

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MAY 31, 2022**



**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Northwest Harris County Municipal  
Utility District No. 21  
Harris County, Texas

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Northwest Harris County Municipal Utility District No. 21 (the "District") as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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





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

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

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

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

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

### **Required Supplementary Information**

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



Board of Directors  
Northwest Harris County Municipal  
Utility District No. 21

### **Supplementary Information**

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



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

September 19, 2022



**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2022**

Management’s discussion and analysis of Northwest Harris County Municipal Utility District No. 21’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended May 31, 2022. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has two governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Special Revenue Funds account for financial resources collected and administered by the District for the operations of a joint water plant and a regional wastewater treatment plant.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2022**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets exceeded liabilities by \$11,717,009 as of May 31, 2022.

A portion of the District’s net position reflects its net investment in capital assets (e.g. land, buildings and equipment as well as water and wastewater facilities less any debt used to acquire those assets that is still outstanding).

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2022**

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

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

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	\$ 7,060,676	\$ 5,227,395	\$ 1,833,281
Capital Assets (Net of Accumulated Depreciation)	<u>5,242,949</u>	<u>5,431,361</u>	<u>(188,412)</u>
Total Assets	<u>\$ 12,303,625</u>	<u>\$ 10,658,756</u>	<u>\$ 1,644,869</u>
Other Liabilities	\$ 586,616	\$ 417,273	\$ (169,343)
Total Liabilities	<u>\$ 586,616</u>	<u>\$ 417,273</u>	<u>\$ (169,343)</u>
Net Position:			
Net Investment in Capital Assets	\$ 5,242,949	\$ 5,431,361	\$ (188,412)
Unrestricted	<u>6,474,060</u>	<u>4,810,122</u>	<u>1,663,938</u>
Total Net Position	<u>\$ 11,717,009</u>	<u>\$ 10,241,483</u>	<u>\$ 1,475,526</u>

The following table provides a summary of the District's operations for the years ended May 31, 2022, and May 31, 2021. The District's net position increased by \$1,475,526, accounting for a 14.4% increase in net position.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 308,531	\$ 307,972	\$ 559
Charges for Services	3,673,749	2,074,765	1,598,984
Sales Tax Revenues	383,898	327,999	55,899
Other Revenues	<u>41,406</u>	<u>52,001</u>	<u>(10,595)</u>
Total Revenues	<u>\$ 4,407,584</u>	<u>\$ 2,762,737</u>	<u>\$ 1,644,847</u>
Expenses for Services	<u>2,932,058</u>	<u>2,616,411</u>	<u>(315,647)</u>
Change in Net Position	\$ 1,475,526	\$ 146,326	\$ 1,329,200
Net Position, Beginning of Year	<u>10,241,483</u>	<u>10,095,157</u>	<u>146,326</u>
Net Position, End of Year	<u>\$ 11,717,009</u>	<u>\$ 10,241,483</u>	<u>\$ 1,475,526</u>

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2022**

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

The District’s combined fund balances as of May 31, 2022, were \$6,297,989, an increase of \$1,683,714 from the prior year.

The General Fund fund balance increased by \$1,683,714, primarily due to property tax revenues and charges for services exceeding operating expenditures and capital costs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the budget during the current fiscal. Actual revenues were \$1,655,221 more than budgeted revenues. Actual expenditures were \$240,235 less than budgeted expenditures.

**CAPITAL ASSETS**

Capital assets as of May 31, 2022, total \$5,242,949 (net of accumulated depreciation) and include land, buildings and as well as water and wastewater systems. Significant capital asset events during the current fiscal year included the District’s share of the wastewater treatment plant improvements and joint water plant improvements. Additional information on the District’s capital assets can be found in Note 5 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 56,049	\$ 56,049	\$
Construction in Progress	123,154	91,298	31,856
Capital Assets, Net of Accumulated Depreciation:			
Water and Wastewater System	1,129,403	1,219,378	(89,975)
Joint Water Plant	1,095,585	1,123,412	(27,827)
Joint Wastewater Plant	<u>2,838,758</u>	<u>2,941,224</u>	<u>(102,466)</u>
Total Net Capital Assets	<u>\$ 5,242,949</u>	<u>\$ 5,431,361</u>	<u>\$ (188,412)</u>

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Northwest Harris County Municipal Utility District No. 21, c/o Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas 77046.



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**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
MAY 31, 2022**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	
		<u>Water Plant</u>	<u>Wastewater Treatment Plant</u>
<b>ASSETS</b>			
Cash	\$ 1,685,157	\$ 60,950	\$ 51,255
Investments	4,565,773		5,111
Receivables:			
Property Taxes	20,211		
Service Accounts	96,003		
Accrued Interest	3,033		
Other	3,525		
Due from Other Funds	10,458	72,795	16,101
Prepaid Costs	4,254		
Due from Other Governmental Units	119,558	188,377	101,609
Advance for Water Plant Operations	64,428		
Advance for Regional Wastewater Treatment Plant Operations	26,940		
Regional Water Authority Chloramine Conversion Credits			
Land			
Construction in Progress			
Capital Assets (Net of Accumulated Depreciation)			
<b>TOTAL ASSETS</b>	<u>\$ 6,599,340</u>	<u>\$ 322,122</u>	<u>\$ 174,076</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 1,797,362	\$	\$ 1,797,362
4,570,884		4,570,884
20,211		20,211
96,003		96,003
3,033		3,033
3,525		3,525
99,354	(99,354)	
4,254		4,254
409,544		409,544
64,428	(64,428)	
26,940	(26,940)	
	155,860	155,860
	56,049	56,049
	123,154	123,154
	<u>5,063,746</u>	<u>5,063,746</u>
<u>\$ 7,095,538</u>	<u>\$ 5,208,087</u>	<u>\$ 12,303,625</u>

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
MAY 31, 2022**

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
<b>LIABILITIES</b>			
Accounts Payable	\$ 56,593	\$ 185,622	\$ 66,451
Due to Other Governmental Units	14,627		3,167
Due to Other Funds	88,896		10,458
Due to Taxpayers	10,719		
Security Deposits	110,305		
Advance for Water Plant Operations		136,500	
Advance for Regional Wastewater Treatment Plant Operations			94,000
<b>TOTAL LIABILITIES</b>	<b>\$ 281,140</b>	<b>\$ 322,122</b>	<b>\$ 174,076</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	\$ 20,211	\$ - 0 -	\$ - 0 -
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Costs	\$ 4,254	\$	\$
For Water Plant Operations	64,428		
For Regional Wastewater Treatment Plant Operations	26,940		
Assigned to 2023 Budget Deficit	1,200,015		
Unassigned	5,002,352		
<b>TOTAL FUND BALANCES</b>	<b>\$ 6,297,989</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,599,340</b>	<b>\$ 322,122</b>	<b>\$ 174,076</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets Unrestricted			
<b>TOTAL NET POSITION</b>			

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 308,666	\$	\$ 308,666
17,794		17,794
99,354	(99,354)	
10,719		10,719
110,305		110,305
136,500	(64,428)	72,072
<u>94,000</u>	<u>(26,940)</u>	<u>67,060</u>
<u>\$ 777,338</u>	<u>\$ (190,722)</u>	<u>\$ 586,616</u>
<u>\$ 20,211</u>	<u>\$ (20,211)</u>	<u>\$ - 0 -</u>
\$ 4,254	\$ (4,254)	\$
64,428	(64,428)	
26,940	(26,940)	
1,200,015	(1,200,015)	
<u>5,002,352</u>	<u>(5,002,352)</u>	<u></u>
<u>\$ 6,297,989</u>	<u>\$ (6,297,989)</u>	<u>\$ - 0 -</u>
<u>\$ 7,095,538</u>		
	\$ 5,242,949	\$ 5,242,949
	<u>6,474,060</u>	<u>6,474,060</u>
	<u>\$ 11,717,009</u>	<u>\$ 11,717,009</u>

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
MAY 31, 2022**

Total Fund Balances - Governmental Funds	\$ 6,297,989
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	5,242,949
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Credits due from the North Harris County Regional Water Authority for asset reimbursements are not current financial resources and, therefore, are not reported as assets in the governmental funds.	155,860
--	---------

Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District.	20,211
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Total Net Position - Governmental Activities	<u>\$ 11,717,009</u>
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The accompanying notes to the financial statements are an integral part of this report.

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**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED MAY 31, 2022**

	General Fund	Special Revenue Funds	
		Water Plant	Wastewater Treatment Plant
<b>REVENUES</b>			
Property Taxes	\$ 317,600	\$	\$
Water Service	320,818	1,537,195	
Wastewater Service	120,860		701,443
Regional Water Authority Fees/Credits	309,406		
Penalty and Interest	12,650		
Sales Tax Revenues	383,898		
Tap Connection and Inspection Fees	1,570,150		
Investment Revenues	9,581	1,329	10
Miscellaneous Revenues	1,758	28,728	
<b>TOTAL REVENUES</b>	<u>\$ 3,046,721</u>	<u>\$ 1,567,252</u>	<u>\$ 701,453</u>
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
Professional Fees	\$ 183,072	\$ 39,531	\$ 35,854
Contracted Services	46,987	37,360	75,614
Purchased Water Service	726,563	1,136,386	
Purchased Wastewater Service	161,503		
Utilities	6,022	81,557	80,668
Regional Water Authority Assessment		86,402	
Repairs and Maintenance	95,564	144,635	178,977
Depreciation			
Other	77,328	24,620	316,353
Capital Outlay	65,968	16,761	13,987
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 1,363,007</u>	<u>\$ 1,567,252</u>	<u>\$ 701,453</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ 1,683,714	\$ -0-	\$ -0-
<b>CHANGE IN NET POSITION</b>			
<b>FUND BALANCES/NET POSITION - JUNE 1, 2021</b>	<u>4,614,275</u>		
<b>FUND BALANCES/NET POSITION - MAY 31, 2022</b>	<u>\$ 6,297,989</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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



<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 317,600	\$ (9,069)	\$ 308,531
1,858,013	(726,563)	1,131,450
822,303	(161,503)	660,800
309,406	(3,969)	305,437
12,650	(6,738)	5,912
383,898		383,898
1,570,150		1,570,150
10,920		10,920
30,486		30,486
<u>\$ 5,315,426</u>	<u>\$ (907,842)</u>	<u>\$ 4,407,584</u>
\$ 258,457	\$	\$ 258,457
159,961		159,961
1,862,949	(726,563)	1,136,386
161,503	(161,503)	
168,247		168,247
86,402		86,402
419,176		419,176
	254,380	254,380
418,301		418,301
96,716	(65,968)	30,748
<u>\$ 3,631,712</u>	<u>\$ (699,654)</u>	<u>\$ 2,932,058</u>
\$ 1,683,714	\$ (1,683,714)	\$
	1,475,526	1,475,526
<u>4,614,275</u>	<u>5,627,208</u>	<u>10,241,483</u>
<u>\$ 6,297,989</u>	<u>\$ 5,419,020</u>	<u>\$ 11,717,009</u>

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2022**

Net Change in Fund Balances - Governmental Funds	\$ 1,683,714
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(9,069)
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Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	(6,738)
---	---------

Governmental funds report repayment of capital contributions as revenues in the period received. However, in the Statement of Net Position, repayments reduce long-term receivables.	(3,969)
--	---------

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(254,380)
--	-----------

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	65,968
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Change in Net Position - Governmental Activities	\$ <u>1,475,526</u>
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The accompanying notes to the financial statements are an integral part of this report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2022**

**NOTE 1. CREATION OF DISTRICT**

Northwest Harris County Municipal Utility District No. 21 was created by an order of the Texas Water Commission effective July 3, 1979, in accordance with the Texas Water Code, Chapter 54. The Board of Directors held its first meeting on July 12, 1979, and the first bonds were sold on June 10, 1980. The District is empowered, among other things, to purchase, to construct, to operate, and to maintain all works, improvements and facilities necessary for the supply of water, for the collection and processing of wastewater, and for the control and diversion of storm water.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

The District has entered into an agreement with Northwest Harris County Municipal Utility District No. 22 (“District No. 22”) and Northwest Harris County Municipal Utility District No. 23 (“District No. 23”) for wastewater disposal. Oversight responsibility of the Northchase Regional Sewage Treatment Plant is with the District. Additional disclosure concerning this agreement is provided in Note 7.

The District has entered into an agreement with District No. 22 for water service. Oversight responsibility of the water plant is with the District. Additional disclosure concerning this agreement is provided in Note 8.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2022**

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

Financial Statement Presentation

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

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

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

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

Government-Wide Financial Statements

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

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2022**

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

Financial Statement Presentation (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

Governmental Funds

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

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

Special Revenue Funds - To account for financial resources collected and administered by the District for the operation of a regional wastewater treatment plant and a joint water plant which are Special Revenue Funds of the District.

Basis of Accounting

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2022**

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

Basis of Accounting (Continued)

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

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

Capital Assets

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

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

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2022**

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

Capital Assets (Continued)

and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
All Other Equipment	5-20

Budgeting

Annual unappropriated budgets are adopted for the General Fund and Special Revenue Funds by the District’s Board of Directors. The budgets are prepared using the same method of accounting as for financial reporting. The original General Fund budget and the Special Revenue Funds budgets for the current year were not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Funds present the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

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

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2022**

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

Measurement Focus (Continued)

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

*Restricted:* amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

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

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District has assigned \$1,200,015 toward the fiscal year 2023 General Fund budget.

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

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

Accounting Estimates

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

**NOTE 3. LONG-TERM DEBT**

As of May 31, 2022, the District had authorized but unissued bonds in the amount of \$23,815,000 for utility facilities and \$4,875,000 for refunding bonds.



**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2022**

**NOTE 4. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$3,367,100 and the bank balance was \$3,379,388. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at May 31, 2022, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 1,685,157	\$ 1,569,738	\$ 3,254,895
SPECIAL REVENUE FUNDS	112,205		112,205
<b>TOTAL DEPOSITS</b>	<b>\$ 1,797,362</b>	<b>\$ 1,569,738</b>	<b>\$ 3,367,100</b>

Investments

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2022**

**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool. The District measures its investments in certificates of deposit at acquisition cost.

As of May 31, 2022, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
Certificates of Deposit	\$ 1,569,738	\$ 1,569,738	\$	\$	\$
TexPool	2,996,035	2,996,035			
<u>SPECIAL REVENUE FUND - WASTEWATER TREATMENT PLANT</u>					
TexPool	5,111	5,111			
<b>TOTAL INVESTMENTS</b>	<b>\$ 4,570,884</b>	<b>\$ 4,570,884</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2022, the District’s investment in TexPool was rated “AAAm” by Standard and Poor’s. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2022**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended May 31, 2022:

	June 1, 2021	Increases	Decreases	May 31, 2022
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 56,049	\$	\$	\$ 56,049
Construction in Progress	91,298	65,968	34,112	123,154
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 147,347</b>	<b>\$ 65,968</b>	<b>\$ 34,112</b>	<b>\$ 179,203</b>
<b>Capital Assets Subject to Depreciation</b>				
Water and Wastewater System	\$ 3,882,951	\$	\$	\$ 3,882,951
Joint Water Plant	3,446,315	34,112		3,480,427
Joint Wastewater Plant	6,077,742			6,077,742
<b>Total Capital Assets Subject to Depreciation</b>	<b>\$ 13,407,008</b>	<b>\$ 34,112</b>	<b>\$ - 0 -</b>	<b>\$ 13,441,120</b>
<b>Accumulated Depreciation</b>				
Water and Wastewater System	\$ 2,663,573	\$ 89,975	\$	\$ 2,753,548
Joint Water Plant	2,322,903	61,939		2,384,842
Joint Wastewater Plant	3,136,518	102,466		3,238,984
<b>Total Accumulated Depreciation</b>	<b>\$ 8,122,994</b>	<b>\$ 254,380</b>	<b>\$ - 0 -</b>	<b>\$ 8,377,374</b>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 5,284,014</b>	<b>\$ (220,268)</b>	<b>\$ - 0 -</b>	<b>\$ 5,063,746</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 5,431,361</b>	<b>\$ (154,300)</b>	<b>\$ 34,112</b>	<b>\$ 5,242,949</b>

**NOTE 6. MAINTENANCE TAX**

On August 11, 1979, the voters of the District approved the levy and collection of an unlimited maintenance tax per \$100 valuation on all taxable property within the District. This maintenance tax is to be used in the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. During the current fiscal year, the District levied an ad valorem maintenance tax at a rate of \$0.23 per \$100 of assessed valuation, which resulted in a tax levy of \$329,005 on the taxable valuation of \$143,045,545 for the 2021 tax year.

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2022**

**NOTE 7. REGIONAL SEWAGE TREATMENT PLANT AGREEMENT**

On December 13, 1979, the District entered into an agreement with District No. 22 and District No. 23 to share in the construction, ownership and operating costs of a 500,000 gallon per day regional sewage treatment plant (the “Plant”). On September 6, 1985, the Amendment to the agreement was approved, on May 9, 2006, the Second Amendment to the agreement was approved, on December 13, 2014, the Third Amendment to the agreement was approved and on November 21, 2016, the Fourth Amendment to the agreement was approved.

In 1981, the Plant was expanded to 1,000,000 gallons per day capacity, and in 2005, the Plant was again expanded to 1,500,000 gallons per day capacity. The agreement provides for each district to pay a portion of the construction costs based upon its pro rata share of capacity. Each district owns an undivided interest in the Plant equal to its pro rata share of total capacity. District No. 22 sold 50,000 gallons per day sewage treatment capacity to District No. 23 for \$199,500 on November 9, 2005. Effective November 21, 2016, the District sold 95,100 gallons per day capacity in the amount of \$927,225 to District No. 23. The term of the agreement is 35 years.

The participating districts and their respective pro rata share of capacity in the Plant are:

	Capacity in Total Gallons Per day	Percentage of Total Capacity
The District	429,900	28.66%
District No. 22	505,000	33.67
District No. 23	<u>565,100</u>	<u>37.67</u>
	<u>1,500,000</u>	<u>100.00%</u>

The District is responsible for operating and maintaining the Plant and bills each participant on a monthly basis for their share of operating expenditures.

Certain fixed operating costs are allocated based on each district’s pro rata share of Plant ownership; all other operating costs are allocated based on each district’s pro rata share of billed water consumption served by the Plant. In the current fiscal year, the District recorded total advances in the amount of \$94,000 for operation and maintenance of the Plant of which \$26,940 was the District’s share, recorded a total of \$161,503 as its share of operating costs of the Plant and recorded \$16,101 as payable at fiscal year end.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2022**

**NOTE 8. JOINT WATER SUPPLY FACILITIES AGREEMENT**

On February 10, 1984, District No. 22 and the District entered into a joint water supply facilities agreement. On June 1, 1987, the Amendment to the agreement was approved and on February 10, 1999, the Second Amendment to the agreement was approved. In accordance with the agreement, District No. 22 purchased from the District a 52.8% interest in the District's existing water plant and water plant site (the "Plant"). The District will continue to operate the water plant.

Certain fixed operating costs are allocated based on each district's pro rata share of Plant ownership; all other operating costs are allocated based on each district's pro rata share of billed water consumption served by the Plant. In the current fiscal year, the District recorded total advances in the amount of \$136,500 for operation and maintenance of the Plant of which \$64,428 was the District's share; recorded a total of \$726,563 as its share of the operating costs of the Plant which includes \$13,560 of the District's share of chloramine conversion credits and recorded \$72,795 as payable at fiscal year end.

**NOTE 9. WATER SUPPLY AGREEMENTS**

Fountainhead Municipal Utility District

On January 2, 1980, the District and Fountainhead Municipal Utility District ("Fountainhead") entered into a water interconnect agreement. That contract is revised by the water supply agreement and amendment to water interconnect contract executed on April 15, 1998. The contract was further clarified by a Memorandum of Understanding on April 15, 2009. The term of the amended agreement is 35 years from its date of execution. Fountainhead entered into the water supply agreement to secure a supply of water to serve an approximate 36-acre tract of land within the District. Commensurate with the agreement, Fountainhead purchased an interest in the existing water distribution system equal to 19.75% of the District's undivided 47.2% interest for which Fountainhead paid \$165,242. During the current fiscal year, Fountainhead paid \$211,311 for water purchased from the District.

North Harris County Regional Water Authority

On April 14, 2010, the District and District No. 22 entered into a Water Supply Agreement with the Authority in order for the District and District No. 22 to maintain compliance with the Commission's requirements related to their minimum water supply capacity. The agreement was amended on January 17, 2013. The Authority agrees to sell and deliver to the District and District No. 22 a volume of the Authority's water between 0.416 and 1.00 million gallons per day. In the event of a well failure, the Authority agrees to sell and deliver a volume between 0.82 and 1.97 million gallons per day. The term of this agreement shall end on January 1, 2040.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2022**

**NOTE 10. INTERIM EMERGENCY WATER SUPPLY CONTRACT**

On June 20, 2006, the District entered into an interim and emergency water supply contract with Harris County Municipal Utility District No. 16 (“District No. 16”) and District No. 22. The interconnect facilities located in each district will be constructed, owned, operated and maintained by each respective district.

On an interim basis, the District and District No. 22 agreed to sell up to 630,000 gallons per day of water to District No. 16 at the rate charged by the North Harris County Regional Water Authority (the “Authority”), plus \$0.20 per 1,000 per gallons. The term was for a period of two (2) years from the date the water interconnect facilities were opened. The interconnect was opened on July 5, 2006. An extension of the Interim Water Supply Termination Date was granted through March 1, 2009, thus extending the of \$0.20 per 1,000 gallons plus the rate District No. 22 and the District were charged by the Authority for water. The District and District No. 22 continued to provide water through January 2009. Thereafter, District No. 16 began to purchase water from the Authority.

During an emergency, the price to be paid for water shall be \$1.00 per 1,000 gallons plus the cost of any assessments imposed on the use of water to the supplying district by the various regulatory authorities including but not limited to the Authority. The districts agree to review the price for water on or about every fifth anniversary of this contract. The term of the emergency portion of this contract is 40 years, through June 20, 2046.

**NOTE 11. EMERGENCY WATER SUPPLY CONTRACT**

On August 18, 1981, District No. 22 entered into an Emergency Water Supply Contract with District No. 23 whereby each district will furnish the other district emergency water supply service for a period of 40 years. District No. 23 maintains the interconnect and all such maintenance costs are equally shared between the two districts. On July 15, 2004, the District executed a First Amendment to the Emergency Water Supply Contract. This contract included the District as well as District No. 22 and District No. 23. The amended contract provides for the supply of water, in an emergency, between districts and for the repayment of water in-kind and eliminates the need for the supplying district to recoup the Authority assessment from the receiving district.

**NOTE 12. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY**

The District is located within the boundaries of the Authority. The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the “Act”), as passed by the 75<sup>th</sup> Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority is overseeing that its participants comply with the Harris-Galveston Subsidence District pumpage requirements. The District is required to convert its water supply to surface water over a period of time.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2022**

**NOTE 12. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY**  
(Continued)

The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. Currently the fee charged is \$4.60 per 1,000 gallons of water pumped from each well and \$5.05 per 1,000 of surface water purchased. The District's share of these fees is included in purchased water service. The Water Plant Fund recorded \$1,222,788 paid to the Authority during the current fiscal year.

The District and District No. 22 funded the construction costs for the conversion to surface water based on their capacity in the water supply facilities. The total costs of the project approved by the Authority for reimbursement is \$395,437, which will be credited to the District over 30 years at a rate of 6%. Principal repayments began in July 2012. The District's share of the reimbursement is 47.2%. Future repayments are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 4,208	\$ 9,352	\$ 13,560
2024	4,461	9,099	13,560
2025	4,728	8,831	13,559
2026	5,012	8,548	13,560
2027	5,313	8,247	13,560
2028-2032	31,744	36,054	67,798
2033-2037	42,481	25,317	67,798
2038-2042	56,849	10,949	67,798
2043	1,064	64	1,128
	<u>\$ 155,860</u>	<u>\$ 116,461</u>	<u>\$ 272,321</u>

**NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT WITH THE CITY OF HOUSTON**

The District entered into a Strategic Partnership Agreement with the City of Houston on July 15, 2005. Under the Agreement, the City will perform a limited-purpose annexation of property within the District. The City shall impose a Sales & Use Tax on the limited-purpose annexation property activities. An amount equal to 50 percent of all Sales and Use Tax collected by the City on revenues generated within the boundaries of the limited-purpose annexation property shall be paid to the District. The Agreement continues in effect for a period of 30 years. During the current fiscal year, the District recorded revenue of \$383,898 from the City.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2022**

**NOTE 14. RISK MANAGEMENT**

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

**NOTE 15. INTERFUND PAYABLES AND RECEIVABLES**

Interfund liabilities at May 31, 2022 consist of the following: the General Fund owes the Water Plant and Wastewater Treatment Plant Special Revenue Funds \$88,896 for operation costs. The Wastewater Treatment Plant Special Revenue Fund owes the General Fund 10,458 for the advance made to fund the District's share of the water well no. 1 rework and wastewater treatment plant improvements.



**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21**

**REQUIRED SUPPLEMENTARY INFORMATION**

**MAY 31, 2022**



**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED MAY 31, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 300,000	\$ 317,600	\$ 17,600
Water Service	255,000	320,818	65,818
Wastewater Service	100,000	120,860	20,860
Regional Water Authority Fees/Credits	375,000	309,406	(65,594)
Penalty and Interest	1,500	12,650	11,150
Sales Tax Revenues	325,000	383,898	58,898
Tap Connection and Inspection Fees		1,570,150	1,570,150
Investment Revenues	35,000	9,581	(25,419)
Miscellaneous Revenues	<u>                    </u>	<u>1,758</u>	<u>1,758</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,391,500</u>	<u>\$ 3,046,721</u>	<u>\$ 1,655,221</u>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 127,000	\$ 183,072	\$ (56,072)
Contracted Services	27,700	46,987	(19,287)
Purchased Water Service	482,503	726,563	(244,060)
Purchased Wastewater Service	176,964	161,503	15,461
Utilities	7,500	6,022	1,478
Repairs and Maintenance	50,000	95,564	(45,564)
Other	95,575	77,328	18,247
Capital Outlay	<u>636,000</u>	<u>65,968</u>	<u>570,032</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,603,242</u>	<u>\$ 1,363,007</u>	<u>\$ 240,235</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (211,742)	\$ 1,683,714	\$ 1,895,456
<b>FUND BALANCE - JUNE 1, 2021</b>	<u>4,614,275</u>	<u>4,614,275</u>	<u>                    </u>
<b>FUND BALANCE - MAY 31, 2022</b>	<u>\$ 4,402,533</u>	<u>\$ 6,297,989</u>	<u>\$ 1,895,456</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL – WATER PLANT  
FOR THE YEAR ENDED MAY 31, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Water Service	\$ 1,122,100	\$ 1,537,195	\$ 415,095
Investment Revenues		1,329	1,329
Miscellaneous Revenues		<u>28,728</u>	<u>28,728</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,122,100</u>	<u>\$ 1,567,252</u>	<u>\$ 445,152</u>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 13,000	\$ 39,531	\$ (26,531)
Contracted Services	37,600	37,360	240
Purchased Water Service	875,000	1,136,386	(261,386)
Utilities	65,000	81,557	(16,557)
Regional Water Authority Assessment		86,402	(86,402)
Repairs and Maintenance	100,000	144,635	(44,635)
Other	31,500	24,620	6,880
Capital Outlay		<u>16,761</u>	<u>(16,761)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,122,100</u>	<u>\$ 1,567,252</u>	<u>\$ (445,152)</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ -0-	\$ -0-	\$ -0-
<b>FUND BALANCE - JUNE 1, 2021</b>	_____	_____	_____
<b>FUND BALANCE - MAY 31, 2022</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL – WASTEWATER TREATMENT PLANT  
FOR THE YEAR ENDED MAY 31, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Wastewater Service	\$ 737,350	\$ 701,443	\$ (35,907)
Investment Revenues		10	10
<b>TOTAL REVENUES</b>	<u>\$ 737,350</u>	<u>\$ 701,453</u>	<u>\$ (35,897)</u>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 8,000	\$ 35,854	\$ (27,854)
Contracted Services	76,600	75,614	986
Utilities	125,000	80,668	44,332
Repairs and Maintenance	250,000	178,977	71,023
Other	277,750	316,353	(38,603)
Capital Outlay		13,987	(13,987)
<b>TOTAL EXPENDITURES</b>	<u>\$ 737,350</u>	<u>\$ 701,453</u>	<u>\$ 35,897</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ -0-	\$ -0-	\$ -0-
<b>FUND BALANCE - JUNE 1, 2021</b>	_____	_____	_____
<b>FUND BALANCE - MAY 31, 2022</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent  
auditor's report on supplemental information.

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**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21**

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

**MAY 31, 2022**





**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
SERVICES AND RATES  
FOR THE YEAR ENDED MAY 31, 2022**

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

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

**2. RETAIL SERVICE PROVIDERS**

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

Based on the rate order approved May 16, 2022.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 10.00	10,000	N	\$ 1.50	10,001 and up
WASTEWATER:	\$ 9.00		Y		
SURCHARGE:					
TCEQ Regulatory Assessment			N	0.5% of water and wastewater charges	
Regional Water Authority Fees	\$ 5.56	per 1,000			
District employs winter averaging for wastewater usage?					<u>      </u> <u>  X  </u> Yes      No

Total monthly charges per 10,000 gallons usage: Water: \$10.00 Wastewater: \$9.00 Surcharge: \$55.70

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
SERVICES AND RATES  
FOR THE YEAR ENDED MAY 31, 2022**

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

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

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	6	5	x 1.0	5
1"	18	16	x 2.5	40
1½"	13	13	x 5.0	65
2"	39	39	x 8.0	312
3"	4	4	x 15.0	60
4"	4	4	x 25.0	100
6"	2	2	x 50.0	100
8"	2	2	x 80.0	160
10"			x 115.0	
Total Water Connections	<u>88</u>	<u>85</u>		<u>842</u>
Total Wastewater Connections	<u>87</u>	<u>84</u>	x 1.0	<u>84</u>

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

Gallons pumped in system:	17,660,000	Water Accountability Ratio: 88% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	53,577,000	
Gallons sold:	140,774,000	To: <u>Northwest Harris County Municipal Utility District No. 22, Northwest Harris County Municipal Utility District No. 23, Harris County Municipal Utility District No. 16, Fountainhead Municipal Utility District</u>
Gallons purchased	203,241,000	From: <u>North Harris County Regional Water Authority</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
SERVICES AND RATES  
FOR THE YEAR ENDED MAY 31, 2022**

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

Does the District have Debt Service standby fees? Yes  No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

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

Entirely  Partly  Not at all

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes  No

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED MAY 31, 2022**

PROFESSIONAL FEES:	
Auditing	\$ 11,000
Engineering	95,846
Legal	72,424
Delinquent Tax Attorney	<u>3,802</u>
TOTAL PROFESSIONAL FEES	<u>\$ 183,072</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 726,563
Purchased Wastewater Service	<u>161,503</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 888,066</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 2,277
Bookkeeping	25,125
Operations and Billing	4,783
Tax Collector	<u>14,802</u>
TOTAL CONTRACTED SERVICES	<u>\$ 46,987</u>
UTILITIES:	
Electricity	<u>\$ 6,022</u>
REPAIRS AND MAINTENANCE	<u>\$ 95,564</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 14,850
Dues	700
Insurance	12,728
Legal Notices	851
Office Supplies and Postage	10,581
Payroll Taxes	1,205
Travel and Meetings	12,671
Other	<u>3,089</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 56,675</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED MAY 31, 2022**

CAPITAL OUTLAY:	
Capitalized Assets	\$ 65,968
Expenditures Not Capitalized	<u>                    </u>
TOTAL CAPITAL OUTLAY	<u>\$ 65,968</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 16,527
Permit Fees	1,538
Reconnection Fees	340
Inspection Fees	1,125
Regulatory Assessment	<u>1,123</u>
TOTAL OTHER EXPENDITURES	<u>\$ 20,653</u>
TOTAL EXPENDITURES	<u>\$ 1,363,007</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
INVESTMENTS  
MAY 31, 2022**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 2,996,035	\$
Certificate of Deposit	XXXX1518	0.30%	07/08/22	247,826	667
Certificate of Deposit	XXXX1909	0.45%	07/21/22	107,751	417
Certificate of Deposit	XXXX6560	0.25%	08/22/22	247,197	477
Certificate of Deposit	XXXX2508	0.40%	08/22/22	248,418	768
Certificate of Deposit	XXXX2368	0.40%	02/08/23	248,971	305
Certificate of Deposit	XXXX3468	0.12%	02/21/23	244,575	80
Certificate of Deposit	XXXX6839	0.70%	03/18/23	225,000	319
TOTAL GENERAL FUND				<u>\$ 4,565,773</u>	<u>\$ 3,033</u>
<u>SPECIAL REVENUE FUND - WASTEWATER TREATMENT PLANT</u>					
TexPool	XXXX0005	Varies	Daily	\$ 5,111	\$ - 0 -
TOTAL - ALL FUNDS				<u>\$ 4,570,884</u>	<u>\$ 3,033</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED MAY 31, 2022**

	Maintenance Taxes	
TAXES RECEIVABLE -		
JUNE 1, 2021	\$ 29,280	
Adjustments to Beginning		
Balance	(20,474)	\$ 8,806
Original 2021 Tax Levy	\$ 284,966	
Adjustment to 2021 Tax Levy	44,039	329,005
TOTAL TO BE		
ACCOUNTED FOR		\$ 337,811
 TAX COLLECTIONS:		
Prior Years	\$ 468	
Current Year	317,132	317,600
 TAXES RECEIVABLE -		
MAY 31, 2022		\$ 20,211
 TAXES RECEIVABLE BY		
YEAR:		
2021		\$ 11,873
2020		2,394
2019		1,781
2018		1,314
2017		1,267
2016		1,031
2015		524
2014		13
2013		14
TOTAL		\$ 20,211

See accompanying independent auditor's report.

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**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED MAY 31, 2022**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PROPERTY VALUATIONS:				
Land	\$ 47,028,021	\$ 44,152,233	\$ 44,178,799	\$ 43,982,057
Improvements	89,203,793	96,120,131	90,125,605	80,726,341
Personal Property	22,060,346	18,592,806	19,583,302	19,397,871
Exemptions	<u>(15,246,615)</u>	<u>(14,429,347)</u>	<u>(15,246,270)</u>	<u>(14,925,463)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 143,045,545</u>	<u>\$ 144,435,823</u>	<u>\$ 138,641,436</u>	<u>\$ 129,180,806</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.00	\$ 0.0000	\$ 0.000	\$ 0.00
Maintenance**	<u>0.23</u>	<u>0.2195</u>	<u>0.234</u>	<u>0.24</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.2300</u>	<u>\$ 0.2195</u>	<u>\$ 0.234</u>	<u>\$ 0.24</u>
ADJUSTED TAX LEVY*	<u>\$ 329,005</u>	<u>\$ 316,979</u>	<u>\$ 324,421</u>	<u>\$ 310,034</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>96.39 %</u>	<u>99.24 %</u>	<u>99.45 %</u>	<u>99.58 %</u>

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

\*\*Maintenance Tax – On August 11, 1979, the voters of the District approved an unlimited tax rate per \$100 of assessed valuation.

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND - FIVE YEARS**

	Amounts		
	2022	2021	2020
<b>REVENUES</b>			
Property Taxes	\$ 317,600	\$ 301,797	\$ 324,886
Water Service	320,818	269,994	230,760
Wastewater Service	120,860	125,339	114,513
Regional Water Authority Fees/Credits	309,406	296,716	273,630
Penalty and Interest	12,650	13,626	11,482
Sales Tax Revenues	383,898	327,999	313,622
Tap Connection and Inspection Fees	1,570,150	5,070	4,650
Investment Revenues	9,581	21,365	73,150
Miscellaneous Revenues	1,758	1,495	1,551
<b>TOTAL REVENUES</b>	<b>\$ 3,046,721</b>	<b>\$ 1,363,401</b>	<b>\$ 1,348,244</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 183,072	\$ 121,773	\$ 110,439
Contracted Services	46,987	45,835	44,242
Purchased Water Service	726,563	497,735	498,613
Purchased Wastewater Service	161,503	160,348	157,460
Utilities	6,022	4,083	4,462
Repairs and Maintenance	95,564	57,393	52,197
Other	77,328	77,085	77,700
Capital Outlay	65,968	127,858	302,130
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,363,007</b>	<b>\$ 1,092,110</b>	<b>\$ 1,247,243</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 1,683,714</b>	<b>\$ 271,291</b>	<b>\$ 101,001</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Contributed by Other Governmental Unit	\$ - 0 -	\$ - 0 -	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 1,683,714</b>	<b>\$ 271,291</b>	<b>\$ 101,001</b>
<b>BEGINNING FUND BALANCE</b>	4,614,275	4,342,984	4,241,983
<b>ENDING FUND BALANCE</b>	<b>\$ 6,297,989</b>	<b>\$ 4,614,275</b>	<b>\$ 4,342,984</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>85</b>	<b>84</b>	<b>84</b>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>84</b>	<b>77</b>	<b>77</b>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2019	2018	2022	2021	2020	2019	2018
\$ 299,502	\$ 300,687	10.4 %	22.0 %	24.1 %	20.5 %	22.0 %
233,621	276,241	10.5	19.8	17.1	16.0	20.2
120,687	126,677	4.0	9.2	8.5	8.2	9.3
318,403	278,371	10.2	21.8	20.3	21.7	20.4
7,056	7,622	0.4	1.0	0.9	0.5	0.6
342,486	327,111	12.6	24.1	23.3	23.4	24.0
68,953	12,930	51.5	0.4	0.3	4.7	0.9
71,478	32,714	0.3	1.6	5.4	4.9	2.4
1,846	2,133	0.1	0.1	0.1	0.1	0.2
<u>\$ 1,464,032</u>	<u>\$ 1,364,486</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 98,830	\$ 99,266	6.0 %	8.9 %	8.2 %	6.8 %	7.3 %
46,497	43,427	1.5	3.4	3.3	3.2	3.2
544,384	519,989	23.8	36.5	37.0	37.2	38.1
219,706	156,602	5.3	11.8	11.7	15.0	11.5
4,279	3,891	0.2	0.3	0.3	0.3	0.3
82,017	105,276	3.1	4.2	3.9	5.6	7.7
126,853	60,218	2.5	5.7	5.8	8.7	4.4
238,395	1,000,631	2.2	9.4	22.4	16.3	73.3
<u>\$ 1,360,961</u>	<u>\$ 1,989,300</u>	<u>44.6 %</u>	<u>80.2 %</u>	<u>92.6 %</u>	<u>93.1 %</u>	<u>145.8 %</u>
<u>\$ 103,071</u>	<u>\$ (624,814)</u>	<u>55.4 %</u>	<u>19.8 %</u>	<u>7.4 %</u>	<u>6.9 %</u>	<u>(45.8) %</u>
<u>\$ - 0 -</u>	<u>\$ 78,181</u>					
\$ 103,071	\$ (546,633)					
<u>4,138,912</u>	<u>4,685,545</u>					
<u>\$ 4,241,983</u>	<u>\$ 4,138,912</u>					
<u>84</u>	<u>82</u>					
<u>77</u>	<u>77</u>					

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
MAY 31, 2022**

District Mailing Address - Northwest Harris County Municipal Utility District No. 21  
c/o Coats Rose, P.C.  
9 Greenway Plaza, Suite 1000  
Houston, TX 77046

District Telephone No. - (713) 652-6500

<b>Board Members</b>	Term of Office (Elected or <u>Appointed</u> )	Fees of Office for the year ended <u>May 31, 2022</u>	Expense Reimbursements for the year ended <u>May 31, 2022</u>	<u>Title</u>
Rand R. Wall	05/20 05/24 (Elected)	\$ 3,450	\$ 2,632	President
William M. Tallas	05/22 05/26 (Elected)	\$ 3,600	\$ 2,385	Vice President
Bruce Popper	05/20 05/24 (Elected)	\$ 3,000	\$ 2,511	Secretary
Andrew Johnston	05/22 05/26 (Elected)	\$ 2,550	\$ 295	Assistant Secretary
Matthew Barton	05/22 05/26 (Elected)	\$ 2,250	\$ 711	Assistant Secretary

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

Submission date of most recent District Registration Form: June 4, 2018

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

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 21  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
MAY 31, 2022**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2022</u>	<u>Water Plant and Wastewater Treatment Plant Fees for the year ended May 31, 2022</u>	<u>Title</u>
Coats Rose, P.C.	12/17/82	\$ 72,424	\$ -0-	General Counsel
McCall Gibson Swedlund Barfoot PLLC	04/07/89	\$ 11,000	\$ 6,000	Auditor
Myrtle Cruz, Inc.	12/12/79	\$ 27,041	\$ 21,441	Bookkeeper/ Investment Officer
Larson & Welsing	02/12/02	\$ 3,802	\$ -0-	Delinquent Tax Attorney
Quiddity Engineering LLC	08/09/90	\$ 124,107	\$ 90,629	Engineer
Blitch Associates, Inc.	10/21/13	\$ -0-	\$ -0-	Financial Advisor
H2O Innovation	07/11/80	\$ 70,388	\$ 754,609	Operator
Bob Leared Interests	08/17/79	\$ 20,486	\$ -0-	Tax Assessor/ Collector/ Sales Tax Consultant

See accompanying independent auditor's report.

