

HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 157
HARRIS COUNTY, TEXAS
ANNUAL AUDIT REPORT
DECEMBER 31, 2025

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-9
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	10
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	11
NOTES TO THE FINANCIAL STATEMENTS	12-22
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND	23
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, SPECIAL REVENUE FUND	24
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	25
SCHEDULE OF SERVICES AND RATES	26-27
EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2025	28-29
ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS, ALL GOVERNMENTAL FUND TYPES	30
SCHEDULE OF TEMPORARY INVESTMENTS	31
TAXES LEVIED AND RECEIVABLE	32-33
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS	34-38
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT	39-40
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND	41
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND	42
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	43-44

Mark C. Eyring, CPA, PLLC

12702 Century Drive • Suite C2 • Stafford, Texas 77477 • 281-277-9595 • Mark@EyringCPA.com

April 21, 2026

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 157
Harris County, Texas

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Harris County Municipal Utility District No. 157 as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Harris County Municipal Utility District No. 157's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Harris County Municipal Utility District No. 157, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Harris County Municipal Utility District No. 157, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Harris County Municipal Utility District No. 157'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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I: 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 Harris County Municipal Utility District No. 157'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Harris County Municipal Utility District No. 157's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 budgetary comparison information 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. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Continued)**Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harris County Municipal Utility District No. 157's basic financial statements. The supplementary information on Pages 25 to 44 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in black ink, appearing to read "M. G. J.", is located in the lower right quadrant of the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Harris County Municipal Utility District No. 157 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2025.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. Other activities, such as security service and garbage collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. The financial objective for the Special Revenue Fund is to insure that the expenditures in the funds are billed to the participants in accordance with the contract. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Current and other assets	\$ 22,830,841	\$ 22,020,537	\$ 810,304
Capital assets	23,117,523	23,409,318	(291,795)
Total assets	<u>45,948,364</u>	<u>45,429,855</u>	<u>518,509</u>
Long-term liabilities	23,843,376	26,700,898	(2,857,522)
Other liabilities	4,445,336	4,694,103	(248,767)
Total liabilities	<u>28,288,712</u>	<u>31,395,001</u>	<u>(3,106,289)</u>
Total deferred inflows of resources	<u>6,149,721</u>	<u>5,743,698</u>	<u>406,023</u>
Net position:			
Invested in capital assets, net of related debt	(3,583,375)	(6,081,200)	2,497,825
Restricted	3,931,876	4,146,697	(214,821)
Unrestricted	11,161,430	10,225,659	935,771
Total net position	<u>\$ 11,509,931</u>	<u>\$ 8,291,156</u>	<u>\$ 3,218,775</u>

Summary of Changes in Net Position

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 5,763,822	\$ 5,776,004	\$ (12,182)
Charges for services	6,117,459	6,069,292	48,167
Other revenues	945,277	1,029,456	(84,179)
Total revenues	<u>12,826,558</u>	<u>12,874,752</u>	<u>(48,194)</u>
Expenses:			
Service operations	8,786,012	8,584,029	201,983
Debt service	821,771	905,365	(83,594)
Total expenses	<u>9,607,783</u>	<u>9,489,394</u>	<u>118,389</u>
Change in net position	3,218,775	3,385,358	(166,583)
Net position, beginning of year	<u>8,291,156</u>	<u>4,905,798</u>	<u>3,385,358</u>
Net position, end of year	<u>\$ 11,509,931</u>	<u>\$ 8,291,156</u>	<u>\$ 3,218,775</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended December 31, 2025, were \$15,685,553, an increase of \$669,961 from the prior year.

The General Fund balance increased by \$929,146, in accordance with the District's financial plan.

The Special Revenue Fund balance did not change.

The Debt Service Fund balance decreased by \$102,075, in accordance with the District's financial plan.

The Capital Projects Fund balance decreased by \$157,110, as interest earnings on deposits and investments exceeded authorized expenditures.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 23 of this report. The budgetary fund balance as of December 31, 2025, was expected to be \$11,033,407 and the actual end of year fund balance was \$11,109,071.

Capital Asset and Debt Administration

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows:

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2025</u>	<u>2024</u>	<u>Change</u>
Land and easements	\$ 852,156	\$ 852,156	\$ 0
Detention ponds	3,542,604	3,542,604	0
Construction in progress	30,981	461,457	(430,476)
Water facilities	9,611,866	9,640,811	(28,945)
Sewer facilities	9,079,916	8,912,290	167,626
Totals	<u>\$ 23,117,523</u>	<u>\$ 23,409,318</u>	<u>\$ (291,795)</u>

Changes to capital assets during the fiscal year ended December 31, 2025, are summarized as follows:

Additions:		
Improvements at joint facility		\$ 204,404
Water system improvements		601,940
Total additions to capital assets		<u>806,344</u>
Decreases:		
Depreciation		<u>(1,098,139)</u>
Net change to capital assets		<u>\$ (291,795)</u>

Debt

Changes in the bonded debt position of the District during the fiscal year ended December 31, 2025, are summarized as follows:

Bonded debt payable, beginning of year	\$ 28,900,000
Bonds paid	<u>(2,715,000)</u>
Bonded debt payable, end of year	<u>\$ 26,185,000</u>

At December 31, 2025, the District had \$19,765,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The Series 2015, 2015A, 2016, 2017, 2019 and 2023 bonds have an underlying rating of A1 from Moody's. The Series 2014 bonds do not have an underlying rating. The Series 2015, 2015A, 2016 and 2017 bonds are insured by Build America Mutual Assurance Company. The Series 2019 and 2023 bonds are insured by Assured Guaranty Inc. Because of the insurance, the Series 2015, 2015A, 2016, 2017, 2019 and 2023 bonds are rated AA by Standard & Poor's. There was no change in the bond ratings during the fiscal year ended December 31, 2025.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$93,240,000 for the 2025 tax year (about 9%) due to the addition of new houses to the tax base and the increase in the average assessed valuations on existing property.

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston ordinance consenting to the creation of the District. In addition, the District may be annexed by the City of Houston, subject to the agreement described below. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

Utilizing a provision of Texas law, the City of Houston ("City") and the District entered into a Strategic Partnership Agreement ("SPA") effective as of December 20, 2007. The term of the SPA is 30 years. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes. The SPA provides for the limited purpose annexation of certain developed commercial tracts within the District into the City (the "Partial District") for the limited purposes of imposition of the City's Sales and Use Tax, certain municipal court jurisdictions, and health inspection services and enforcement. No other City services are provided. The properties made subject to the SPA may not be taxed for ad valorem purposes by the City. Additional properties may become subject to the SPA by amending the SPA upon the consent of the City and the District. The City pays the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas.

The City imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within, the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas.

Water Supply Issues

The District is within the Harris-Galveston Subsidence District (the "Subsidence District") Regulatory Area No. 3. The Subsidence District regulates the withdrawal of groundwater within its jurisdiction. The District's authority to pump ground water from its well is subject to annual permits issued by the Subsidence District. The Subsidence District has ordered certain areas of suburban Houston to convert most of their water supply to surface water under various schedules. The Subsidence District has designated January 2010, as the date required for the District to restrict the withdrawal of ground water and convert 30% of its total water use to surface water; January 2025, as the date required for the District to restrict the withdrawal of ground water and convert 60% of its total water use to surface water and January 2035, as the date required for the District to restrict the withdrawal of ground water and convert 80% of its total water use to surface water. If the District does not meet the requirements of the Subsidence District, the District may be required to pay the disincentive fees adopted by the Subsidence District.

In May, 2001, the Texas Legislature created the West Harris County Regional Water Authority (the "Authority") and included the District within the boundaries of the Authority. The Authority was created to provide a regional entity to build the necessary facilities to meet the subsidence District's requirements for conversion from ground water to surface water of all permit holders within its boundaries, including the District. Accordingly, the District is required to pay groundwater reduction plan fees to the Authority, and in turn is entitled to rely upon the Authority's GRP to achieve compliance with the subsidence District's requirements. In accordance with the GRP, the Authority has negotiated a water supply contract with the City of Houston and has issued revenue bonds to finance the surface water supply system. The Authority may establish such fees, charges, or tolls as necessary to accomplish its purposes. The Authority's groundwater pumpage fee was equal to \$3.95 and the surface water usage fee was equal to \$4.35 as of December 31, 2025.

The District cannot predict the amount or level of fees and charges which may be due the Authority for future years, but anticipates that it will pass such fees through to its customers in higher water rates. In addition, conversion to surface water will necessitate improvements to the District's water supply system, which could require issuance of additional bonds. In the event the Authority fails to commence construction of surface water infrastructure by the deadline established by the Subsidence District, the District and others within the Authority's GRP group could be required to pay the disincentive fee on withdrawn groundwater. This disincentive fee is substantial, and the District expects it would need to pass such fee through to its customers in higher water rates. This disincentive fee would be in addition to the Authority's fee.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

DECEMBER 31, 2025

	General	Special Revenue Fund	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS							
Cash, including interest-bearing accounts, Note 7	\$ 528,451	\$ 124,978	\$ 1,171,133	\$ 6,776	\$ 1,831,338	\$	\$ 1,831,338
Temporary investments, at cost, Note 7	10,752,730	276,122	2,452,117	1,791,442	15,272,411		15,272,411
Receivables:							
Property taxes	1,872,502		2,986,709		4,859,211		4,859,211
Accrued penalty and interest on property taxes					0	86,109	86,109
Service accounts	476,747				476,747		476,747
Sales and Use Taxes, Note 11	71,615				71,615		71,615
Due from other district		103,286		996	104,282		104,282
Other	20,098	15,941			36,039		36,039
Maintenance taxes collected not yet transferred from other fund	442,266				442,266	(442,266)	0
Due from other funds	30,981	19,799			50,780	(50,780)	0
Prepaid expenditures	93,089				93,089		93,089
Operating reserve at sewage treatment plant, Note 9	294,747				294,747	(294,747)	0
Capital assets, net of accumulated depreciation, Note 4:							
Capital assets not being depreciated					0	4,425,741	4,425,741
Depreciable capital assets					0	18,691,782	18,691,782
Total assets	<u>\$14,583,226</u>	<u>\$ 540,126</u>	<u>\$ 6,609,959</u>	<u>\$ 1,799,214</u>	<u>\$ 23,532,525</u>	<u>22,415,839</u>	<u>45,948,364</u>
LIABILITIES							
Accounts payable	\$ 308,607		\$ 27,069		\$ 335,676		335,676
Accrued interest payable					0	292,371	292,371
Customer and builder deposits	714,388				714,388		714,388
Maintenance taxes collected not yet transferred to other fund			442,266		442,266	(442,266)	0
Due to other funds	19,799			30,981	50,780	(50,780)	0
Other district equity in joint venture					0	245,379	245,379
Long-term liabilities, Note 5:							
Due within one year					0	2,857,522	2,857,522
Due in more than one year					0	23,843,376	23,843,376
Total liabilities	<u>1,042,794</u>	<u>0</u>	<u>469,335</u>	<u>30,981</u>	<u>1,543,110</u>	<u>26,745,602</u>	<u>28,288,712</u>
DEFERRED INFLOWS OF RESOURCES							
Property tax revenues	<u>2,431,361</u>	<u>0</u>	<u>3,872,501</u>	<u>0</u>	<u>6,303,862</u>	<u>(154,141)</u>	<u>6,149,721</u>
FUND BALANCES / NET POSITION							
Fund balances:							
Reserved for:							
Operating reserve at sewage treatment plant, Note 9	294,747				294,747	(294,747)	0
Assigned to:							
Debt service			2,268,123		2,268,123	(2,268,123)	0
Capital projects				1,768,233	1,768,233	(1,768,233)	0
Operating reserve at sewage treatment plant, Note 9		540,126			540,126	(540,126)	0
Unassigned	<u>10,814,324</u>				<u>10,814,324</u>	<u>(10,814,324)</u>	<u>0</u>
Total fund balances	<u>11,109,071</u>	<u>540,126</u>	<u>2,268,123</u>	<u>1,768,233</u>	<u>15,685,553</u>	<u>(15,685,553)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$14,583,226</u>	<u>\$ 540,126</u>	<u>\$ 6,609,959</u>	<u>\$ 1,799,214</u>	<u>\$ 23,532,525</u>		
Net position:							
Invested in capital assets, net of related debt, Note 4						(3,583,375)	(3,583,375)
Restricted for debt service						2,163,643	2,163,643
Restricted for capital projects						1,768,233	1,768,233
Unrestricted						11,161,430	11,161,430
Total net position						<u>\$ 11,509,931</u>	<u>\$ 11,509,931</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Regional WWTP Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES							
Property taxes	\$ 2,179,810		\$ 3,479,815		\$ 5,659,625	\$ 12,333	\$ 5,671,958
Water service	1,333,160				1,333,160		1,333,160
Sewer service	1,834,373				1,834,373		1,834,373
Surface water fees, Note 10	1,847,829				1,847,829		1,847,829
From participants in plant		1,631,654			1,631,654	(916,304)	715,350
Penalty and interest	173,321		80,367		253,688	11,497	265,185
Tap connection and inspection fees	132,201				132,201		132,201
Sales and Use Taxes, Note 11	269,182				269,182		269,182
Interest on deposits and investments	474,215	9,835	113,770	78,275	676,095		676,095
Other revenues	81,225				81,225		81,225
Total revenues	8,325,316	1,641,489	3,673,952	78,275	13,719,032	(892,474)	12,826,558
EXPENDITURES / EXPENSES							
Service operations:							
Purchased sewer services, Note 9	916,304				916,304	(916,304)	0
Professional fees	237,987	8,450	25,482		271,919		271,919
Contracted services	295,985	112,204	99,274		507,463		507,463
Utilities	101,114	144,577			245,691		245,691
Utilities, street lights	219,337				219,337		219,337
Groundwater pumpage fees, Note 10	1,905,031				1,905,031		1,905,031
Repairs and maintenance	1,112,391	510,387			1,622,778		1,622,778
Other operating expenditures	252,327	772,716			1,025,043		1,025,043
Security service	313,047	34,773			347,820		347,820
Garbage disposal	1,181,777				1,181,777		1,181,777
Administrative expenditures	248,507	58,382	12,721		319,610		319,610
Depreciation					0	1,098,139	1,098,139
Capital outlay / non-capital outlay	612,363			235,385	847,748	(806,344)	41,404
Debt service:							
Principal retirement			2,715,000		2,715,000	(2,715,000)	0
Interest and fees			923,550		923,550	(101,779)	821,771
Total expenditures / expenses	7,396,170	1,641,489	3,776,027	235,385	13,049,071	(3,441,288)	9,607,783
Excess (deficiency) of revenues over expenditures	929,146	0	(102,075)	(157,110)	669,961	2,548,814	3,218,775
Net change in fund balances / net position	929,146	0	(102,075)	(157,110)	669,961	2,548,814	3,218,775
Beginning of year	10,179,925	540,126	2,370,198	1,925,343	15,015,592	(6,724,436)	8,291,156
End of year	\$ 11,109,071	\$ 540,126	\$ 2,268,123	\$ 1,768,233	\$ 15,685,553	\$ (4,175,622)	\$ 11,509,931

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157NOTES TO THE FINANCIAL STATEMENTSDECEMBER 31, 2025

NOTE 1: REPORTING ENTITY

Harris County Municipal Utility District No. 157 (the "District") was created by an order of the Texas Water Rights Commission (now the Texas Commission on Environmental Quality) effective December 5, 1977, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on April 4, 1978, and the first bonds were sold on July 8, 1980. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

The District is the owner and manager of the Harris County Municipal Utility District No. 157 Regional Wastewater Treatment Plant (the "Plant"). Oversight of the Plant is exercised by the Board of Directors of the District and financial activity of the Plant has been included as a component unit in the financial statements of the District. The Plant's General Fund has been reported as the Special Revenue Fund of the District. Transactions with this joint venture are described in Note 9.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Special Revenue Fund -- To account for all revenues and expenditures of the general operations of the Harris County Municipal Utility District No. 157 Regional Wastewater Treatment Plant.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$10,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures of the fund from which they are paid.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 15,685,553
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets, net		23,117,523
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (26,185,000)	
Deferred charge on refunding (to be amortized as interest expense)	169,929	
Issuance premium, net of discount (to be amortized as interest expense)	<u>(685,827)</u>	(26,700,898)
The assets in the special revenue fund are owned by the District and other participants in the joint venture:		
The District's equity	(294,747)	
Other participants' equity	<u>(245,379)</u>	(540,126)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	86,109	
Uncollected property taxes	<u>154,141</u>	240,250
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(292,371)</u>
Net position, end of year		<u>\$ 11,509,931</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ 669,961
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$ 806,344	
Depreciation	<u>(1,098,139)</u>	(291,795)
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Principal reduction		2,715,000
<p>The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Refunding charges	(42,113)	
Issuance premium, net of discount	<u>116,733</u>	74,620
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Accrued penalty and interest on property taxes receivable	11,497	
Uncollected property taxes	<u>12,333</u>	23,830
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:</p>		
Accrued interest		<u>27,159</u>
Change in net position		<u>\$ 3,218,775</u>

NOTE 4: CAPITAL ASSETS

At December 31, 2025, "Invested in capital assets, net of related debt" was \$(3,583,375). This amount was negative primarily because not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets. Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District. In addition, some expenditures from bond proceeds were for the acquisition of capital assets beneath the capitalization threshold of \$10,000 (see Note 2) and some authorized expenditures were not for capital assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended December 31, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and easements	\$ 852,156	\$	\$	\$ 852,156
Detention ponds	3,542,604			3,542,604
Construction in progress	<u>461,457</u>	<u>644,730</u>	<u>1,075,206</u>	<u>30,981</u>
Total capital assets not being depreciated	<u>4,856,217</u>	<u>644,730</u>	<u>1,075,206</u>	<u>4,425,741</u>
Depreciable capital assets:				
Water system	19,852,037	596,857		20,448,894
Sewer system	<u>18,602,469</u>	<u>639,963</u>		<u>19,242,432</u>
Total depreciable capital assets	<u>38,454,506</u>	<u>1,236,820</u>	<u>0</u>	<u>39,691,326</u>
Less accumulated depreciation for:				
Water system	(10,211,226)	(625,802)		(10,837,028)
Sewer system	<u>(9,690,179)</u>	<u>(472,337)</u>		<u>(10,162,516)</u>
Total accumulated depreciation	<u>(19,901,405)</u>	<u>(1,098,139)</u>	<u>0</u>	<u>(20,999,544)</u>
Total depreciable capital assets, net	<u>18,553,101</u>	<u>138,681</u>	<u>0</u>	<u>18,691,782</u>
Total capital assets, net	<u>\$ 23,409,318</u>	<u>\$ 783,411</u>	<u>\$ 1,075,206</u>	<u>\$ 23,117,523</u>
Changes to capital assets:				
Capital outlay		\$ 806,344	\$	
Assets transferred to depreciable assets		1,075,206	1,075,206	
Less depreciation expense for the fiscal year		<u>(1,098,139)</u>		
Net increases / decreases to capital assets		<u>\$ 783,411</u>	<u>\$ 1,075,206</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended December 31, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 28,900,000	\$	\$ 2,715,000	\$ 26,185,000	\$ 2,770,000
Less deferred amounts:					
For issuance (discounts) premiums	802,560		116,733	685,827	125,173
For refunding	<u>(212,042)</u>		<u>(42,113)</u>	<u>(169,929)</u>	<u>(37,651)</u>
Total bonds payable	<u>29,490,518</u>	<u>0</u>	<u>2,789,620</u>	<u>26,700,898</u>	<u>2,857,522</u>
Total long-term liabilities	<u>\$ 29,490,518</u>	<u>\$ 0</u>	<u>\$ 2,789,620</u>	<u>\$ 26,700,898</u>	<u>\$ 2,857,522</u>

Developer Construction Commitments and Liabilities

At December 31, 2025, there were no developer construction commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of December 31, 2025, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,770,000	\$ 833,362	\$ 3,603,362
2027	2,805,000	750,332	3,555,332
2028	2,830,000	670,780	3,500,780
2029	2,900,000	585,876	3,485,876
2030	2,960,000	490,488	3,450,488
2031 - 2035	9,420,000	1,124,544	10,544,544
2036 - 2040	<u>2,500,000</u>	<u>250,000</u>	<u>2,750,000</u>
	<u>\$ 26,185,000</u>	<u>\$ 4,705,382</u>	<u>\$ 30,890,382</u>

Bonds voted	\$ 74,500,000
Bonds approved for sale and sold	54,735,000
Bonds voted and not issued	19,765,000
Refunding bonds voted	12,000,000
Refunding bonds approved for sale and sold	3,687,346
Refunding bonds voted and not issued	8,312,654

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.

The bond issues payable at December 31, 2025, were as follows:

	<u>Refunding Series 2014</u>	<u>Series 2015</u>	<u>Refunding Series 2015A</u>
Amounts outstanding, December 31, 2025	\$1,030,000	\$3,145,000	\$4,735,000
Interest rates	2.93%	3.00% to 3.25%	4.00%
Maturity dates, serially beginning/ending	March 1, 2026/2028	March 1, 2026/2033	March 1, 2026/2033
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	March 1, 2022*	March 1, 2023*	March 1, 2023*

*Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>Refunding Series 2016</u>	<u>Series 2017</u>	<u>Refunding Series 2019</u>
Amounts outstanding, December 31, 2025	\$4,230,000	\$3,700,000	\$5,620,000
Interest rates	4.00%	2.25% to 3.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	March 1, 2026/2033	March 1, 2026/2034	March 1, 2026/2032
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	March 1, 2025*	March 1, 2024*	March 1, 2025*
	<u>Series 2023</u>		
Amounts outstanding, December 31, 2025	\$3,725,000		
Interest rates	4.00% to 4.50%		
Maturity dates, serially beginning/ending	March 1, 2026/2040		
Interest payment dates	March 1/September 1		
Callable dates	March 1, 2025*		

*Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District.

NOTE 6: PROPERTY TAXES

The Harris County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

The Bond Orders require that the District 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.

At an election held January 15, 1983, the voters within the District authorized a maintenance tax not to exceed \$0.25 per \$100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

On October 21, 2025, the District levied the following ad valorem taxes for the 2025 tax year and the 2026 fiscal year on the adjusted taxable valuation of \$1,189,501,180:

	Rate	Amount
Debt service	\$ 0.3170	\$ 3,770,719
Maintenance	0.2000	2,379,002
	\$ 0.5170	\$ 6,149,721

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2025 tax year total property tax levy	\$ 6,149,721
2025 tax year total property tax levy deferred to 2026 fiscal year	(6,149,721)
2024 tax year total property tax levy deferred to 2025 fiscal year	5,743,699
Appraisal district adjustments to prior year taxes	(71,741)
Statement of Activities property tax revenues	\$ 5,671,958

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and in TexPool, a local government investment pool sponsored by the State Comptroller. TexPool is rated AAAM by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was \$1,831,338 and the bank balance was \$1,629,811. Of the bank balance, \$500,000 was covered by federal insurance, \$483,096 was covered by a letter of credit in favor of the District issued by the Federal Home Loan Bank of Dallas and \$646,715 was covered by the market value of collateral held by the District's custodial bank in the District's name. The market value of collateral was reported to the District by the depository.

At the balance sheet date the carrying value and market value of the investments in TexPool was \$15,272,411.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Deposits and temporary investments restricted by state statutes and the Bond Orders:

Debt Service Fund

For payment of debt principal and interest, paying agent fees and costs of assessing and collecting taxes:

Cash	\$ 1,171,133
Temporary investments	<u>2,452,117</u>
	<u>\$ 3,623,250</u>

Capital Projects Fund

For construction of capital assets:

Cash	\$ 6,776
Temporary investments	<u>1,791,442</u>
	<u>\$ 1,798,218</u>

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At December 31, 2025, the District had physical damage and boiler and machinery coverage of \$39,240,000, comprehensive general liability coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate, pollution liability coverage of \$1,000,000, automobile coverage of \$1,000,000, consultant’s crime coverage of \$100,000 and a tax assessor-collector bond of \$10,000.

NOTE 9: CONTRACT WITH OTHER DISTRICT

The District is the owner and manager of the Harris County Municipal Utility District No. 157 Regional Wastewater Treatment Plant (the "Plant"). On July 3, 2003, Harris County Municipal Utility District No. 157 and Harris County Municipal Utility District No. 165 entered into a Restated Permanent Waste Disposal Agreement (the "Restated Agreement") which replaced the prior agreement. The term of the Restated Agreement is 50 years. At December 31, 2025, ownership of each participating district's operating capacity in the Plant was as follows: Harris County Municipal Utility District No. 157 -- 54.57%; Harris County Municipal Utility District No. 165 -- 45.43%. Oversight of the Plant is exercised by the Board of Directors of the District and financial activity of the Plant has been included in the financial statements of the District. The Plant's General Fund has been reported as the Special Revenue Fund of the District. Construction costs of the Plant are funded by the contribution of funds from each participating district. Expansion costs of the Plant are to be based upon each participant’s share of the expansion. The Plant issues no debt.

Each participant is responsible only for its share of the operating costs of the Plant. Participants are billed a monthly amount which is based upon actual costs incurred during the prior month as allocated based upon capacity owned and the number of equivalent connections within each participating district. The District has contributed \$294,747 of the Plant's \$540,126 operating reserve. The District's share of operating costs were \$916,304 for the year ended December 31, 2025.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 10: REGIONAL WATER AUTHORITY

The West Harris County Regional Water Authority (the "Authority") was created by House Bill 1842, Acts of the 77th Legislature, Regular Session 2003. The Authority is a political subdivision of the State of Texas, governed by an elected nine member Board of Directors. The Authority is empowered to, among other powers, "acquire or develop surface water and groundwater supplies from sources inside of or outside of the boundaries of the authority and may conserve, store, transport, treat, purify, distribute, sell and deliver water to persons, corporations, municipal corporations, political subdivisions of the state, and others, inside of and outside of the boundaries of the authority." The Authority is also empowered to "establish fees and charges as necessary to enable the authority to fulfill the authority's regulatory obligations." In accordance with this provision, as of December 31, 2025, the Authority had established a groundwater pumpage fee of \$3.95 per 1,000 gallons of water pumped from each regulated well. The pumpage fees payable by the District to the Authority for the fiscal year ended December 31, 2025, were \$1,905,031. The District billed its customers \$1,847,829 during the fiscal year to pay for the fees charged by the Authority.

NOTE 11: STRATEGIC PARTNERSHIP AGREEMENT

Effective December 20, 2007, the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "Agreement"). Under the terms of the Agreement, the City annexed a portion of the District (the "Partial District") for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Partial District. The Agreement states that the District and 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 with the District. The term of the Agreement is 30 years. The City agreed 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 City imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas. The District accrued Sales and Use Tax revenues of \$269,182 from the City for the year ended December 31, 2025, of which \$71,615 was receivable at that date.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Property taxes	\$ 2,100,000	\$ 2,100,000	\$ 2,179,810	\$ 79,810
Water service	1,000,000	1,000,000	1,333,160	333,160
Sewer service	1,550,000	1,550,000	1,834,373	284,373
Surface water fees	2,100,000	2,100,000	1,847,829	(252,171)
Penalty	152,400	152,400	173,321	20,921
Tap connection and inspection fees	0	0	132,201	132,201
Sales and Use Taxes	210,000	210,000	269,182	59,182
Interest on deposits and investments	360,000	360,000	474,215	114,215
Other revenues	27,000	27,000	81,225	54,225
TOTAL REVENUES	<u>7,499,400</u>	<u>7,499,400</u>	<u>8,325,316</u>	<u>825,916</u>
EXPENDITURES				
Service operations:				
Purchased sewer services	911,473	911,473	916,304	4,831
Professional fees	208,950	208,950	237,987	29,037
Contracted services	277,300	277,300	295,985	18,685
Utilities	145,200	145,200	101,114	(44,086)
Utilities, street lights	150,000	150,000	219,337	69,337
Groundwater pumpage fees	2,100,000	2,100,000	1,905,031	(194,969)
Repairs and maintenance	891,133	891,133	1,112,391	221,258
Other operating expenditures	146,550	146,550	252,327	105,777
Security service	312,732	312,732	313,047	315
Garbage disposal	1,187,520	1,187,520	1,181,777	(5,743)
Administrative expenditures	315,060	315,060	248,507	(66,553)
Capital outlay	0	0	612,363	612,363
TOTAL EXPENDITURES	<u>6,645,918</u>	<u>6,645,918</u>	<u>7,396,170</u>	<u>750,252</u>
EXCESS REVENUES (EXPENDITURES)	853,482	853,482	929,146	75,664
FUND BALANCE, BEGINNING OF YEAR	<u>10,179,925</u>	<u>10,179,925</u>	<u>10,179,925</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 11,033,407</u>	<u>\$ 11,033,407</u>	<u>\$ 11,109,071</u>	<u>\$ 75,664</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, REGIONAL WASTEWATER TREATMENT PLANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
From participants in plant:				
Harris County Municipal Utility District No. 157	\$ 911,473	\$ 911,473	\$ 916,304	\$ 4,831
Harris County Municipal Utility District No. 165	705,904	705,904	715,350	9,446
Interest on deposits and investments	<u>3,000</u>	<u>3,000</u>	<u>9,835</u>	<u>6,835</u>
TOTAL REVENUES	<u>1,620,377</u>	<u>1,620,377</u>	<u>1,641,489</u>	<u>21,112</u>
EXPENDITURES				
Service operations:				
Professional fees	7,775	7,775	8,450	675
Contracted services	107,540	107,540	112,204	4,664
Utilities	174,000	174,000	144,577	(29,423)
Repairs and maintenance	378,000	378,000	510,387	132,387
Other operating expenditures	857,600	857,600	772,716	(84,884)
Security service	35,322	35,322	34,773	(549)
Administrative expenditures	60,140	60,140	58,382	(1,758)
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>1,620,377</u>	<u>1,620,377</u>	<u>1,641,489</u>	<u>21,112</u>
EXCESS REVENUES (EXPENDITURES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE, BEGINNING OF YEAR	<u>540,126</u>	<u>540,126</u>	<u>540,126</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 540,126</u>	<u>\$ 540,126</u>	<u>\$ 540,126</u>	<u>\$ 0</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
DECEMBER 31, 2025

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

SCHEDULE OF SERVICES AND RATES

DECEMBER 31, 2025

1. Services Provided by the District during the Fiscal Year:

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

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$15.40	5,000	N	\$1.65 2.20 3.30	5,001 to 10,000 10,001 to 20,000 Over 20,000
WASTEWATER:	\$37.00		Y		

SURCHARGE: \$4.57 per 1,000 gallons of water used. – WHCRWA surface water fees.

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$23.65 Wastewater: \$37.00 Surcharge: \$45.70

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

SCHEDULE OF SERVICES AND RATES (Continued)

DECEMBER 31, 2025

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	0	0	1.0	0
< or = 3/4"	4,028	3,975	1.0	3,975
1"	48	48	2.5	120
1-1/2"	15	15	5.0	75
2"	71	71	8.0	568
3"	1	1	15.0	15
4"	1	1	25.0	25
6"	4	4	50.0	200
8"	4	4	80.0	320
10"	0	0	115.0	0
Total Water	<u>4,172</u>	<u>4,119</u>		<u>5,298</u>
Total Wastewater	<u>4,070</u>	<u>4,017</u>	1.0	<u>4,017</u>

*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited): 439,465
 Gallons billed to customers (unaudited): 422,688

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 96%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

If yes, date of the most recent Commission Order: _____

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

If yes, date of the most recent Commission Order: _____

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT					
Purchased sewer services	\$ 916,304	\$ 0	\$ 0	\$ 0	\$ 916,304
Professional fees:					
Auditing	13,950	3,450			17,400
Legal	141,418	5,000	25,482		171,900
Engineering	82,619				82,619
	<u>237,987</u>	<u>8,450</u>	<u>25,482</u>	<u>0</u>	<u>271,919</u>
Contracted services:					
Bookkeeping	50,872	14,820			65,692
Operation and billing	241,468	97,384			338,852
Sales tax consultant	3,645				3,645
Tax assessor-collector			54,708		54,708
Central appraisal district			44,566		44,566
	<u>295,985</u>	<u>112,204</u>	<u>99,274</u>	<u>0</u>	<u>507,463</u>
Utilities	<u>101,114</u>	<u>144,577</u>	<u>0</u>	<u>0</u>	<u>245,691</u>
Utilities, street lights	<u>219,337</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>219,337</u>
Groundwater pumpage fees	<u>1,905,031</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,905,031</u>
Repairs and maintenance	<u>1,112,391</u>	<u>510,387</u>	<u>0</u>	<u>0</u>	<u>1,622,778</u>
Other operating expenditures:					
Sludge hauling		475,431			475,431
Chemicals	53,725	269,984			323,709
Laboratory costs	69,733	19,800			89,533
Inspection costs	72,854				72,854
Reconnection and transfer costs	38,213				38,213
TCEQ assessment	15,320				15,320
Other	2,482	7,501			9,983
	<u>252,327</u>	<u>772,716</u>	<u>0</u>	<u>0</u>	<u>1,025,043</u>
Security service	<u>313,047</u>	<u>34,773</u>	<u>0</u>	<u>0</u>	<u>347,820</u>
Garbage disposal	<u>1,181,777</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,181,777</u>
Administrative expenditures:					
Director's fees	24,089				24,089
Office supplies and postage	130,345	4,978			135,323
Insurance	39,171	37,802			76,973
Permit fees	10,071	15,602			25,673
Other	44,831		12,721		57,552
	<u>248,507</u>	<u>58,382</u>	<u>12,721</u>	<u>0</u>	<u>319,610</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

EXPENDITURES (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CAPITAL OUTLAY					
Authorized expenditures	\$ 570,959	\$	\$	\$ 235,385	\$ 806,344
Tap connection costs	41,404				41,404
	<u>612,363</u>	<u>0</u>	<u>0</u>	<u>235,385</u>	<u>847,748</u>
DEBT SERVICE					
Principal retirement	<u>0</u>	<u>0</u>	<u>2,715,000</u>	<u>0</u>	<u>2,715,000</u>
Interest and fees:					
Interest			917,850		917,850
Paying agent fees			5,700		5,700
	<u>0</u>	<u>0</u>	<u>923,550</u>	<u>0</u>	<u>923,550</u>
TOTAL EXPENDITURES	<u>\$ 7,396,170</u>	<u>\$ 1,641,489</u>	<u>\$ 3,776,027</u>	<u>\$ 235,385</u>	<u>\$13,049,071</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS					
Cash receipts from revenues excluding maintenance taxes	\$ 5,189,360	\$ 1,666,944	\$ 2,135,946	\$ 78,275	\$ 9,070,525
Maintenance tax collections			1,219,046		1,219,046
Maintenance tax transfers	2,183,882				2,183,882
Reimbursement from other fund	76,595				76,595
Reimbursement from other district				331,327	331,327
Overpayments from taxpayers			<u>102,988</u>		<u>102,988</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	<u>7,449,837</u>	<u>1,666,944</u>	<u>3,457,980</u>	<u>409,602</u>	<u>12,984,363</u>
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS					
Cash disbursements for:					
Current expenditures	5,936,875	1,641,489	128,040		7,706,404
Capital outlay	612,363			418,619	1,030,982
Debt service			3,638,550		3,638,550
Other fund	30,981				30,981
Other district				200,743	200,743
Reimbursement to other fund				76,595	76,595
Decrease in customer and builder deposits	35,045				35,045
Maintenance tax transfers			2,183,882		2,183,882
Refund of taxpayer overpayments			<u>102,952</u>		<u>102,952</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	<u>6,615,264</u>	<u>1,641,489</u>	<u>6,053,424</u>	<u>695,957</u>	<u>15,006,134</u>
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	834,573	25,455	(2,595,444)	(286,355)	(2,021,771)
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	<u>10,446,608</u>	<u>375,645</u>	<u>6,218,694</u>	<u>2,084,573</u>	<u>19,125,520</u>
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	<u>\$11,281,181</u>	<u>\$ 401,100</u>	<u>\$ 3,623,250</u>	<u>\$ 1,798,218</u>	<u>\$ 17,103,749</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

SCHEDULE OF TEMPORARY INVESTMENTS

DECEMBER 31, 2025

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
TexPool				
No. 790600002	Market	On demand	\$ <u>10,752,730</u>	\$ <u>0</u>
SPECIAL REVENUE FUND				
TexPool				
No. 790600003	Market	On demand	\$ <u>276,122</u>	\$ <u>0</u>
DEBT SERVICE FUND				
TexPool				
No. 790600001	Market	On demand	\$ <u>2,452,117</u>	\$ <u>0</u>
CAPITAL PROJECTS FUND				
TexPool				
No. 790600004	Market	On demand	\$ <u>1,791,442</u>	\$ <u>0</u>
Total – All Funds			\$ <u>15,272,411</u>	\$ <u>0</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 739,483	\$ 1,202,603
Additions and corrections to prior year taxes	<u>(26,937)</u>	<u>(44,804)</u>
Adjusted receivable, beginning of year	712,546	1,157,799
2025 ADJUSTED TAX ROLL	<u>2,379,002</u>	<u>3,770,719</u>
Total to be accounted for	3,091,548	4,928,518
Tax collections: Current tax year	(558,859)	(885,792)
Prior tax years	<u>(660,187)</u>	<u>(1,056,017)</u>
RECEIVABLE, END OF YEAR	<u>\$ 1,872,502</u>	<u>\$ 2,986,709</u>
RECEIVABLE, BY TAX YEAR		
2015 and prior	\$ 493	\$ 4,413
2016	291	1,772
2017	400	1,867
2018	945	4,135
2019	1,365	4,094
2020	1,105	2,959
2021	3,075	6,670
2022	9,096	17,738
2023	13,037	22,164
2024	22,552	35,970
2025	<u>1,820,143</u>	<u>2,884,927</u>
RECEIVABLE, END OF YEAR	<u>\$ 1,872,502</u>	<u>\$ 2,986,709</u>

Fiscal year 2025 General Fund property tax revenue of \$2,179,810 under the modified accrual basis of accounting is comprised of prior tax year collections of \$660,187 during fiscal year 2025 and 2024 tax year collections of \$1,519,623 during fiscal year 2024.

Fiscal year 2025 Debt Service Fund property tax revenue of \$3,479,815 under the modified accrual basis of accounting is comprised of prior tax year collections of \$1,056,017 during fiscal year 2025 and 2024 tax year collections of \$2,423,798 during fiscal year 2024.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2025

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Land	\$ 307,699,373	\$ 291,592,104	\$ 285,952,629	\$ 214,301,216
Improvements	1,015,230,511	956,141,237	1,027,562,060	918,894,939
Personal property	33,660,372	28,414,676	25,943,392	24,869,200
Less exemptions	<u>(167,089,076)</u>	<u>(179,884,028)</u>	<u>(281,003,706)</u>	<u>(219,042,745)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$1,189,501,180</u>	 <u>\$1,096,263,989</u>	 <u>\$1,058,454,375</u>	 <u>\$ 939,022,610</u>
 TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.31700	\$ 0.31900	\$ 0.34000	\$ 0.39000
Maintenance tax rates*	<u>0.20000</u>	<u>0.20000</u>	<u>0.20000</u>	<u>0.20000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.51700</u>	 <u>\$ 0.51900</u>	 <u>\$ 0.54000</u>	 <u>\$ 0.59000</u>
 TAX ROLLS	 <u>\$ 6,149,721</u>	 <u>\$ 5,689,610</u>	 <u>\$ 5,715,654</u>	 <u>\$ 5,540,234</u>
 PERCENT OF TAXES COLLECTED TO TAXES LEVIED	 <u>23.5%**</u>	 <u>99.0 %</u>	 <u>99.4 %</u>	 <u>99.5%</u>

*Maximum tax rate approved by voters on January 15, 1983: \$0.25

**The District's taxes are usually levied in the fall and are not delinquent until after the following January 31.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
DECEMBER 31, 2025

Series 2014			
<u>Due During Fiscal Years Ending December 31</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 345,000	\$ 25,125	\$ 370,125
2027	345,000	15,016	360,016
2028	340,000	4,981	344,981
TOTALS	\$ 1,030,000	\$ 45,122	\$ 1,075,122

Series 2015			
<u>Due During Fiscal Years Ending December 31</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 225,000	\$ 94,412	\$ 319,412
2027	250,000	87,288	337,288
2028	275,000	79,412	354,412
2029	325,000	70,413	395,413
2030	420,000	59,238	479,238
2031	550,000	44,344	594,344
2032	550,000	26,812	576,812
2033	550,000	8,938	558,938
TOTALS	\$ 3,145,000	\$ 470,857	\$ 3,615,857

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

DECEMBER 31, 2025

<u>Series 2015A</u>			
<u>Due During Fiscal Years Ending December 31</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 240,000	\$ 184,600	\$ 424,600
2027	245,000	174,900	419,900
2028	260,000	164,800	424,800
2029	620,000	147,200	767,200
2030	780,000	119,200	899,200
2031	795,000	87,700	882,700
2032	805,000	55,700	860,700
2033	<u>990,000</u>	<u>19,800</u>	<u>1,009,800</u>
TOTALS	<u>\$ 4,735,000</u>	<u>\$ 953,900</u>	<u>\$ 5,688,900</u>

<u>Series 2016</u>			
<u>Due During Fiscal Years Ending December 31</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 430,000	\$ 160,600	\$ 590,600
2027	460,000	142,800	602,800
2028	485,000	123,900	608,900
2029	510,000	104,000	614,000
2030	540,000	83,000	623,000
2031	570,000	60,800	630,800
2032	600,000	37,400	637,400
2033	<u>635,000</u>	<u>12,700</u>	<u>647,700</u>
TOTALS	<u>\$ 4,230,000</u>	<u>\$ 725,200</u>	<u>\$ 4,955,200</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

DECEMBER 31, 2025

Series 2017			
<u>Due During Fiscal Years Ending December 31</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 375,000	\$ 96,875	\$ 471,875
2027	375,000	88,203	463,203
2028	375,000	79,062	454,062
2029	375,000	69,688	444,688
2030	400,000	59,500	459,500
2031	450,000	47,250	497,250
2032	450,000	33,750	483,750
2033	450,000	20,250	470,250
2034	450,000	6,750	456,750
TOTALS	\$ 3,700,000	\$ 501,328	\$ 4,201,328

Series 2019			
<u>Due During Fiscal Years Ending December 31</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 1,105,000	\$ 123,125	\$ 1,228,125
2027	1,080,000	95,750	1,175,750
2028	1,045,000	74,500	1,119,500
2029	1,020,000	52,575	1,072,575
2030	770,000	29,550	799,550
2031	305,000	13,425	318,425
2032	295,000	4,425	299,425
TOTALS	\$ 5,620,000	\$ 393,350	\$ 6,013,350

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

DECEMBER 31, 2025

<u>Due During Fiscal Years Ending December 31</u>	<u>Series 2023</u>		
	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 50,000	\$ 148,625	\$ 198,625
2027	50,000	146,375	196,375
2028	50,000	144,125	194,125
2029	50,000	142,000	192,000
2030	50,000	140,000	190,000
2031	50,000	138,000	188,000
2032	50,000	136,000	186,000
2033	50,000	134,000	184,000
2034	325,000	126,500	451,500
2035	500,000	110,000	610,000
2036	500,000	90,000	590,000
2037	500,000	70,000	570,000
2038	500,000	50,000	550,000
2039	500,000	30,000	530,000
2040	500,000	10,000	510,000
TOTALS	<u>\$ 3,725,000</u>	<u>\$ 1,615,625</u>	<u>\$ 5,340,625</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

DECEMBER 31, 2025

<u>Due During Fiscal Years Ending December 31</u>	<u>Annual Requirements for All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total</u>
2026	\$ 2,770,000	\$ 833,362	\$ 3,603,362
2027	2,805,000	750,332	3,555,332
2028	2,830,000	670,780	3,500,780
2029	2,900,000	585,876	3,485,876
2030	2,960,000	490,488	3,450,488
2031	2,720,000	391,519	3,111,519
2032	2,750,000	294,087	3,044,087
2033	2,675,000	195,688	2,870,688
2034	775,000	133,250	908,250
2035	500,000	110,000	610,000
2036	500,000	90,000	590,000
2037	500,000	70,000	570,000
2038	500,000	50,000	550,000
2039	500,000	30,000	530,000
2040	500,000	10,000	510,000
TOTALS	\$ 26,185,000	\$ 4,705,382	\$ 30,890,382

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>
Bond Series:	2014	2015	2015A	2016
Interest Rate:	2.93%	3.00% to 3.25%	4.00%	4.00%
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity Dates:	March 1, 2026/2028	March 1, 2026/2033	March 1, 2026/2033	March 1, 2026/2033
Bonds Outstanding at Beginning of Current Year	\$ 1,380,000	\$ 3,320,000	\$ 4,960,000	\$ 4,645,000
Less Retirements	<u>(350,000)</u>	<u>(175,000)</u>	<u>(225,000)</u>	<u>(415,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 1,030,000</u>	<u>\$ 3,145,000</u>	<u>\$ 4,735,000</u>	<u>\$ 4,230,000</u>
Current Year Interest Paid	<u>\$ 35,306</u>	<u>\$ 99,975</u>	<u>\$ 192,775</u>	<u>\$ 177,500</u>

Bond Descriptions and Original Amount of Issue

- (1) Harris County Municipal Utility District No. 157 Unlimited Tax Refunding Bonds, Series 2014 (\$2,850,000)
- (2) Harris County Municipal Utility District No. 157 Unlimited Tax Bonds, Series 2015 (\$4,745,000)
- (3) Harris County Municipal Utility District No. 157 Unlimited Tax Refunding Bonds, Series 2015A (\$6,455,000)
- (4) Harris County Municipal Utility District No. 157 Unlimited Tax Refunding Bonds, Series 2016 (\$7,070,000)

Paying Agent/Registrar

- (1) Branch Banking & Trust Company, Charlotte, North Carolina
- (2) (3) (4) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$ 74,500,000	\$ 0	12,000,000
Amount Issued:	54,735,000		3,687,346
Remaining to be Issued:	19,765,000		8,312,654

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>(5)</u>	<u>(6)</u>	<u>(7)</u>	<u>Totals</u>
Bond Series:	2017	2019	2023	
Interest Rate:	2.25% to 3.00%	2.00% to 3.00%	4.00% to 4.50%	
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity Dates:	March 1, 2026/2034	March 1, 2026/2032	March 1, 2026/2040	
Bonds Outstanding at Beginning of Current Year	\$ 4,075,000	\$ 6,745,000	\$ 3,775,000	\$ 28,900,000
Less Retirements	<u>(375,000)</u>	<u>(1,125,000)</u>	<u>(50,000)</u>	<u>(2,715,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 3,700,000</u>	<u>\$ 5,620,000</u>	<u>\$ 3,725,000</u>	<u>\$ 26,185,000</u>
Current Year Interest Paid	<u>\$ 104,844</u>	<u>\$ 156,575</u>	<u>\$ 150,875</u>	<u>\$ 917,850</u>

Bond Descriptions and Original Amount of Issue

- (5) Harris County Municipal Utility District No. 157 Unlimited Tax Bonds, Series 2017 (\$6,695,000)
- (6) Harris County Municipal Utility District No. 157 Unlimited Tax Refunding Bonds, Series 2019 (\$9,485,000)
- (7) Harris County Municipal Utility District No. 157 Unlimited Tax Bonds, Series 2023 (\$3,825,000)

Paying Agent/Registrar

- (5) (6) (7) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Net Debt Service Fund deposits and investments balances as of December 31, 2025: \$2,268,123
Average annual debt service payment for remaining term of all debt: 2,059,359

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND

FOR YEARS ENDED DECEMBER 31

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
REVENUES										
Property taxes	\$ 2,179,810	\$ 2,099,033	\$ 1,871,868	\$ 1,572,097	\$ 1,316,617	26.2 %	25.4 %	22.5 %	23.9 %	24.0 %
Water service	1,333,160	1,340,030	1,345,012	1,105,008	973,821	16.0	16.2	16.2	16.8	17.8
Sewer service	1,834,373	1,778,540	1,703,688	1,563,085	1,538,873	22.0	21.5	20.5	23.8	28.2
Surface water fees	1,847,829	1,863,149	1,934,351	1,737,506	1,300,222	22.2	22.5	23.4	26.5	23.7
Penalty	173,321	154,406	142,839	117,732	79,036	2.1	1.9	1.7	1.8	1.4
Tap connection and inspection fees	132,201	167,322	550,951	75,175	51,450	1.6	2.0	6.6	1.1	0.9
Sales and Use Taxes	269,182	242,594	226,623	193,363	148,037	3.2	2.9	2.7	2.9	2.7
Interest on deposits and investments	474,215	521,577	426,936	111,570	2,039	5.7	6.3	5.1	1.7	0.0
Other revenues	81,225	108,458	108,103	98,953	71,675	1.0	1.3	1.3	1.5	1.3
TOTAL REVENUES	8,325,316	8,275,109	8,310,371	6,574,489	5,481,770	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Purchased sewer services	916,304	842,980	879,567	675,436	551,401	11.0	10.2	10.6	10.3	10.1
Professional fees	237,987	215,059	260,014	234,517	210,241	2.9	2.6	3.1	3.6	3.8
Contracted services	295,985	264,670	258,067	240,075	234,198	3.6	3.2	3.1	3.7	4.3
Utilities	101,114	129,828	136,615	148,048	150,614	1.2	1.6	1.6	2.3	2.7
Utilities, street lights	219,337	155,887	143,575	135,655	131,773	2.6	1.9	1.7	2.1	2.4
Groundwater pumpage fees	1,905,031	1,840,336	1,871,213	1,750,237	1,607,489	22.8	22.2	22.6	26.5	29.2
Repairs and maintenance	1,112,391	1,256,117	1,000,436	865,210	738,617	13.3	15.2	12.0	13.2	13.5
Other operating expenditures	252,327	201,752	270,632	248,861	185,626	3.0	2.4	3.3	3.8	3.4
Security service	313,047	299,796	282,855	270,628	266,635	3.8	3.6	3.4	4.1	4.9
Garbage disposal	1,181,777	1,130,703	1,044,878	941,894	880,725	14.2	13.7	12.6	14.3	16.1
Administrative expenditures	248,507	243,041	188,360	209,660	159,198	3.0	2.9	2.3	3.2	2.9
Capital outlay	612,363	699,570	308,189	1,230,337	662,502	7.4	8.5	3.7	18.6	12.1
TOTAL EXPENDITURES	7,396,170	7,279,739	6,644,401	6,950,558	5,779,019	88.8	88.0	80.0	105.7	105.4
EXCESS REVENUES (EXPENDITURES)	\$ 929,146	\$ 995,370	\$ 1,665,970	\$ (376,069)	\$ (297,249)	11.2 %	12.0 %	20.0 %	(5.7) %	(5.4) %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	4,119	4,120	4,131	4,120	4,087					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	4,017	4,019	4,033	4,027	3,996					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED DECEMBER 31

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES										
Property taxes	\$ 3,479,815	\$ 3,570,230	\$ 3,654,595	\$ 3,413,774	\$ 3,534,414	94.7 %	94.7 %	94.7 %	97.6 %	98.3 %
Penalty and interest	80,367	58,632	70,463	43,904	60,572	2.2	1.6	1.8	1.3	1.7
Interest on deposits and investments	<u>113,770</u>	<u>139,691</u>	<u>136,721</u>	<u>37,200</u>	<u>898</u>	<u>3.1</u>	<u>3.7</u>	<u>3.5</u>	<u>1.1</u>	<u>0.0</u>
TOTAL REVENUES	<u>3,673,952</u>	<u>3,768,553</u>	<u>3,861,779</u>	<u>3,494,878</u>	<u>3,595,884</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES										
Current:										
Professional fees	25,482	17,206	21,019	10,217	20,407	0.7	0.5	0.5	0.3	0.6
Contracted services	99,274	100,102	97,813	90,183	88,877	2.7	2.7	2.5	2.6	2.5
Other expenditures	12,721	13,872	13,290	12,864	8,387	0.3	0.4	0.3	0.4	0.2
Debt service:										
Principal retirement	2,715,000	2,655,000	2,575,000	2,540,000	2,510,000	74.0	70.4	66.8	72.6	69.8
Interest and fees	<u>923,550</u>	<u>1,003,186</u>	<u>993,145</u>	<u>1,002,982</u>	<u>1,083,890</u>	<u>25.1</u>	<u>26.6</u>	<u>25.7</u>	<u>28.7</u>	<u>30.1</u>
TOTAL EXPENDITURES	<u>3,776,027</u>	<u>3,789,366</u>	<u>3,700,267</u>	<u>3,656,246</u>	<u>3,711,561</u>	<u>102.8</u>	<u>100.6</u>	<u>95.8</u>	<u>104.6</u>	<u>103.2</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ (102,075)</u>	<u>\$ (20,813)</u>	<u>\$ 161,512</u>	<u>\$ (161,368)</u>	<u>\$ (115,677)</u>	<u>(2.8) %</u>	<u>(0.6) %</u>	<u>4.2 %</u>	<u>(4.6) %</u>	<u>(3.2) %</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

DECEMBER 31, 2025

Complete District Mailing Address: Harris County Municipal Utility District No. 157
c/o Smith, Murdaugh, Little & Bonham, L.L.P.
2727 Allen Parkway, Suite 1100
Houston, Texas 77019

District Business Telephone No.: 713-652-6500

Submission date of the most recent District Registration Form: July 18, 2024

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Leonard Spearman, Jr. c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	Elected 5/04/24- 5/06/28	\$ 6,188	\$ 2,347	President
Perla I. Flores c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	Elected 5/07/22- 5/02/26	6,630	2,106	Vice President
Betty Niblett c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	Elected 5/04/24- 5/06/28	6,851	429	Secretary
Jason Valenzuela c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	Elected 5/07/22- 5/02/26	4,420	1,288	Director

Four directors at December 31, 2025.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 157

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

DECEMBER 31, 2025

CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	3/18/96	\$ 141,418	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 N. Loop West, Suite 600 Houston, Texas 77008	4/23/96	25,482	Delinquent Tax Attorney
McLennan & Associates, L.P. 1717 St. James Place, Suite 500 Houston, Texas 77056	3/23/04	73,513	Bookkeeper
Jorge Diaz 1717 St. James Place, Suite 500 Houston, Texas 77056	1/17/17	0	Investment Officer
Municipal District Services, L.L.C. 406 W. Grand Parkway S., #260 Katy, Texas 77494	5/1/12	2,113,451	Operator
BGE, Inc. 10777 Westheimer, Suite 400 Houston, Texas 77042	4/4/78	174,773	Engineer
Bob Leared 11111 Katy Freeway, Suite 725 Houston, Texas 77079	4/18/79	70,616	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	44,566	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	5/15/18	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1/1/93	17,400	Independent Auditor

See accompanying independent auditor's report.