAL GENERAL FUND				<u>\$ 32,477,813</u>	<u>\$ 7,883</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 3,004,436	\$
TexSTAR	XXXX0090	Varies	Daily	15,273,770	
TexSTAR	XXXX0091	Varies	Daily	1,343,089	
TexSTAR	XXXX4894	Varies	Daily	2,187,150	
TexSTAR	XXXX4895	Varies	Daily	<u>1,257,578</u>	
TOTAL DEBT SERVICE FUND				<u>\$ 23,066,023</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX1891	Varies	Daily	\$ 36,812,830	\$
TexSTAR	XXXX4892	Varies	Daily	1,944,257	
TexSTAR	XXXX4893	Varies	Daily	1,509,022	
TexSTAR	XXXX4896	Varies	Daily	<u>863,063</u>	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 41,129,172</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 96,673,008</u>	<u>\$ 7,883</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2024	\$	127,841	\$	370,377
Adjustments to Beginning				
Balance		<u>(21,757)</u>		<u>(60,980)</u>
	\$	106,084	\$	309,397
Original 2024 Tax Levy	\$	8,169,656	\$	19,280,388
Adjustment to 2024 Tax Levy		<u>656,588</u>	<u>8,826,244</u>	<u>1,549,547</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	8,932,328	\$
				21,139,332
TAX COLLECTIONS:				
Prior Years	\$	47,893	\$	124,400
Current Year		<u>8,771,510</u>	<u>8,819,403</u>	<u>20,700,763</u>
				<u>20,825,163</u>
TAXES RECEIVABLE -				
SEPTEMBER 30, 2025		<u>\$</u>	<u>112,925</u>	<u>\$</u>
				<u>314,169</u>
TAXES RECEIVABLE BY				
YEAR:				
2024	\$	54,734	\$	129,172
2023		15,688		38,278
2022		12,272		33,380
2021		6,526		19,306
2020		3,471		13,017
2019		2,821		15,044
2018 and Prior		<u>17,413</u>		<u>65,972</u>
TOTAL	\$	<u>112,925</u>	\$	<u>314,169</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	2024	2023	2022	2021
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 954,912,509	\$ 867,340,639	\$ 610,287,501	\$ 561,760,404
Improvements	3,040,428,839	2,817,524,725	2,244,959,702	1,642,312,584
Personal Property	71,721,927	50,294,574	51,207,142	35,387,304
Exemptions	<u>(536,565,767)</u>	<u>(689,792,200)</u>	<u>(516,257,397)</u>	<u>(256,883,952)</u>
<b>TOTAL PROPERTY VALUATIONS</b>	<u><b>\$ 3,530,497,508</b></u>	<u><b>\$ 3,045,367,738</b></u>	<u><b>\$ 2,390,196,948</b></u>	<u><b>\$ 1,982,576,340</b></u>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.59	\$ 0.61	\$ 0.68	\$ 0.71
Maintenance	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.24</u>
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<u><b>\$ 0.84</b></u>	<u><b>\$ 0.86</b></u>	<u><b>\$ 0.93</b></u>	<u><b>\$ 0.95</b></u>
<b>ADJUSTED TAX LEVY*</b>	<u><b>\$ 29,656,179</b></u>	<u><b>\$ 26,207,523</b></u>	<u><b>\$ 22,228,832</b></u>	<u><b>\$ 18,834,479</b></u>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>	<u><b>99.38 %</b></u>	<u><b>99.79 %</b></u>	<u><b>99.79 %</b></u>	<u><b>99.86 %</b></u>

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

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

See accompanying independent auditor’s report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Defined Area No. 1 Debt Service Taxes	
TAXES RECEIVABLE -		
OCTOBER 1, 2024	\$ 24,853	
Adjustments to Beginning		
Balance	(22,867)	\$ 1,986
Original 2024 Tax Levy	\$ 2,187,428	
Adjustment to 2024 Tax Levy	227,425	2,414,853
TOTAL TO BE		
ACCOUNTED FOR		\$ 2,416,839
 TAX COLLECTIONS:		
Prior Years	\$ 1,552	
Current Year	2,401,057	2,402,609
 TAXES RECEIVABLE -		
SEPTEMBER 30, 2025		\$ 14,230
 TAXES RECEIVABLE BY		
YEAR:		
2024		\$ 13,796
2023		434
TOTAL		\$ 14,230

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**TAXES LEVIED AND RECEIVABLE – DEFINED AREA NO. 1**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	2024	2023	2022	2021
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 115,229,544	\$ 89,228,211	\$ 60,642,256	\$ 52,245,671
Improvements	274,742,263	160,547,766	57,210,542	8,713,297
Personal Property	1,327,284	688,948	73,100	25,033
Exemptions	(25,412,392)	(18,878,375)	(8,360,521)	(16,565,547)
<b>TOTAL PROPERTY VALUATIONS</b>	<b>\$ 365,886,699</b>	<b>\$ 231,586,550</b>	<b>\$ 109,565,377</b>	<b>\$ 44,418,454</b>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.66	\$ 0.64	\$ 0.57	\$ 0.55
Road Maintenance	0.00	0.00	0.00	0.00
Maintenance	0.00	0.00	0.00	0.00
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<b>\$ 0.66</b>	<b>\$ 0.64</b>	<b>\$ 0.57</b>	<b>\$ 0.55</b>
<b>ADJUSTED TAX LEVY*</b>	<b>\$ 2,414,853</b>	<b>\$ 1,495,073</b>	<b>\$ 624,523</b>	<b>\$ 244,303</b>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>	<b>99.43 %</b>	<b>99.97 %</b>	<b>100.00 %</b>	<b>100.00 %</b>

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

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

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

See accompanying independent auditor’s report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Defined Area No. 2 Debt Service Taxes	
TAXES RECEIVABLE -		
OCTOBER 1, 2024	\$ 20,302	
Adjustments to Beginning		
Balance	(10,379)	\$ 9,923
Original 2024 Tax Levy	\$ 3,378,178	
Adjustment to 2024 Tax Levy	752,253	4,130,431
TOTAL TO BE		
ACCOUNTED FOR		\$ 4,140,354
 TAX COLLECTIONS:		
Prior Years	\$ 6,917	
Current Year	4,109,579	4,116,496
 TAXES RECEIVABLE -		
SEPTEMBER 30, 2025		\$ 23,858
 TAXES RECEIVABLE BY		
YEAR:		
2024		\$ 20,852
2023		3,006
TOTAL		\$ 23,858

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**TAXES LEVIED AND RECEIVABLE – DEFINED AREA NO. 2**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	2024	2023	2022	2021
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 215,112,402	\$ 166,285,204	\$ 59,358,181	\$ 24,899,308
Improvements	447,538,784	203,837,823	12,145,146	4,231,224
Personal Property	2,696,184	936,339	39,500	
Exemptions	(39,524,413)	(14,098,398)	(1,035,970)	(50,409)
<b>TOTAL PROPERTY VALUATIONS</b>	<b>\$ 625,822,957</b>	<b>\$ 356,960,968</b>	<b>\$ 70,506,857</b>	<b>\$ 29,080,123</b>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.66	\$ 0.64	\$ 0.57	\$ 0.00
Road Maintenance	0.00	0.00	0.00	0.00
Maintenance	0.00	0.00	0.00	0.55
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<b>\$ 0.66</b>	<b>\$ 0.64</b>	<b>\$ 0.57</b>	<b>\$ 0.55</b>
<b>ADJUSTED TAX LEVY*</b>	<b>\$ 4,130,431</b>	<b>\$ 2,284,550</b>	<b>\$ 401,889</b>	<b>\$ 159,940</b>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>	<b>99.50 %</b>	<b>99.87 %</b>	<b>100.00 %</b>	<b>100.00 %</b>

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

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

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

See accompanying independent auditor’s report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

REFUNDING SERIES - 2015

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 3,035,000	\$ 1,044,575	\$ 4,079,575
2027	3,135,000	952,025	4,087,025
2028	3,235,000	856,475	4,091,475
2029	3,340,000	753,675	4,093,675
2030	3,465,000	612,775	4,077,775
2031	4,055,000	424,775	4,479,775
2032		323,400	323,400
2033	4,525,000	244,213	4,769,213
2034	4,715,000	82,513	4,797,513
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	<u>\$ 29,505,000</u>	<u>\$ 5,294,426</u>	<u>\$ 34,799,426</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

S E R I E S - 2 0 1 5

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 955,000	\$ 634,713	\$ 1,589,713
2027	1,000,000	605,387	1,605,387
2028	1,045,000	574,060	1,619,060
2029	1,090,000	540,019	1,630,019
2030	1,145,000	502,984	1,647,984
2031	1,195,000	462,750	1,657,750
2032	1,250,000	419,963	1,669,963
2033	1,310,000	375,163	1,685,163
2034	1,370,000	327,407	1,697,407
2035	1,430,000	275,763	1,705,763
2036	1,495,000	220,919	1,715,919
2037	1,565,000	163,544	1,728,544
2038	1,640,000	101,400	1,741,400
2039	1,715,000	34,300	1,749,300
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	<u>\$ 18,205,000</u>	<u>\$ 5,238,372</u>	<u>\$ 23,443,372</u>

See accompanying independent auditor's report.

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

SERIES - 2017

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 1,040,000	\$ 753,256	\$ 1,793,256
2027	1,075,000	728,119	1,803,119
2028	1,120,000	699,981	1,819,981
2029	1,160,000	667,881	1,827,881
2030	1,205,000	632,406	1,837,406
2031	1,250,000	595,581	1,845,581
2032	1,300,000	557,331	1,857,331
2033	1,350,000	516,738	1,866,738
2034	1,400,000	472,894	1,872,894
2035	1,455,000	426,500	1,881,500
2036	1,510,000	378,319	1,888,319
2037	1,565,000	327,372	1,892,372
2038	1,625,000	273,541	1,898,541
2039	1,690,000	217,600	1,907,600
2040	1,755,000	159,466	1,914,466
2041	1,820,000	98,000	1,918,000
2042	1,890,000	33,075	1,923,075
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	<u>\$ 24,210,000</u>	<u>\$ 7,538,060</u>	<u>\$ 31,748,060</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

SERIES - 2018

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 115,000	\$ 102,843	\$ 217,843
2027	115,000	99,105	214,105
2028	120,000	95,288	215,288
2029	125,000	91,305	216,305
2030	130,000	87,000	217,000
2031	135,000	82,363	217,363
2032	140,000	77,200	217,200
2033	145,000	71,500	216,500
2034	150,000	65,600	215,600
2035	155,000	59,500	214,500
2036	165,000	53,100	218,100
2037	170,000	46,400	216,400
2038	175,000	40,375	215,375
2039	185,000	34,975	219,975
2040	190,000	28,400	218,400
2041	195,000	20,700	215,700
2042	205,000	12,700	217,700
2043	215,000	4,300	219,300
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	<u>\$ 2,830,000</u>	<u>\$ 1,072,654</u>	<u>\$ 3,902,654</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

SERIES - 2019

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 395,000	\$ 240,350	\$ 635,350
2027	410,000	232,300	642,300
2028	425,000	223,950	648,950
2029	440,000	215,300	655,300
2030	455,000	206,350	661,350
2031	470,000	197,100	667,100
2032	490,000	187,500	677,500
2033	505,000	177,234	682,234
2034	525,000	165,963	690,963
2035	540,000	153,981	693,981
2036	560,000	141,256	701,256
2037	580,000	127,719	707,719
2038	600,000	113,706	713,706
2039	625,000	98,769	723,769
2040	645,000	82,491	727,491
2041	670,000	65,231	735,231
2042	690,000	47,381	737,381
2043	715,000	28,941	743,941
2044	745,000	9,778	754,778
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	<u>\$ 10,485,000</u>	<u>\$ 2,715,300</u>	<u>\$ 13,200,300</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

SERIES - 2020

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 1,480,000	\$ 724,800	\$ 2,204,800
2027	1,520,000	709,800	2,229,800
2028	1,560,000	692,450	2,252,450
2029	1,605,000	672,669	2,277,669
2030	1,650,000	650,263	2,300,263
2031	1,695,000	625,175	2,320,175
2032	1,745,000	597,194	2,342,194
2033	1,790,000	564,025	2,354,025
2034	1,840,000	527,725	2,367,725
2035	1,895,000	490,375	2,385,375
2036	1,945,000	451,975	2,396,975
2037	2,000,000	412,525	2,412,525
2038	2,055,000	371,975	2,426,975
2039	2,115,000	330,275	2,445,275
2040	2,170,000	287,425	2,457,425
2041	2,235,000	240,581	2,475,581
2042	2,295,000	189,619	2,484,619
2043	2,360,000	137,250	2,497,250
2044	2,425,000	83,419	2,508,419
2045	2,495,000	28,069	2,523,069
2046			
2047			
2048			
2049			
2050			
2051			
	<u>\$ 38,875,000</u>	<u>\$ 8,787,589</u>	<u>\$ 47,662,589</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

REFUNDING SERIES - 2020

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 340,000	\$ 32,700	\$ 372,700
2027	350,000	25,800	375,800
2028	360,000	18,700	378,700
2029	375,000	11,350	386,350
2030	380,000	3,800	383,800
2031			
2032			
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2046			
2047			
2048			
2049			
2050			
2051			
	<u>\$ 1,805,000</u>	<u>\$ 92,350</u>	<u>\$ 1,897,350</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

REFUNDING SERIES - 2021

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 750,000	\$ 221,000	\$ 971,000
2027	775,000	198,125	973,125
2028	800,000	178,500	978,500
2029	835,000	162,150	997,150
2030	855,000	145,250	1,000,250
2031	520,000	131,500	651,500
2032	535,000	118,275	653,275
2033	560,000	101,850	661,850
2034	580,000	84,750	664,750
2035	600,000	67,050	667,050
2036	625,000	48,675	673,675
2037	640,000	29,700	669,700
2038	670,000	10,050	680,050
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	<u>\$ 8,745,000</u>	<u>\$ 1,496,875</u>	<u>\$ 10,241,875</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

DEFINED AREA NO. 1 ROAD SERIES - 2022

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 220,000	\$ 253,687	\$ 473,687
2027	230,000	242,438	472,438
2028	240,000	231,287	471,287
2029	245,000	220,375	465,375
2030	255,000	209,763	464,763
2031	265,000	199,362	464,362
2032	275,000	188,563	463,563
2033	285,000	177,362	462,362
2034	295,000	166,500	461,500
2035	305,000	156,000	461,000
2036	315,000	145,150	460,150
2037	325,000	133,950	458,950
2038	340,000	123,163	463,163
2039	350,000	112,812	462,812
2040	360,000	102,163	462,163
2041	375,000	91,137	466,137
2042	390,000	79,663	469,663
2043	405,000	67,484	472,484
2044	415,000	54,672	469,672
2045	430,000	41,469	471,469
2046	445,000	29,187	474,187
2047	465,000	17,813	482,813
2048	480,000	6,000	486,000
2049			
2050			
2051			
	<u>\$ 7,710,000</u>	<u>\$ 3,050,000</u>	<u>\$ 10,760,000</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

DEFINED AREA NO. 2 ROAD SERIES - 2022

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 135,000	\$ 148,260	\$ 283,260
2027	140,000	144,135	284,135
2028	145,000	139,860	284,860
2029	150,000	135,435	285,435
2030	155,000	130,860	285,860
2031	160,000	126,135	286,135
2032	165,000	121,178	286,178
2033	170,000	115,985	285,985
2034	175,000	110,637	285,637
2035	185,000	104,965	289,965
2036	190,000	98,965	288,965
2037	195,000	92,805	287,805
2038	205,000	86,302	291,302
2039	210,000	79,455	289,455
2040	220,000	72,360	292,360
2041	225,000	65,018	290,018
2042	235,000	57,369	292,369
2043	245,000	49,329	294,329
2044	250,000	41,037	291,037
2045	260,000	32,495	292,495
2046	270,000	23,617	293,617
2047	280,000	14,405	294,405
2048	290,000	4,858	294,858
2049			
2050			
2051			
	<u>\$ 4,655,000</u>	<u>\$ 1,995,465</u>	<u>\$ 6,650,465</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

S E R I E S - 2 0 2 2

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 1,135,000	\$ 1,751,250	\$ 2,886,250
2027	1,115,000	1,706,250	2,821,250
2028	1,085,000	1,662,250	2,747,250
2029	1,045,000	1,619,650	2,664,650
2030	1,045,000	1,577,850	2,622,850
2031	1,380,000	1,529,350	2,909,350
2032	5,620,000	1,389,350	7,009,350
2033	1,265,000	1,251,650	2,516,650
2034	1,240,000	1,201,550	2,441,550
2035	2,065,000	1,135,450	3,200,450
2036	2,150,000	1,051,150	3,201,150
2037	2,235,000	974,625	3,209,625
2038	2,330,000	906,150	3,236,150
2039	2,420,000	834,900	3,254,900
2040	2,520,000	748,200	3,268,200
2041	2,625,000	645,300	3,270,300
2042	2,730,000	538,200	3,268,200
2043	2,845,000	426,700	3,271,700
2044	2,960,000	310,600	3,270,600
2045	3,080,000	189,800	3,269,800
2046	3,205,000	64,100	3,269,100
2047			
2048			
2049			
2050			
2051			
	<u>\$ 46,095,000</u>	<u>\$ 21,514,325</u>	<u>\$ 67,609,325</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

DEFINED AREA NO. 1 ROAD SERIES - 2022A

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 130,000	\$ 310,387	\$ 440,387
2027	140,000	300,612	440,612
2028	145,000	290,637	435,637
2029	155,000	280,719	435,719
2030	160,000	270,875	430,875
2031	170,000	260,563	430,563
2032	180,000	250,750	430,750
2033	185,000	241,625	426,625
2034	195,000	232,125	427,125
2035	205,000	222,125	427,125
2036	220,000	211,500	431,500
2037	230,000	200,250	430,250
2038	240,000	188,500	428,500
2039	255,000	176,125	431,125
2040	265,000	163,125	428,125
2041	280,000	149,500	429,500
2042	295,000	135,125	430,125
2043	310,000	120,000	430,000
2044	330,000	104,000	434,000
2045	345,000	87,125	432,125
2046	365,000	69,375	434,375
2047	380,000	50,750	430,750
2048	400,000	31,250	431,250
2049	425,000	10,625	435,625
2050			
2051			
	<u>\$ 6,005,000</u>	<u>\$ 4,357,668</u>	<u>\$ 10,362,668</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

DEFINED AREA NO.2 ROAD SERIES - 2022A

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 85,000	\$ 213,037	\$ 298,037
2027	90,000	206,475	296,475
2028	95,000	199,656	294,656
2029	100,000	192,838	292,838
2030	105,000	185,919	290,919
2031	110,000	178,662	288,662
2032	120,000	171,350	291,350
2033	125,000	164,000	289,000
2034	130,000	157,000	287,000
2035	140,000	150,250	290,250
2036	145,000	143,125	288,125
2037	155,000	135,625	290,625
2038	160,000	127,750	287,750
2039	170,000	119,500	289,500
2040	180,000	110,750	290,750
2041	190,000	101,500	291,500
2042	200,000	91,750	291,750
2043	210,000	81,500	291,500
2044	220,000	70,750	290,750
2045	235,000	59,375	294,375
2046	245,000	47,375	292,375
2047	260,000	34,750	294,750
2048	275,000	21,375	296,375
2049	290,000	7,250	297,250
2050			
2051			
	<u>\$ 4,035,000</u>	<u>\$ 2,971,562</u>	<u>\$ 7,006,562</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

DEFINED AREA NO. 2 ROAD SERIES - 2023

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 145,000	\$ 302,538	\$ 447,538
2027	155,000	293,112	448,112
2028	160,000	283,038	443,038
2029	170,000	272,637	442,637
2030	175,000	261,588	436,588
2031	185,000	251,962	436,962
2032	195,000	244,563	439,563
2033	205,000	236,762	441,762
2034	215,000	228,563	443,563
2035	225,000	219,962	444,962
2036	235,000	210,963	445,963
2037	250,000	201,562	451,562
2038	260,000	191,562	451,562
2039	275,000	181,163	456,163
2040	290,000	170,162	460,162
2041	305,000	158,563	463,563
2042	320,000	146,362	466,362
2043	335,000	133,563	468,563
2044	350,000	119,744	469,744
2045	370,000	105,306	475,306
2046	385,000	90,044	475,044
2047	405,000	74,162	479,162
2048	425,000	56,950	481,950
2049	445,000	38,888	483,888
2050	470,000	19,975	489,975
2051			
	<u>\$ 6,950,000</u>	<u>\$ 4,493,694</u>	<u>\$ 11,443,694</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

S E R I E S - 2 0 2 3

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 855,000	\$ 1,734,525	\$ 2,589,525
2027	900,000	1,699,425	2,599,425
2028	940,000	1,662,625	2,602,625
2029	990,000	1,624,025	2,614,025
2030	1,035,000	1,583,525	2,618,525
2031	1,085,000	1,541,125	2,626,125
2032	1,140,000	1,496,625	2,636,625
2033	1,195,000	1,449,925	2,644,925
2034	1,255,000	1,400,925	2,655,925
2035	1,315,000	1,349,525	2,664,525
2036	1,375,000	1,295,725	2,670,725
2037	1,445,000	1,239,325	2,684,325
2038	1,515,000	1,180,125	2,695,125
2039	480,000	1,140,225	1,620,225
2040	2,260,000	1,085,425	3,345,425
2041	2,340,000	993,425	3,333,425
2042	2,440,000	897,825	3,337,825
2043	4,500,000	759,025	5,259,025
2044	4,925,000	570,525	5,495,525
2045	5,925,000	353,525	6,278,525
2046	2,700,000	177,650	2,877,650
2047	2,830,000	60,137	2,890,137
2048			
2049			
2050			
2051			
	<u>\$ 43,445,000</u>	<u>\$ 25,295,187</u>	<u>\$ 68,740,187</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

DEFINED AREA NO. 1 ROAD SERIES - 2023

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 240,000	\$ 627,513	\$ 867,513
2027	255,000	610,188	865,188
2028	275,000	592,638	867,638
2029	290,000	574,038	864,038
2030	310,000	558,313	868,313
2031	325,000	543,250	868,250
2032	345,000	528,175	873,175
2033	370,000	512,088	882,088
2034	390,000	494,988	884,988
2035	415,000	476,356	891,356
2036	440,000	455,500	895,500
2037	470,000	433,338	903,338
2038	500,000	410,300	910,300
2039	530,000	385,838	915,838
2040	560,000	359,250	919,250
2041	595,000	330,375	925,375
2042	635,000	299,625	934,625
2043	670,000	267,000	937,000
2044	715,000	232,375	947,375
2045	760,000	195,500	955,500
2046	805,000	156,375	961,375
2047	855,000	114,875	969,875
2048	905,000	70,875	975,875
2049	965,000	24,124	989,124
2050			
2051			
	<u>\$ 12,620,000</u>	<u>\$ 9,252,897</u>	<u>\$ 21,872,897</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

DEFINED AREA NO. 2 ROAD SERIES - 2023 A

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 220,000	\$ 623,550	\$ 843,550
2027	235,000	607,625	842,625
2028	250,000	590,650	840,650
2029	265,000	572,625	837,625
2030	280,000	556,350	836,350
2031	300,000	542,600	842,600
2032	315,000	528,763	843,763
2033	335,000	514,138	849,138
2034	355,000	498,613	853,613
2035	380,000	481,600	861,600
2036	405,000	462,450	867,450
2037	430,000	442,113	872,113
2038	455,000	421,094	876,094
2039	485,000	398,769	883,769
2040	510,000	374,500	884,500
2041	545,000	348,125	893,125
2042	575,000	320,125	895,125
2043	615,000	290,375	905,375
2044	650,000	258,750	908,750
2045	690,000	225,250	915,250
2046	735,000	189,625	924,625
2047	780,000	151,750	931,750
2048	830,000	111,500	941,500
2049	880,000	68,750	948,750
2050	935,000	23,375	958,375
2051			
	<u>\$ 12,455,000</u>	<u>\$ 9,603,065</u>	<u>\$ 22,058,065</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

DEFINED AREA NO. 2 PARK SERIES - 2024

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 250,000	\$ 464,900	\$ 714,900
2027	260,000	452,150	712,150
2028	270,000	438,900	708,900
2029	285,000	425,025	710,025
2030	295,000	410,525	705,525
2031	310,000	395,400	705,400
2032	325,000	379,525	704,525
2033	340,000	362,900	702,900
2034	355,000	347,300	702,300
2035	370,000	332,800	702,800
2036	390,000	317,600	707,600
2037	405,000	301,700	706,700
2038	425,000	285,100	710,100
2039	445,000	267,700	712,700
2040	465,000	249,500	714,500
2041	485,000	230,500	715,500
2042	510,000	210,600	720,600
2043	535,000	189,700	724,700
2044	555,000	167,900	722,900
2045	585,000	145,100	730,100
2046	610,000	121,200	731,200
2047	635,000	96,300	731,300
2048	665,000	70,300	735,300
2049	695,000	43,100	738,100
2050	730,000	14,600	744,600
2051			
	<u>\$ 11,195,000</u>	<u>\$ 6,720,325</u>	<u>\$ 17,915,325</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

DEFINED AREA NO. 1 ROAD SERIES - 2024

Due During Fiscal Years Ending September 30	Principal Due March	Interest Due March 1/ September 1	Total
2026	\$ 305,000	\$ 561,156	\$ 866,156
2027	320,000	543,969	863,969
2028	335,000	525,956	860,956
2029	350,000	507,775	857,775
2030	365,000	489,681	854,681
2031	380,000	472,956	852,956
2032	395,000	457,456	852,456
2033	415,000	441,256	856,256
2034	435,000	424,256	859,256
2035	455,000	406,456	861,456
2036	475,000	387,856	862,856
2037	495,000	368,456	863,456
2038	520,000	348,156	868,156
2039	540,000	326,956	866,956
2040	565,000	304,856	869,856
2041	590,000	281,756	871,756
2042	615,000	257,656	872,656
2043	645,000	232,456	877,456
2044	675,000	206,056	881,056
2045	705,000	178,456	883,456
2046	735,000	149,656	884,656
2047	770,000	119,556	889,556
2048	805,000	87,553	892,553
2049	840,000	53,625	893,625
2050	880,000	18,150	898,150
2051			
	<u>\$ 13,610,000</u>	<u>\$ 8,152,117</u>	<u>\$ 21,762,117</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

DEFINED AREA NO. 2 ROAD SERIES - 2024

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 455,000	\$ 821,825	\$ 1,276,825
2027	475,000	798,575	1,273,575
2028	495,000	774,325	1,269,325
2029	515,000	749,075	1,264,075
2030	540,000	722,700	1,262,700
2031	565,000	697,900	1,262,900
2032	590,000	674,800	1,264,800
2033	615,000	650,700	1,265,700
2034	645,000	625,500	1,270,500
2035	675,000	599,100	1,274,100
2036	705,000	571,500	1,276,500
2037	735,000	542,700	1,277,700
2038	770,000	512,600	1,282,600
2039	805,000	481,100	1,286,100
2040	840,000	448,200	1,288,200
2041	875,000	413,900	1,288,900
2042	915,000	378,100	1,293,100
2043	960,000	340,600	1,300,600
2044	1,000,000	301,400	1,301,400
2045	1,045,000	260,500	1,305,500
2046	1,095,000	217,700	1,312,700
2047	1,145,000	172,900	1,317,900
2048	1,195,000	126,100	1,321,100
2049	1,250,000	77,200	1,327,200
2050	1,305,000	26,100	1,331,100
2051			
	<u>\$ 20,210,000</u>	<u>\$ 11,985,100</u>	<u>\$ 32,195,100</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

S E R I E S - 2 0 2 4

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 1,155,000	\$ 1,830,184	\$ 2,985,184
2027	1,200,000	1,761,006	2,961,006
2028	1,250,000	1,689,038	2,939,038
2029	1,300,000	1,614,131	2,914,131
2030	1,355,000	1,536,141	2,891,141
2031	1,410,000	1,454,919	2,864,919
2032	1,465,000	1,370,466	2,835,466
2033	1,525,000	1,291,213	2,816,213
2034	1,590,000	1,223,194	2,813,194
2035	1,655,000	1,158,294	2,813,294
2036	1,720,000	1,090,794	2,810,794
2037	1,790,000	1,020,594	2,810,594
2038	1,865,000	947,494	2,812,494
2039	1,940,000	871,394	2,811,394
2040	2,020,000	798,506	2,818,506
2041	2,105,000	728,897	2,833,897
2042	2,190,000	656,419	2,846,419
2043	2,280,000	580,988	2,860,988
2044	2,370,000	502,519	2,872,519
2045	2,470,000	420,844	2,890,844
2046	2,570,000	335,794	2,905,794
2047	2,675,000	245,613	2,920,613
2048	2,785,000	150,063	2,935,063
2049	2,895,000	50,658	2,945,658
2050			
2051			
	<u>\$ 45,580,000</u>	<u>\$ 23,329,163</u>	<u>\$ 68,909,163</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

DEFINED AREA NO.2 PARK SERIES - 2024A

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$ 150,000	\$ 306,794	\$ 456,794
2027	155,000	296,881	451,881
2028	165,000	286,481	451,481
2029	170,000	275,594	445,594
2030	180,000	264,219	444,219
2031	185,000	253,744	438,744
2032	195,000	245,219	440,219
2033	205,000	237,219	442,219
2034	210,000	228,919	438,919
2035	220,000	220,319	440,319
2036	230,000	211,319	441,319
2037	240,000	201,919	441,919
2038	250,000	192,119	442,119
2039	260,000	181,919	441,919
2040	270,000	171,319	441,319
2041	285,000	160,219	445,219
2042	295,000	148,434	443,434
2043	310,000	135,956	445,956
2044	325,000	122,859	447,859
2045	335,000	109,038	444,038
2046	350,000	94,481	444,481
2047	365,000	79,288	444,288
2048	385,000	63,109	448,109
2049	400,000	45,938	445,938
2050	415,000	28,109	443,109
2051	435,000	9,513	444,513
	<u>\$ 6,985,000</u>	<u>\$ 4,570,928</u>	<u>\$ 11,555,928</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

S E R I E S - 2 0 2 5

Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	\$	\$ 2,532,519	\$ 2,532,519
2027	480,000	2,516,919	2,996,919
2028	500,000	2,485,069	2,985,069
2029	520,000	2,451,919	2,971,919
2030	540,000	2,417,469	2,957,469
2031	565,000	2,381,556	2,946,556
2032	585,000	2,348,569	2,933,569
2033	610,000	2,318,694	2,928,694
2034	640,000	2,287,444	2,927,444
2035	665,000	2,254,819	2,919,819
2036	690,000	2,220,944	2,910,944
2037	720,000	2,189,294	2,909,294
2038	750,000	2,159,894	2,909,894
2039	785,000	2,129,194	2,914,194
2040	815,000	2,097,194	2,912,194
2041	850,000	2,063,894	2,913,894
2042	885,000	2,029,194	2,914,194
2043	925,000	1,992,994	2,917,994
2044	965,000	1,954,591	2,919,591
2045	1,005,000	1,913,959	2,918,959
2046	5,090,000	1,788,250	6,878,250
2047	7,095,000	1,536,934	8,631,934
2048	8,985,000	1,199,669	10,184,669
2049	9,355,000	809,944	10,164,944
2050	7,040,000	461,550	7,501,550
2051	7,340,000	155,971	7,495,971
	<u>\$ 58,400,000</u>	<u>\$ 50,698,447</u>	<u>\$ 109,098,447</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2025**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending March 31	Total Principal Due	Total Interest Due	Total Principal Interest Due
2026	\$ 13,590,000	\$ 16,236,362	\$ 29,826,362
2027	14,530,000	15,730,421	30,260,421
2028	15,015,000	15,191,814	30,206,814
2029	15,520,000	14,630,210	30,150,210
2030	16,080,000	14,016,606	30,096,606
2031	16,715,000	13,348,728	30,063,728
2032	17,370,000	12,676,215	30,046,215
2033	18,030,000	12,016,240	30,046,240
2034	18,705,000	11,354,366	30,059,366
2035	15,350,000	10,741,190	26,091,190
2036	15,985,000	10,168,785	26,153,785
2037	16,640,000	9,585,516	26,225,516
2038	17,350,000	8,991,356	26,341,356
2039	16,280,000	8,402,969	24,682,969
2040	16,900,000	7,813,292	24,713,292
2041	17,590,000	7,186,621	24,776,621
2042	18,310,000	6,529,222	24,839,222
2043	19,080,000	5,838,161	24,918,161
2044	19,875,000	5,110,975	24,985,975
2045	20,735,000	4,345,811	25,080,811
2046	19,605,000	3,554,429	23,159,429
2047	18,940,000	2,769,233	21,709,233
2048	18,425,000	1,999,602	20,424,602
2049	18,440,000	1,230,102	19,670,102
2050	11,775,000	591,859	12,366,859
2051	7,775,000	165,484	7,940,484
	<u>\$ 434,610,000</u>	<u>\$ 220,225,569</u>	<u>\$ 654,835,569</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**CHANGE IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Description	Original Original Bonds Issued	Bonds Outstanding October 1, 2024
Harris County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2015	\$ 49,045,000	\$ 32,385,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2015	25,720,000	19,120,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2017	30,970,000	25,210,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2018	3,535,000	2,940,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2019	12,600,000	10,865,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2020	44,400,000	40,315,000
Harris County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2020	2,515,000	2,140,000
Harris County Municipal Utility District No. 165 Unlimited Tax Refunding Bonds - Series 2021	10,305,000	9,465,000
Harris County Municipal Utility District No. 165 Defined Area No. 1 Unlimited Tax Road Bonds - Series 2022	8,130,000	7,925,000
Harris County Municipal Utility District No. 165 Defined Area No. 2 Unlimited Tax Road Bonds - Series 2022	4,910,000	4,785,000
Harris County Municipal Utility District No. 165 Unlimited Tax Bonds - Series 2022	50,450,000	47,265,000

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding September 30, 2025	
	Principal	Interest		
\$	\$ 2,880,000	\$ 1,162,100	\$ 29,505,000	Amegy Bank, N.A. Houston, Texas
	915,000	662,763	18,205,000	Amegy Bank, N.A. Houston, Texas
	1,000,000	784,956	24,210,000	Amegy Bank, N.A. Houston, Texas
	110,000	106,363	2,830,000	Zions Bancorporation, NA Houston, Texas
	380,000	251,900	10,485,000	Zions Bancorporation, NA Houston, Texas
	1,440,000	753,800	38,875,000	Zions Bancorporation, NA Houston, Texas
	335,000	41,125	1,805,000	Zions Bancorporation, NA Houston, Texas
	720,000	243,050	8,745,000	Zions Bancorporation, NA Houston, Texas
	215,000	264,563	7,710,000	Zions Bancorporation, NA Houston, Texas
	130,000	152,235	4,655,000	Zions Bancorporation, NA Houston, Texas
	1,170,000	1,791,500	46,095,000	Zions Bancorporation, NA Houston, Texas

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**CHANGE IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Description	Original Original Bonds Issued	Bonds Outstanding October 1, 2024
Harris County Municipal Utility District No. 165		
Defined Area No. 1 Unlimited Tax Road Bonds - Series 2022A	\$ 6,250,000	\$ 6,130,000
Harris County Municipal Utility District No. 165		
Defined Area No. 2 Unlimited Tax Road Bonds - Series 2022A	4,200,000	4,120,000
Harris County Municipal Utility District No. 165		
Defined Area No. 2 Unlimited Tax Road Bonds - Series 2023	7,090,000	7,090,000
Harris County Municipal Utility District No. 165		
Unlimited Tax Bonds - Series 2023	44,260,000	44,260,000
Harris County Municipal Utility District No. 165		
Defined Area No. 1 Unlimited Tax Road Bonds - Series 2023	12,850,000	12,850,000
Harris County Municipal Utility District No. 165		
Defined Area No. 2 Unlimited Tax Road Bonds - Series 2023A	12,665,000	12,665,000
Harris County Municipal Utility District No. 165		
Defined Area No. 2 Unlimited Tax Park Bonds - Series 2024	11,195,000	11,195,000
Harris County Municipal Utility District No. 165		
Defined Area No. 1 Unlimited Tax Road Bonds - Series 2024	13,610,000	13,610,000
Harris County Municipal Utility District No. 165		
Defined Area No. 2 Unlimited Tax Road Bonds - Series 2024	20,210,000	20,210,000
Harris County Municipal Utility District No. 165		
Unlimited Tax Bonds - Series 2024	45,580,000	
Harris County Municipal Utility District No. 165		
Defined Area No. 2 Unlimited Tax Park Bonds - Series 2024A	6,985,000	
Harris County Municipal Utility District No. 165		
Unlimited Tax Bonds - Series 2025	<u>58,400,000</u>	
<b>TOTAL</b>	<u><u>\$ 485,875,000</u></u>	<u><u>\$ 334,545,000</u></u>

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding September 30, 2025	
	Principal	Interest		
\$	\$ 125,000	\$ 319,950	\$ 6,005,000	Zions Bancorporation, NA Houston, Texas
	85,000	219,412	4,035,000	Zions Bancorporation, NA Houston, Texas
	140,000	307,088	6,950,000	Zions Bancorporation, NA Houston, Texas
	815,000	1,767,925	43,445,000	Zions Bancorporation, NA Houston, Texas
	230,000	643,962	12,620,000	Zions Bancorporation, NA Houston, Texas
	210,000	638,075	12,455,000	Zions Bancorporation, NA Houston, Texas
		465,915	11,195,000	Zions Bancorporation, NA Houston, Texas
		777,653	13,610,000	Zions Bancorporation, NA Houston, Texas
		563,215	20,210,000	Zions Bancorporation, NA Houston, Texas
45,580,000		1,558,605	45,580,000	Zions Bancorporation, NA Houston, Texas
6,985,000		230,289	6,985,000	Zions Bancorporation, NA Houston, Texas
<u>58,400,000</u>		<u>1,231,085</u>	<u>58,400,000</u>	Zions Bancorporation, NA Houston, Texas
<u>\$ 110,965,000</u>	<u>\$ 10,900,000</u>	<u>\$ 14,937,529</u>	<u>\$ 434,610,000</u>	

See accompanying independent auditor's report.

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

District Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>	<u>Recreational Bonds</u>	
Amount Authorized by Voters	\$ 665,684,000	\$ 8,000,000	\$ 16,000,000	
Amount Issued	<u>417,500,000</u>	<u>3,222,266</u>	<u>                    </u>	
Remaining to be Issued	<u>\$ 248,184,000</u>	<u>\$ 4,777,734</u>	<u>\$ 16,000,000</u>	
Defined Area No. 1 Bond Authority:	<u>Tax and Refunding Bonds</u>	<u>Recreational and Refunding Bonds</u>	<u>Road and Refunding Bonds</u>	
Amount Authorized by Voters	\$ 281,255,000	\$ 43,995,000	\$ 149,440,000	
Amount Issued	<u>                    </u>	<u>                    </u>	<u>40,840,000</u>	
Remaining to be Issued	<u>\$ 281,255,000</u>	<u>\$ 43,995,000</u>	<u>\$ 108,600,000</u>	
Defined Area No. 2 Bond Authority:	<u>Tax Bonds</u>	<u>Road Bonds</u>	<u>Recreational Bonds</u>	<u>Refunding Bonds*</u>
Amount Authorized by Voters	\$ 277,673,000	\$ 155,836,000	\$ 36,431,000	\$ 87,954,406
Amount Issued	<u>                    </u>	<u>49,075,000</u>	<u>18,180,000</u>	<u>                    </u>
Remaining to be Issued	<u>\$ 277,673,000</u>	<u>\$ 106,761,000</u>	<u>\$ 18,251,000</u>	<u>\$ 87,954,406</u>

\* For utility, road and recreational facilities combined.

Debt Service Fund cash and investment balances as of September 30, 2025:	<u>\$ 23,342,332</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 25,185,983</u>

**HARRIS 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	\$ 8,819,403	\$ 7,496,076	\$ 6,148,037
Water Service	4,744,739	4,332,579	4,071,788
Wastewater Service	5,357,924	4,711,903	3,895,113
Penalty and Interest	487,269	489,720	407,344
Tap Connection and Inspection Fees	2,557,027	2,150,631	3,029,342
Sales Tax Revenues	194,056	166,308	156,438
Regional Water Authority Fee	5,666,114	4,954,672	5,137,992
Investment Revenues	1,329,462	1,500,226	1,101,065
Miscellaneous Revenues	133,738	219,448	168,588
<b>TOTAL REVENUES</b>	<b>\$ 29,289,732</b>	<b>\$ 26,021,563</b>	<b>\$ 24,115,707</b>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 1,114,166	\$ 971,094	\$ 1,081,354
Contracted Services	5,914,962	5,663,027	4,898,338
Purchased Water Service	2,111,229	2,142,424	2,258,555
Purchased Wastewater Service	1,284,943	593,223	630,031
Utilities	765,319	720,664	563,023
Regional Water Authority Assessment	3,700,427	3,386,394	3,018,721
Repairs and Maintenance	4,517,101	4,942,248	3,340,058
Parks and Recreation	398,994	135,148	261,450
Other	3,131,685	2,920,808	1,905,143
Capital Outlay	2,202,389	2,889,858	1,310,450
<b>TOTAL EXPENDITURES</b>	<b>\$ 25,141,215</b>	<b>\$ 24,364,888</b>	<b>\$ 19,267,123</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 4,148,517</b>	<b>\$ 1,656,675</b>	<b>\$ 4,848,584</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In(Out)	\$ (11,224)	\$ -0-	\$ 342,753
Contributed by Other Governmental Units			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (11,224)</b>	<b>\$ - 0 -</b>	<b>\$ 342,753</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 4,137,293</b>	<b>\$ 1,656,675</b>	<b>\$ 5,191,337</b>
<b>BEGINNING FUND BALANCE</b>	<b>30,037,710</b>	<b>28,381,035</b>	<b>23,189,698</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 34,175,003</b>	<b>\$ 30,037,710</b>	<b>\$ 28,381,035</b>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2022	2021	2025	2024	2023	2022	2021
\$ 4,904,202	\$ 3,648,401	30.1 %	28.9 %	25.4 %	27.4 %	26.6 %
3,837,761	3,172,370	16.2	16.6	16.9	21.4	23.0
3,490,730	3,164,353	18.3	18.1	16.2	19.5	23.0
221,235	4,695	1.7	1.9	1.7	1.2	
1,524,498	589,658	8.7	8.3	12.6	8.5	4.3
146,118	135,303	0.7	0.6	0.6	0.8	1.0
3,661,902	3,034,065	19.3	19.0	21.3	20.4	22.0
139,429	15,402	4.5	5.8	4.6	0.8	0.1
962		0.5	0.8	0.7		
<u>\$ 17,926,837</u>	<u>\$ 13,764,247</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 992,087	\$ 1,083,950	3.8 %	3.7 %	4.5 %	5.5 %	7.9 %
4,174,396	3,682,159	20.2	21.8	20.3	23.3	26.8
2,169,618	19,902	7.2	8.2	9.4	12.1	0.1
541,828		4.4	2.3	2.6	3.0	
438,695	345,355	2.6	2.8	2.3	2.4	2.5
1,663,478	3,042,132	12.6	13.0	12.5	9.3	22.1
2,547,431	2,215,086	15.4	19.0	13.9	14.2	16.1
193,004	150,725	1.4	0.5	1.1	1.1	1.1
1,290,890	848,896	10.7	11.2	7.9	7.2	6.2
1,003,751	958,631	7.5	11.1	5.4	5.6	7.0
<u>\$ 15,015,178</u>	<u>\$ 12,346,836</u>	<u>85.8 %</u>	<u>93.6 %</u>	<u>79.9 %</u>	<u>83.7 %</u>	<u>89.8 %</u>
<u>\$ 2,911,659</u>	<u>\$ 1,417,411</u>	<u>14.2 %</u>	<u>6.4 %</u>	<u>20.1 %</u>	<u>16.3 %</u>	<u>10.2 %</u>
\$ 187,955	\$ 234,352					
29,573	459,230					
<u>\$ 217,528</u>	<u>\$ 693,582</u>					
\$ 3,129,187	\$ 2,110,993					
20,060,511	17,949,518					
<u>\$ 23,189,698</u>	<u>\$ 20,060,511</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Property Taxes	\$ 27,344,268	\$ 21,990,940	\$ 17,519,241
Penalty and Interest	293,293	323,913	209,500
Investment Revenues	1,223,890	1,134,363	785,588
Miscellaneous Revenues	290	13,122	
<b>TOTAL REVENUES</b>	<b>\$ 28,861,741</b>	<b>\$ 23,462,338</b>	<b>\$ 18,514,329</b>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 669,824	\$ 568,653	\$ 395,763
Debt Service Principal	10,900,000	9,135,000	8,300,000
Debt Service Interest and Fees	14,948,529	10,287,305	7,270,301
Bond Issuance Costs			
<b>TOTAL EXPENDITURES</b>	<b>\$ 26,518,353</b>	<b>\$ 19,990,958</b>	<b>\$ 15,966,064</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 2,343,388</b>	<b>\$ 3,471,380</b>	<b>\$ 2,548,265</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In	\$ 11,224	\$	\$
Long-Term Debt Issued	155,834	1,172,522	540,382
Payment to Refunded Bond Escrow Agent Bond Premium			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 167,058</b>	<b>\$ 1,172,522</b>	<b>\$ 540,382</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 2,510,446</b>	<b>\$ 4,643,902</b>	<b>\$ 3,088,647</b>
<b>BEGINNING FUND BALANCE</b>	<b>20,654,971</b>	<b>16,011,069</b>	<b>12,922,422</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 23,165,417</b>	<b>\$ 20,654,971</b>	<b>\$ 16,011,069</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>12,090</b>	<b>11,199</b>	<b>9,858</b>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>11,799</b>	<b>10,929</b>	<b>9,598</b>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2022	2021	2025	2024	2023	2022	2021
\$ 14,296,760	\$ 13,235,135	94.8 %	93.7 %	94.7 %	98.0 %	98.4 %
192,086	206,559	1.0	1.4	1.1	1.3	1.5
96,674	8,713	4.2	4.8	4.2	0.7	0.1
			0.1			
<u>\$ 14,585,520</u>	<u>\$ 13,450,407</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 376,550	\$ 309,394	2.3 %	2.4 %	2.1 %	2.6 %	2.3 %
6,590,000	4,980,000	37.8	38.9	44.8	45.2	37.0
5,347,493	4,838,781	51.8	43.8	39.3	36.7	36.0
<u>376,814</u>	<u>133,254</u>				<u>2.6</u>	<u>1.0</u>
<u>\$ 12,690,857</u>	<u>\$ 10,261,429</u>	<u>91.9 %</u>	<u>85.1 %</u>	<u>86.2 %</u>	<u>87.1 %</u>	<u>76.3 %</u>
\$ 1,894,663	\$ 3,188,978	8.1 %	14.9 %	13.8 %	12.9 %	23.7 %
\$ 10,743,122	\$ 2,515,000					
(10,415,712)	(2,478,352)					
482,850	93,266					
<u>\$ 810,260</u>	<u>\$ 129,914</u>					
\$ 2,704,923	\$ 3,318,892					
<u>10,217,499</u>	<u>6,898,607</u>					
<u>\$ 12,922,422</u>	<u>\$ 10,217,499</u>					
<u>9,085</u>	<u>8,311</u>					
<u>8,854</u>	<u>8,112</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**SEPTEMBER 30, 2025**

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

District Telephone Number - (713) 860-6400

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2025	Expense Reimbursements for the year ended September, 2025	Title
Alan Bentson	05/24 05/28 (Elected)	\$ 6,758	\$ 2,182	President/ Investment Officer
David Molina	05/22 05/26 (Elected)	\$ 7,072	\$ 4,092	Vice President
Wayne Green	05/22 05/26 (Elected)	\$ 7,200	\$ 3,146	Secretary
Scott Barr	05/22 05/26 (Elected)	\$ 3,094	\$ 364	Assistant Vice President
Scott Nilsson	05/24 05/28 (Elected)	\$ 3,536	\$ 639	Assistant Secretary

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

Submission date of most recent District Registration Form: December 4, 2025.

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

See accompanying independent auditor’s report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 165**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**SEPTEMBER 30, 2025**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2025</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	07/28/03	\$ 442,508 \$ 1,555,860	General Counsel Bond/BAN Related
McCall Gibson Swedlund Barfoot PLLC	08/08/24	\$ 34,000 \$ 60,000	Auditor Bond/BAN Related
FORVIS, LLP	06/27/85- 08/08/24	\$ 50,400	Bond/BAN Related
Myrtle Cruz, Inc.	03/01/04- 11/30/25	\$ 89,534 \$ 33,150	Bookkeeper Bond/BAN Related
EEPB Company	09/01/25	\$ -0-	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, LP	04/25/85	\$ 133,819	Delinquent Tax Attorney
DAC Engineering	06/02/11	\$ 2,072,438	Engineer
Robert W. Baird & Co. Incorporated	02/05/15	\$ 1,831,064	Financial Advisor
H2O Consulting, Inc.	06/01/12	\$ 5,554,915	Operator
Bob Leard Interests	01/04/79	\$ 252,638 \$ 10,000	Tax Assessor/ Collector Bond/BAN Related

See accompanying independent auditor's report.