



**Harris County Municipal Utility  
District No. 321  
Harris County, Texas**

**Independent Auditor's Report and  
Financial Statements**

September 30, 2024



**Harris County Municipal Utility District No. 321**  
**Contents**  
**September 30, 2024**

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## **Independent Auditor's Report**

Board of Directors  
Harris County Municipal Utility District No. 321  
Harris County, Texas

### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 321 (the District), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2024, and the respective changes in financial position thereof 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 (GAAS). 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 these 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 12 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 GAAS 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 GAAS, 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 budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Forvis Mazars, LLP**

Houston, Texas  
February 18, 2025

### ***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

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, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste 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, liabilities, and deferred inflows and outflows of resources of 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 assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' 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. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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 year.

Although the statement of activities looks different from a commercial enterprise's statement of income, 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 Funds**

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes 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, sewer and drainage 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 assets, liabilities, and deferred inflows and outflows of resources 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 is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to 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.

**Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

**Financial Analysis of the District as a Whole**

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

**Summary of Net Position**

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 9,735,660	\$ 8,294,359
Capital assets	55,899,179	55,875,010
Total assets	<u>\$ 65,634,839</u>	<u>\$ 64,169,369</u>
Long-term liabilities	\$ 51,283,577	\$ 53,281,790
Other liabilities	1,050,305	520,968
Total liabilities	<u>52,333,882</u>	<u>53,802,758</u>
Net position:		
Net investment in capital assets	15,993,279	13,901,350
Restricted	4,046,153	3,663,522
Unrestricted	<u>(6,738,475)</u>	<u>(7,198,261)</u>
Total net position	<u>\$ 13,300,957</u>	<u>\$ 10,366,611</u>

The total net position of the District increased by \$2,934,346, or about 28%. The majority of the increase in net position is related to tax revenues intended to pay principal on the District’s bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Summary of Changes in Net Position**

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 5,997,043	\$ 5,601,153
Sales tax rebates	1,176,491	1,192,307
Charges for services	2,027,878	2,165,728
Other revenues	<u>592,822</u>	<u>1,012,344</u>
Total revenues	<u>9,794,234</u>	<u>9,971,532</u>
Expenses:		
Services	4,544,525	6,148,949
Depreciation	489,018	484,052
Conveyance of capital assets	70,384	1,669,833
Debt service	<u>1,755,961</u>	<u>1,914,595</u>
Total expenses	<u>6,859,888</u>	<u>10,217,429</u>
Change in net position	2,934,346	(245,897)
Net position, beginning of year	<u>10,366,611</u>	<u>10,612,508</u>
Net position, end of year	<u>\$ 13,300,957</u>	<u>\$ 10,366,611</u>

***Financial Analysis of the District’s Funds***

The District’s combined fund balances as of the end of the fiscal year ended September 30, 2024, were \$8,264,361, an increase of \$970,131 from the prior year.

The general fund’s fund balance increased by \$538,574, primarily due to property taxes, sales tax rebates and service revenues, as well as investment income and insurance proceeds received, exceeding capital outlay and service operations expenditures.

The debt service fund’s fund balance increased by \$426,191, primarily due to property tax revenues and investment income exceeding bond principal and interest requirements and contracted services expenditures.

The capital projects fund’s fund balance increased by \$5,366, primarily due to investment income.

***General Fund Budgetary Highlights***

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property tax, sales tax rebates and water and sewer service revenues, investment income and purchased services expenditures being greater than anticipated and capital outlay

expenditures being less than anticipated. In addition, insurance proceeds received were not included in the current year budget. The fund balance as of September 30, 2024, was expected to be \$3,069,125 and the actual end-of-year fund balance was \$3,997,625.

**Capital Assets and Related Debt**

**Capital Assets**

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

**Capital Assets (Net of Accumulated Depreciation)**

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 40,089,878	\$ 39,882,368
Construction in progress	214,704	135,575
Water facilities	11,381,573	11,471,543
Wastewater facilities	4,048,788	4,211,627
Park facilities	<u>164,236</u>	<u>173,897</u>
Total capital assets	<u>\$ 55,899,179</u>	<u>\$ 55,875,010</u>

During the current year, additions to capital assets were as follows:

Land addition for water well No. 3 site	\$ 210,600
Construction in progress related to water well No. 3, diesel generator at lift station No. 2 and water plant No. 1 rehabilitation for ground storage tank Nos. 1 and 2 and hydropneumatic tank Nos. 1 and 2	79,129
Water well No. 3 driveway	<u>223,458</u>
Total additions to capital assets	<u>\$ 513,187</u>

**Debt**

The changes in the debt position of the District during the fiscal year ended September 30, 2024, are summarized as follows:

Long-term debt payable, beginning of year	\$ 53,281,790
Decreases in long-term debt	<u>(1,998,213)</u>
Long-term debt payable, end of year	<u>\$ 51,283,577</u>

At September 30, 2024, the District had \$98,076,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District, or for refunding said bonds, \$27,190,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving recreational facilities or for refunding said bonds, and \$26,965,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving road facilities or for refunding said bonds.



The District's bonds carry an underlying rating of "Baa1" from Moody's Ratings. The bonds issued in 2017 and thereafter also carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

***Other Relevant Factors***

***Strategic Partnership Agreement***

Effective December 2, 2002, the District and the City entered into a Strategic Partnership Agreement (the Agreement) under which the City annexed a tract of land within the boundaries of the District for the limited purposes of applying certain of the City's Planning, Development, Health and Safety Ordinances. The District continues to exercise all powers and functions of a municipal utility district as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all City sales and use tax revenues generated within the boundaries of the tract of land to the District. As consideration for the sales tax payments, the District agrees to continue to provide and develop water, sewer and drainage services within the District. The City agrees it will not annex the District for full purposes or commence any action to annex the District until: (i) at least 90% of the District's water, sewer and drainage facilities have been developed or 30 years, whichever comes first; and (ii) the developer(s) developing water, sewer and drainage facilities have been reimbursed by the District to the maximum extent permitted by the rules of the Commission, or the City assumes any obligation for such reimbursement by the District under such rules. In no event will the date that the City may exercise its option to annex the District for full purposes be more than 30 years from the effective date of the Agreement.

**Harris County Municipal Utility District No. 321**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**September 30, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash	\$ 370,096	\$ 241,929	\$ 5,524	\$ 617,549	\$ -	\$ 617,549
Certificates of deposit	450,623	230,000	-	680,623	-	680,623
Short-term investments	3,439,312	3,733,029	106,058	7,278,399	-	7,278,399
Receivables:						
Property taxes	6,621	13,340	-	19,961	-	19,961
Service accounts	253,293	-	-	253,293	-	253,293
Sales tax rebates	206,632	-	-	206,632	96,045	302,677
Accrued interest	5,322	515	-	5,837	-	5,837
Due from others	135,491	-	-	135,491	441,830	577,321
Interfund receivables	23,483	-	-	23,483	(23,483)	-
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	40,089,878	40,089,878
Construction in progress	-	-	-	-	214,704	214,704
Infrastructure	-	-	-	-	15,430,361	15,430,361
Park facilities	-	-	-	-	164,236	164,236
<b>Total assets</b>	<b>\$ 4,890,873</b>	<b>\$ 4,218,813</b>	<b>\$ 111,582</b>	<b>\$ 9,221,268</b>	<b>\$ 56,413,571</b>	<b>\$ 65,634,839</b>
<b>Liabilities</b>						
Accounts payable	\$ 685,545	\$ 26,836	\$ -	\$ 712,381	\$ -	\$ 712,381
Accrued interest payable	-	-	-	-	136,842	136,842
Customer deposits	175,875	-	-	175,875	-	175,875
Due to others	25,207	-	-	25,207	-	25,207
Interfund payables	-	15,183	8,300	23,483	(23,483)	-
Long-term liabilities:						
Due within one year	-	-	-	-	2,125,000	2,125,000
Due after one year	-	-	-	-	49,158,577	49,158,577
<b>Total liabilities</b>	<b>886,627</b>	<b>42,019</b>	<b>8,300</b>	<b>936,946</b>	<b>51,396,936</b>	<b>52,333,882</b>
<b>Deferred Inflows of Resources</b>						
Deferred property tax revenues	6,621	13,340	-	19,961	(19,961)	-
<b>Fund Balances/Net Position</b>						
Fund balances:						
Restricted:						
Debt service on unlimited tax bonds	-	3,475,418	-	3,475,418	(3,475,418)	-
Debt service on unlimited tax road bonds	-	688,036	-	688,036	(688,036)	-
Water, sewer and drainage	-	-	103,282	103,282	(103,282)	-
Assigned:						
Operating reserve	100,000	-	-	100,000	(100,000)	-
Future expenditures	153,188	-	-	153,188	(153,188)	-
Unassigned	3,744,437	-	-	3,744,437	(3,744,437)	-
<b>Total fund balances</b>	<b>3,997,625</b>	<b>4,163,454</b>	<b>103,282</b>	<b>8,264,361</b>	<b>(8,264,361)</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,890,873</b>	<b>\$ 4,218,813</b>	<b>\$ 111,582</b>	<b>\$ 9,221,268</b>		
Net position:						
Net investment in capital assets					15,993,279	15,993,279
Restricted for debt service					4,039,952	4,039,952
Restricted for capital projects					6,201	6,201
Unrestricted					(6,738,475)	(6,738,475)
<b>Total net position</b>					<b>\$ 13,300,957</b>	<b>\$ 13,300,957</b>

**Harris County Municipal Utility District No. 321**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Year Ended September 30, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 2,089,465	\$ 3,954,155	\$ -	\$ 6,043,620	\$ (46,577)	\$ 5,997,043
Sales tax rebates	1,172,173	-	-	1,172,173	4,318	1,176,491
Water service	1,254,286	-	-	1,254,286	-	1,254,286
Sewer service	773,592	-	-	773,592	-	773,592
Penalty and interest	11,957	15,008	-	26,965	(13,878)	13,087
Tap connection and inspection fees	87,747	-	-	87,747	-	87,747
Investment income	190,292	292,159	6,261	488,712	-	488,712
Other income	3,276	-	-	3,276	-	3,276
<b>Total revenues</b>	<b>5,582,788</b>	<b>4,261,322</b>	<b>6,261</b>	<b>9,850,371</b>	<b>(56,137)</b>	<b>9,794,234</b>
<b>Expenditures/Expenses</b>						
Service operations:						
Purchased services	4,104,461	-	-	4,104,461	(228,628)	3,875,833
Professional fees	192,387	7,350	-	199,737	742	200,479
Contracted services	139,546	63,386	-	202,932	-	202,932
Utilities	53,407	-	-	53,407	-	53,407
Repairs and maintenance	153,419	-	-	153,419	-	153,419
Other expenditures	34,996	12,344	60	47,400	-	47,400
Tap connections	11,055	-	-	11,055	-	11,055
Capital outlay	583,571	-	742	584,313	(584,313)	-
Depreciation	-	-	-	-	489,018	489,018
Conveyance of capital assets	-	-	-	-	70,384	70,384
Debt service:						
Principal retirement	-	2,050,000	-	2,050,000	(2,050,000)	-
Interest and fees	-	1,702,051	-	1,702,051	53,817	1,755,868
Debt issuance costs	-	-	93	93	-	93
<b>Total expenditures/expenses</b>	<b>5,272,842</b>	<b>3,835,131</b>	<b>895</b>	<b>9,108,868</b>	<b>(2,248,980)</b>	<b>6,859,888</b>
<b>Excess of Revenues Over Expenditures</b>	<b>309,946</b>	<b>426,191</b>	<b>5,366</b>	<b>741,503</b>	<b>2,192,843</b>	
<b>Other Financing Sources</b>						
Insurance proceeds	228,628	-	-	228,628	(228,628)	
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>538,574</b>	<b>426,191</b>	<b>5,366</b>	<b>970,131</b>	<b>(970,131)</b>	
<b>Change in Net Position</b>					<b>2,934,346</b>	<b>2,934,346</b>
<b>Fund Balances/Net Position</b>						
Beginning of year	3,459,051	3,737,263	97,916	7,294,230	-	10,366,611
End of year	<u>\$ 3,997,625</u>	<u>\$ 4,163,454</u>	<u>\$ 103,282</u>	<u>\$ 8,264,361</u>	<u>\$ -</u>	<u>\$ 13,300,957</u>

**Note 1. Nature of Operations and Summary of Significant Accounting Policies**

Harris County Municipal Utility District No. 321 (the District) was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective December 10, 1986, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

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

***Reporting Entity***

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

***Government-Wide and Fund Financial Statements***

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, such as the provision of water, wastewater, drainage and other related services. 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 with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

*General Fund* – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

**Harris County Municipal Utility District No. 321**  
**Notes to Financial Statements**  
**September 30, 2024**

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*Debt Service Fund* – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

*Capital Projects Fund* – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

***Fund Balances – Governmental Funds***

The fund balances for the District’s governmental funds can be displayed in up to five components:

*Nonspendable* – Amounts that are not in a spendable form or are required to be maintained intact.

*Restricted* – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District’s Board.

*Assigned* – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned* – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

***Measurement Focus and Basis of Accounting***

***Government-Wide Financial Statements***

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

***Fund Financial Statements***

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

***Deferred Outflows and Inflows of Resources***

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

***Interfund Transactions***

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

***Pension Costs***

The District does not participate in a pension plan and, therefore, has no pension costs.

***Use of 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 amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

***Investments and Investment Income***

Investments in certificates of deposit, U.S. Government and agency securities and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

***Property Taxes***

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District

**Harris County Municipal Utility District No. 321**  
**Notes to Financial Statements**  
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receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended September 30, 2024, include collections during the current period or within 60 days of year-end related to the 2023 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended September 30, 2024, the 2023 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Land improvements	10-40

**Debt Issuance Costs**

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 debt service expenditures.

**Harris County Municipal Utility District No. 321**  
**Notes to Financial Statements**  
**September 30, 2024**

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***Net Position/Fund Balances***

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

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

***Reconciliation of Government-Wide and Fund Financial Statements***

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the fund financial statements.	\$ 55,899,179
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	19,961
Amount due from others is not receivable in the current period and is not reported in the fund financial statements.	441,830
Sales tax rebates are not receivable in the current period and are not reported in the fund financial statements.	96,045
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the fund financial statements.	(136,842)
Long-term debt obligations are not due and payable in the current period and are not reported in the fund financial statements.	<u>(51,283,577)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ 5,036,596</u></u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ 970,131
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense, conveyed capital assets and noncapitalized costs in the current period.	24,169



**Harris County Municipal Utility District No. 321**  
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Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	\$ 2,050,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities; revenues which have previously been reported in the statement of activities are reported as revenues for the funds.	(56,137)
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 governmental funds.	<u>(53,817)</u>
Change in net position of governmental activities.	<u><u>\$ 2,934,346</u></u>

**Note 2. Deposits, Investments and Investment Income**

***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, a government’s deposits may not be returned to it. The District’s deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At September 30, 2024, none of the District’s bank balances were exposed to custodial credit risk.

***Investments***

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than “A,” insured or collateralized certificates of deposit, and certain bankers’ acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District’s investment policy may be more restrictive than the Texas Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. The District’s investments in TexPool are reported at amortized cost.

**Harris County Municipal Utility District No. 321**  
**Notes to Financial Statements**  
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The District also invests in TexSTAR, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Directors, made up of participants and representatives of the administrator and investment manager, has oversight of TexSTAR. The District's investments in TexSTAR are reported at amortized cost.

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

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 909,413	\$ 909,413	\$ -	\$ -	\$ -
TexSTAR	6,368,986	6,368,986	-	-	-
Totals	<u>\$ 7,278,399</u>	<u>\$ 7,278,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pools are presented as investments with a maturity of less than one year because they are redeemable in full immediately.

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2024, the District's investments in TexPool and TexSTAR were rated "AAAm" by Standard & Poor's.

**Summary of Carrying Values**

The carrying values of deposits and investments shown above are included in the balance sheet at September 30, 2024, as follows:

Carrying value:	
Deposits	\$ 1,298,172
Investments	<u>7,278,399</u>
Total	<u>\$ 8,576,571</u>

Included in the following statement of net position captions:

Cash	\$ 617,549
Certificates of deposit	680,623
Short-term investments	<u>7,278,399</u>
Total	<u>\$ 8,576,571</u>

**Investment Income**

Investment income of \$488,712 for the year ended September 30, 2024, consisted of interest income.

**Harris County Municipal Utility District No. 321**  
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**Note 3. Capital Assets**

A summary of changes in capital assets for the year ended September 30, 2024, is presented as follows:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Additions</b>	<b>Balances, End of Year</b>
Capital assets, non-depreciable:			
Land and improvements	\$ 39,845,281	\$ 210,600	\$ 40,055,881
Construction in progress	135,575	79,129	214,704
Total capital assets non-depreciable	39,980,856	289,729	40,270,585
Capital assets, depreciable:			
Water production and distribution facilities	13,509,469	223,458	13,732,927
Wastewater collection and treatment facilities	5,722,025	-	5,722,025
Land improvements	46,359	-	46,359
Park facilities	193,219	-	193,219
Total capital assets, depreciable	19,471,072	223,458	19,694,530
Less accumulated depreciation:			
Water production and distribution facilities	(2,037,926)	(313,428)	(2,351,354)
Wastewater collection and treatment facilities	(1,510,398)	(162,839)	(1,673,237)
Land improvements	(9,272)	(3,090)	(12,362)
Park facilities	(19,322)	(9,661)	(28,983)
Total accumulated depreciation	(3,576,918)	(489,018)	(4,065,936)
Total governmental activities, net	<u>\$ 55,875,010</u>	<u>\$ 24,169</u>	<u>\$ 55,899,179</u>

**Note 4. Long-Term Liabilities**

Changes in long-term liabilities for the year ended September 30, 2024, were as follows:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Decreases</b>	<b>Balances, End of Year</b>	<b>Amounts Due in One Year</b>
Bonds payable:				
General obligation bonds	\$ 54,610,000	\$ 2,050,000	\$ 52,560,000	\$ 2,125,000
Less discounts on bonds	1,328,210	51,787	1,276,423	-
Total governmental activities long-term liabilities	<u>\$ 53,281,790</u>	<u>\$ 1,998,213</u>	<u>\$ 51,283,577</u>	<u>\$ 2,125,000</u>

**Harris County Municipal Utility District No. 321**  
**Notes to Financial Statements**  
**September 30, 2024**

**General Obligation Bonds**

	<b>Road Series 2015</b>	<b>Series 2017</b>
Amounts outstanding, September 30, 2024	\$3,000,000	\$7,920,000
Interest rates	2.00% to 4.00%	2.50% to 3.50%
Maturity dates, serially beginning/ending	September 1, 2025/2036	September 1, 2025/2037
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2022	September 1, 2024
	<b>Road Series 2017</b>	<b>Series 2018</b>
Amounts outstanding, September 30, 2024	\$2,400,000	\$7,675,000
Interest rates	2.00% to 3.50%	3.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2025/2040	September 1, 2025/2042
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2024	September 1, 2025
	<b>Series 2018A</b>	<b>Series 2019</b>
Amounts outstanding, September 30, 2024	\$4,540,000	\$4,490,000
Interest rates	4.00% to 4.25%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2025/2043	September 1, 2025/2044
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2025	September 1, 2026
	<b>Series 2020</b>	<b>Series 2021</b>
Amounts outstanding, September 30, 2024	\$4,990,000	\$10,140,000
Interest rates	2.000% to 2.125%	2.00% to 2.50%
Maturity dates, serially beginning/ending	September 1, 2025/2045	September 1, 2025/2046
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2026	September 1, 2028

\*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

**Harris County Municipal Utility District No. 321**  
**Notes to Financial Statements**  
**September 30, 2024**

	<u>Series 2022</u>	<u>Series 2023</u>
Amounts outstanding, September 30, 2024	\$4,510,000	\$2,895,000
Interest rates	3.00% to 4.00%	4.00% to 6.00%
Maturity dates, serially beginning/ending	September 1, 2025/2047	September 1, 2025/2048
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2028	September 1, 2029

\*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

**Annual Debt Service Requirements**

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at September 30, 2024:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,125,000	\$ 1,642,099	\$ 3,767,099
2026	2,185,000	1,582,588	3,767,588
2027	2,245,000	1,523,748	3,768,748
2028	2,320,000	1,459,315	3,779,315
2029	2,385,000	1,390,337	3,775,337
2030-2034	13,070,000	5,817,733	18,887,733
2035-2039	13,465,000	3,664,637	17,129,637
2040-2044	11,560,000	1,544,557	13,104,557
2045-2048	3,205,000	207,425	3,412,425
Total	<u>\$ 52,560,000</u>	<u>\$ 18,832,439</u>	<u>\$ 71,392,439</u>

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

Water, sewer and drainage facilities and refunding bonds voted	\$ 155,426,000
Water, sewer and drainage facilities bonds sold	57,350,000
Recreational facilities and refunding bonds voted	31,950,000
Recreational facilities bonds sold	4,760,000
Road facilities and refunding bonds voted	35,500,000
Road facilities bonds sold	8,535,000
Refunding bonds voted	35,326,000
Refunding bond authorization used	615,000

## **Note 5. Significant Bond Resolutions and Commission Requirements**

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2024, the District levied an ad valorem utility debt service tax at the rate of \$0.5250 per \$100 of assessed valuation, which resulted in a tax levy of \$3,524,727 on the taxable valuation of \$671,376,550 for the 2023 tax year. The interest and principal requirements paid from the tax revenues and available resources were \$3,155,288.

In addition, during the year ended September 30, 2024, the District levied an ad valorem road debt service tax at the rate of \$0.0850 per \$100 of assessed valuation, which resulted in a tax levy of \$570,670 on the taxable valuation of \$671,376,550 for the 2023 tax year. The interest and principal requirements paid from the tax revenues and available resources were \$594,938.

## **Note 6. Maintenance Taxes**

At an election held January 6, 1988, voters authorized a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation on all property within the District subject to taxation. At an election held May 8, 2010, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation, in lieu of the election held January 6, 1988. During the year ended September 30, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.3200 per \$100 of assessed valuation, which resulted in a tax levy of \$2,148,405 on the taxable valuation of \$671,376,550 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

At an election held May 8, 2010, voters authorized a road facilities maintenance tax not to exceed \$0.25 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended September 30, 2024, the District did not levy an ad valorem road facilities maintenance tax.

## **Note 7. 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 participates along with other entities in the Texas Municipal League's Intergovernmental Risk Pool (the Pool). The Pool purchases commercial insurance at group rates for participants in the Pool. The District has no additional risk or responsibility to the Pool, outside of payment of insurance premiums. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

## **Note 8. Strategic Partnership Agreement**

Effective December 2, 2002, the District and the City of Houston (the City) entered into a Strategic Partnership Agreement (the Agreement), under which the City annexed a tract of land (the tract) within the boundaries of the District for the limited purposes of applying certain of the City's Planning, Development, Health and Safety Ordinances. The District continues to exercise all powers and functions of a municipal utility district as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all City sales and use tax revenues generated within the boundaries of the tract to the District. As consideration for the sales tax payments by the City, the District agrees to continue to provide and develop water, sewer and drainage services within the District in lieu of full-purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District until: (i) at least 90% of the District's water, sewer and drainage facilities have been developed or 30 years, whichever comes first; and (ii) the developer(s) developing water, sewer and drainage facilities have been reimbursed by the District to the

**Harris County Municipal Utility District No. 321**  
**Notes to Financial Statements**  
**September 30, 2024**

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maximum extent permitted by the rules of the Commission, or the City assumes any obligation for such reimbursement by the District under such rules. In no event will the date that the City may exercise its option to annex the District for full purposes be more than 30 years from the effective date of the Agreement. During the current year, the District recorded \$1,176,491 in revenues related to the Agreement.

**Note 9. Water Supply and Disposal Agreements**

As of December 13, 2010, the District and Harris County Municipal Utility District No. 406 (District No. 406) entered into a 40-year Sanitary Sewer Service Agreement (the Sanitary Agreement) with the City, which supersedes the provisions in the District's previous agreement with the City related to wastewater services. Pursuant to the terms of the new Sanitary Agreement, the City will provide all sanitary sewer collection and treatment services to the District and District No. 406 for up to 1,600,000 gallons per day at fees based on the City's wholesale wastewater rate per thousand gallons. As of September 30, 2024, the rate was \$8.04 per thousand gallons. The Sanitary Agreement also requires the District and District No. 406 to construct certain sanitary sewer collection facilities to deliver waste to the City at certain agreed-upon points of discharge for collection and treatment. In addition, the First Amendment to the Sanitary Agreement, dated December 19, 2018, added provisions necessary for enforcement of the City's program for the pretreatment of industrial waste within the districts.

Additionally, as of July 20, 2011, the District and District No. 406 also entered into a 40-year Treated Water Supply Contract (the Contract) with the City. The Contract, along with the Sanitary Agreement, fully supersedes the District's previous agreement with the City. Pursuant to the terms of the Contract, the City will sell and deliver the District treated water at the rate set by ordinance by the City for contract treated water customers. As of September 30, 2024, the rate was \$4.40 per thousand gallons, plus \$1.14 per thousand gallons over the minimum requirement. Under the terms of the Contract, the District and District No. 406 have previously paid impact fees to the City to reserve treated water supply capacity of 2,000,000 gallons per day. The Contract also requires the District and District No. 406 to construct certain water storage and pressurization facilities to receive water from the City at certain agreed-upon points of connection. On January 20, 2017, the Contract was amended to provide that the District and District No. 406 may reserve an additional 2,200,000 gallons per day of treated water supply by paying impact fees to the City and/or constructing certain facilities on behalf of the City. The District and District No. 406 reserved such additional capacity during the prior year.

**Note 10. Due From Others**

Beginning in 2019, the District incurred certain surcharges for high-strength industrial waste from the City. The District has billed its customer for these surcharges in the amount of \$441,830.

**Note 11. Joint Facilities Agreement**

Effective August 20, 2013, the District and District No. 406 entered into a Joint Facilities Agreement (the Joint Agreement), which sets forth the general terms and conditions pursuant to which the districts share in the joint financing, operation, and use of certain water, sanitary sewer, storm drainage and detention, and road facilities that serve the areas within both districts (the Regional Facilities). Under the Joint Agreement, each district is obligated to pay its pro rata share of the cost of designing and constructing each Regional Facility. District No. 406 operates the Regional Facilities (other than road facilities, which are conveyed to Harris County following construction) for the benefit of both districts. However, the Joint Agreement requires each district to pay its pro rata share of the operation and maintenance expenses associated with the Regional Facilities. The Joint Agreement remains in effect unless terminated by mutual written agreement of the District and District No. 406.

**Harris County Municipal Utility District No. 321**  
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The Joint Agreement was amended and restated effective March 31, 2017. The District has deposited \$100,000 with District No. 406 as an operating reserve. During the year ended September 30, 2024, the District recorded expenses under the Joint Agreement of \$3,875,833, which includes an insurance reimbursement received of \$228,628.

**Note 12. Concentrations**

As of September 30, 2024, for the January 1, 2024, assessed property tax valuation, two taxpayers own approximately 44% of the District's total assessed value.



***Required Supplementary Information***

**Harris County Municipal Utility District No. 321  
 Budgetary Comparison Schedule – General Fund  
 Year Ended September 30, 2024**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Property taxes	\$ 1,129,063	\$ 2,089,465	\$ 960,402
Sales tax rebates	1,000,000	1,172,173	172,173
Water service	1,000,000	1,254,286	254,286
Sewer service	665,000	773,592	108,592
Penalty and interest	5,000	11,957	6,957
Tap connection and inspection fees	30,000	87,747	57,747
Investment income	5,000	190,292	185,292
Other income	18,000	3,276	(14,724)
	<u>3,852,063</u>	<u>5,582,788</u>	<u>1,730,725</u>
<b>Total revenues</b>			
<b>Expenditures</b>			
Service operations:			
Purchased services	2,900,000	4,104,461	(1,204,461)
Professional fees	185,900	192,387	(6,487)
Contracted services	50,000	139,546	(89,546)
Utilities	35,000	53,407	(18,407)
Repairs and maintenance	176,000	153,419	22,581
Other expenditures	55,389	34,996	20,393
Tap connections	-	11,055	(11,055)
Capital outlay	839,700	583,571	256,129
	<u>4,241,989</u>	<u>5,272,842</u>	<u>(1,030,853)</u>
<b>Total expenditures</b>			
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(389,926)	309,946	699,872
<b>Other Financing Sources</b>			
Insurance proceeds	-	228,628	228,628
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>			
	(389,926)	538,574	928,500
<b>Fund Balance, Beginning of Year</b>	<u>3,459,051</u>	<u>3,459,051</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 3,069,125</u>	<u>\$ 3,997,625</u>	<u>\$ 928,500</u>

***Budgets and Budgetary Accounting***

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2024.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

***Supplementary Information***

**Harris County Municipal Utility District No. 321  
Other Schedules Included Within This Report  
September 30, 2024**

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

- [X] Notes Required by the Water District Accounting Manual  
See "Notes to Financial Statements," Pages 10-22
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –  
Five Years
- [X] Board Members, Key Personnel and Consultants

**Harris County Municipal Utility District No. 321  
Schedule of Services and Rates  
Year Ended September 30, 2024**

1. Services provided by the District:

- |  |   |  |
|--|---|--|
| <input checked="" type="checkbox"/> Retail Water   | <input type="checkbox"/> Wholesale Water      | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater  | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation          |
| <input checked="" type="checkbox"/> Parks/Recreation   | <input type="checkbox"/> Fire Protection      | <input type="checkbox"/> Security            |
| <input type="checkbox"/> Solid Waste/Garbage   | <input 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 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 50.00	10,000	N	\$ 3.70	10,001 to 20,000
				\$ 3.80	20,001 to 30,000
				\$ 3.90	30,001 to 40,000
				\$ 4.00	40,001 to No Limit
Wastewater:	\$ 55.00	10,000	N	\$ 5.25	10,001 to 20,000
				\$ 5.35	20,001 to 30,000
				\$ 5.45	30,001 to 40,000
				\$ 5.55	40,001 to No Limit

Does the District employ winter averaging for wastewater usage? Yes  No

Total charges per 10,000 gallons usage (including fees): Water \$ 50.00 Wastewater \$ 55.00

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	8	8	x1.0	8
1"	11	11	x2.5	28
1 1/2"	7	7	x5.0	35
2"	58	58	x8.0	464
3"	1	1	x15.0	15
4"	5	4	x25.0	100
6"	11	11	x50.0	550
8"	18	18	x80.0	1,440
10"	5	5	x115.0	575
Total water	124	123		3,215
Total wastewater	52	51	x1.0	51

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	388,261
Gallons billed to customers:	388,261
Water accountability ratio (gallons billed/gallons pumped):	100.00%

\*"ESFC" means equivalent single-family connections

**Harris County Municipal Utility District No. 321**  
**Schedule of General Fund Expenditures**  
**Year Ended September 30, 2024**

<b>Personnel (including benefits)</b>		\$	-
<b>Professional Fees</b>			
Auditing	\$	28,000	
Legal		111,906	
Engineering		52,481	
Financial advisor		-	192,387
<b>Purchased Services for Resale</b>			
Bulk water and wastewater service purchases			4,104,461
<b>Regional Water Fee</b>			-
<b>Contracted Services</b>			
Bookkeeping		20,287	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		119,259	139,546
<b>Utilities</b>			53,407
<b>Repairs and Maintenance</b>			153,419
<b>Administrative Expenditures</b>			
Directors' fees		8,398	
Office supplies		2,726	
Insurance		11,329	
Other administrative expenditures		12,543	34,996
<b>Capital Outlay</b>			
Capitalized assets		513,187	
Expenditures not capitalized		70,384	583,571
<b>Tap Connection Expenditures</b>			11,055
<b>Solid Waste Disposal</b>			-
<b>Fire Fighting</b>			-
<b>Parks and Recreation</b>			-
<b>Principal Retirement</b>			-
<b>Interest and Fees</b>			-
<b>Other Expenditures</b>			-
Total expenditures		\$	<u>5,272,842</u>

**Harris County Municipal Utility District No. 321  
Schedule of Temporary Investments  
September 30, 2024**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
<b>General Fund</b>				
Certificates of Deposit				
No. 6000054418	5.50%	05/09/25	\$ 223,295	\$ 2,974
No. 6002400332	5.31%	01/19/25	227,328	2,348
TexPool	4.98%	Demand	153,188	-
TexSTAR	4.93%	Demand	<u>3,286,124</u>	<u>-</u>
			<u>3,889,935</u>	<u>5,322</u>
<b>Debt Service Fund</b>				
Certificate of Deposit				
No. 6002400972	5.11%	03/15/25	230,000	515
TexPool	4.98%	Demand	650,167	-
TexSTAR	4.93%	Demand	688,036	-
TexSTAR	4.93%	Demand	<u>2,394,826</u>	<u>-</u>
			<u>3,963,029</u>	<u>515</u>
<b>Capital Projects Fund</b>				
TexPool	4.98%	Demand	<u>106,058</u>	<u>-</u>
Totals			<u><u>\$ 7,959,022</u></u>	<u><u>\$ 5,837</u></u>



**Harris County Municipal Utility District No. 321**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended September 30, 2024**

	<u>Maintenance Taxes</u>	<u>Road Debt Service Taxes</u>	<u>Utility Debt Service Taxes</u>
<b>Receivable, Beginning of Year</b>	\$ 19,345	\$ 7,312	\$ 39,881
Additions and corrections to prior years' taxes	<u>(71,664)</u>	<u>(27,248)</u>	<u>(147,847)</u>
Adjusted receivable, beginning of year	<u>(52,319)</u>	<u>(19,936)</u>	<u>(107,966)</u>
<b>2023 Original Tax Levy</b>	2,060,004	547,188	3,379,694
Additions and corrections	<u>88,401</u>	<u>23,482</u>	<u>145,033</u>
Adjusted tax levy	<u>2,148,405</u>	<u>570,670</u>	<u>3,524,727</u>
Total to be accounted for	2,096,086	550,734	3,416,761
Tax (collections) repayments:			
Current year	(2,143,305)	(569,315)	(3,516,360)
Prior years	<u>53,840</u>	<u>20,645</u>	<u>110,875</u>
Receivable, end of year	<u>\$ 6,621</u>	<u>\$ 2,064</u>	<u>\$ 11,276</u>
<b>Receivable, by Years</b>			
2023	\$ 5,100	\$ 1,355	\$ 8,367
2022	747	277	1,549
2021	310	179	792
2020	333	95	252
2019	105	140	254
2018	2	8	23
2017	7	5	11
2016	7	5	11
2015	3	-	11
2014	<u>7</u>	<u>-</u>	<u>6</u>
Receivable, end of year	<u>\$ 6,621</u>	<u>\$ 2,064</u>	<u>\$ 11,276</u>

**Harris County Municipal Utility District No. 321  
 Analysis of Taxes Levied and Receivable  
 Year Ended September 30, 2024**

**(Continued)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Property Valuations</b>				
Land	\$ 119,930,902	\$ 118,762,018	\$ 122,628,689	\$ 121,784,379
Improvements	327,025,473	302,779,140	259,957,432	231,704,611
Personal property	296,583,199	250,699,949	198,810,722	130,559,564
Exemptions	<u>(72,163,024)</u>	<u>(62,957,995)</u>	<u>(59,599,230)</u>	<u>(49,372,217)</u>
Total property valuations	<u>\$ 671,376,550</u>	<u>\$ 609,283,112</u>	<u>\$ 521,797,613</u>	<u>\$ 434,676,337</u>
<b>Tax Rates per \$100 Valuation</b>				
Utility debt service tax rates	\$ 0.5250	\$ 0.5600	\$ 0.5750	\$ 0.3700
Road debt service tax rates	0.0850	0.1000	0.1300	0.1400
Maintenance tax rates*	<u>0.3200</u>	<u>0.2700</u>	<u>0.2250</u>	<u>0.4900</u>
Total tax rates per \$100 valuation	<u>\$ 0.9300</u>	<u>\$ 0.9300</u>	<u>\$ 0.9300</u>	<u>\$ 1.0000</u>
<b>Tax Levy</b>	<u>\$ 6,243,802</u>	<u>\$ 5,666,333</u>	<u>\$ 4,852,718</u>	<u>\$ 4,346,764</u>
<b>Percent of Taxes Collected to Taxes Levied**</b>	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

\*Maximum tax rate approved by voters: \$1.75 on May 8, 2010, consisting of \$1.50 for general operations and maintenance and \$0.25 for road maintenance. The District has never levied a road maintenance tax.

\*\*Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

**Harris County Municipal Utility District No. 321  
Schedule of Long-Term Debt Service Requirements by Years  
September 30, 2024**

<b>Due During Fiscal Years Ending September 30</b>	<b>Road Series 2015</b>		
	<b>Principal Due September 1</b>	<b>Interest Due March 1, September 1</b>	<b>Total</b>
2025	\$ 250,000	\$ 109,062	\$ 359,062
2026	250,000	101,563	351,563
2027	250,000	94,062	344,062
2028	250,000	86,563	336,563
2029	250,000	77,813	327,813
2030	250,000	68,750	318,750
2031	250,000	59,375	309,375
2032	250,000	50,000	300,000
2033	250,000	40,000	290,000
2034	250,000	30,000	280,000
2035	250,000	20,000	270,000
2036	250,000	10,000	260,000
Totals	<u>\$ 3,000,000</u>	<u>\$ 747,188</u>	<u>\$ 3,747,188</u>

Harris County Municipal Utility District No. 321  
 Schedule of Long-Term Debt Service Requirements by Years  
 September 30, 2024

(Continued)

Due During Fiscal Years Ending September 30	Series 2017		
	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 625,000	\$ 246,731	\$ 871,731
2026	625,000	231,106	856,106
2027	625,000	215,481	840,481
2028	625,000	196,731	821,731
2029	625,000	177,981	802,981
2030	625,000	159,231	784,231
2031	625,000	140,481	765,481
2032	625,000	120,950	745,950
2033	625,000	100,639	725,639
2034	625,000	79,545	704,545
2035	625,000	58,450	683,450
2036	625,000	36,575	661,575
2037	420,000	14,700	434,700
Totals	\$ 7,920,000	\$ 1,778,601	\$ 9,698,601

Harris County Municipal Utility District No. 321  
 Schedule of Long-Term Debt Service Requirements by Years  
 September 30, 2024

(Continued)

Due During Fiscal Years Ending September 30	Road Series 2017		
	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 150,000	\$ 73,875	\$ 223,875
2026	150,000	70,687	220,687
2027	150,000	67,313	217,313
2028	150,000	63,563	213,563
2029	150,000	59,437	209,437
2030	150,000	54,937	204,937
2031	150,000	50,437	200,437
2032	150,000	45,750	195,750
2033	150,000	41,062	191,062
2034	150,000	36,188	186,188
2035	150,000	31,313	181,313
2036	150,000	26,250	176,250
2037	150,000	21,000	171,000
2038	150,000	15,750	165,750
2039	150,000	10,500	160,500
2040	150,000	5,250	155,250
Totals	\$ 2,400,000	\$ 673,312	\$ 3,073,312

Harris County Municipal Utility District No. 321  
 Schedule of Long-Term Debt Service Requirements by Years  
 September 30, 2024

(Continued)

Due During Fiscal Years Ending September 30	Series 2018		
	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 150,000	\$ 274,031	\$ 424,031
2026	175,000	266,532	441,532
2027	200,000	261,281	461,281
2028	225,000	255,281	480,281
2029	250,000	248,531	498,531
2030	275,000	240,407	515,407
2031	300,000	231,468	531,468
2032	325,000	221,719	546,719
2033	350,000	210,750	560,750
2034	375,000	198,938	573,938
2035	400,000	185,812	585,812
2036	400,000	171,813	571,813
2037	500,000	157,812	657,812
2038	750,000	139,688	889,688
2039	750,000	112,500	862,500
2040	750,000	84,375	834,375
2041	750,000	56,250	806,250
2042	750,000	28,125	778,125
Totals	\$ 7,675,000	\$ 3,345,313	\$ 11,020,313

Harris County Municipal Utility District No. 321  
 Schedule of Long-Term Debt Service Requirements by Years  
 September 30, 2024

(Continued)

Due During Fiscal Years Ending September 30	Series 2018A		
	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 150,000	\$ 184,919	\$ 334,919
2026	155,000	178,919	333,919
2027	165,000	172,718	337,718
2028	170,000	166,119	336,119
2029	180,000	159,319	339,319
2030	190,000	152,119	342,119
2031	200,000	144,518	344,518
2032	210,000	136,519	346,519
2033	220,000	128,119	348,119
2034	230,000	119,319	349,319
2035	240,000	110,118	350,118
2036	255,000	100,519	355,519
2037	265,000	90,319	355,319
2038	280,000	79,719	359,719
2039	295,000	68,518	363,518
2040	310,000	56,350	366,350
2041	325,000	43,563	368,563
2042	340,000	29,750	369,750
2043	360,000	15,300	375,300
Totals	\$ 4,540,000	\$ 2,136,744	\$ 6,676,744

Harris County Municipal Utility District No. 321  
 Schedule of Long-Term Debt Service Requirements by Years  
 September 30, 2024

(Continued)

Due During Fiscal Years Ending September 30	Series 2019		
	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 145,000	\$ 124,500	\$ 269,500
2026	150,000	121,600	271,600
2027	155,000	118,600	273,600
2028	165,000	115,113	280,113
2029	170,000	110,987	280,987
2030	180,000	106,738	286,738
2031	185,000	102,237	287,237
2032	195,000	97,613	292,613
2033	205,000	92,493	297,493
2034	215,000	87,113	302,113
2035	220,000	81,200	301,200
2036	230,000	75,150	305,150
2037	245,000	68,250	313,250
2038	255,000	60,900	315,900
2039	265,000	53,250	318,250
2040	275,000	45,300	320,300
2041	290,000	37,050	327,050
2042	300,000	28,350	328,350
2043	315,000	19,350	334,350
2044	330,000	9,900	339,900
Totals	\$ 4,490,000	\$ 1,555,694	\$ 6,045,694



Harris County Municipal Utility District No. 321  
 Schedule of Long-Term Debt Service Requirements by Years  
 September 30, 2024

(Continued)

Due During Fiscal Years Ending September 30	Series 2020		
	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 150,000	\$ 103,762	\$ 253,762
2026	155,000	100,763	255,763
2027	160,000	97,662	257,662
2028	170,000	94,463	264,463
2029	175,000	91,063	266,063
2030	185,000	87,562	272,562
2031	195,000	83,863	278,863
2032	200,000	79,962	279,962
2033	210,000	75,963	285,963
2034	220,000	71,762	291,762
2035	230,000	67,363	297,363
2036	240,000	62,475	302,475
2037	250,000	57,375	307,375
2038	260,000	52,063	312,063
2039	275,000	46,537	321,537
2040	285,000	40,693	325,693
2041	300,000	34,638	334,638
2042	310,000	28,262	338,262
2043	325,000	21,675	346,675
2044	340,000	14,769	354,769
2045	355,000	7,544	362,544
Totals	<u>\$ 4,990,000</u>	<u>\$ 1,320,219</u>	<u>\$ 6,310,219</u>

Harris County Municipal Utility District No. 321  
 Schedule of Long-Term Debt Service Requirements by Years  
 September 30, 2024

(Continued)

Due During Fiscal Years Ending September 30	Series 2021		
	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 315,000	\$ 224,306	\$ 539,306
2026	325,000	218,006	543,006
2027	335,000	211,506	546,506
2028	350,000	204,807	554,807
2029	360,000	197,806	557,806
2030	370,000	190,606	560,606
2031	385,000	183,206	568,206
2032	400,000	175,507	575,507
2033	415,000	167,506	582,506
2034	425,000	159,206	584,206
2035	440,000	150,706	590,706
2036	460,000	141,906	601,906
2037	475,000	132,706	607,706
2038	490,000	122,612	612,612
2039	505,000	112,200	617,200
2040	525,000	100,207	625,207
2041	545,000	87,737	632,737
2042	565,000	74,794	639,794
2043	580,000	61,375	641,375
2044	605,000	46,875	651,875
2045	625,000	31,750	656,750
2046	645,000	16,125	661,125
Totals	\$ 10,140,000	\$ 3,011,455	\$ 13,151,455

Harris County Municipal Utility District No. 321  
 Schedule of Long-Term Debt Service Requirements by Years  
 September 30, 2024

(Continued)

Due During Fiscal Years Ending September 30	Series 2022		
	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 130,000	\$ 173,975	\$ 303,975
2026	135,000	170,075	305,075
2027	140,000	165,687	305,687
2028	145,000	161,138	306,138
2029	150,000	156,062	306,062
2030	155,000	150,813	305,813
2031	160,000	145,387	305,387
2032	165,000	139,388	304,388
2033	175,000	133,200	308,200
2034	180,000	126,200	306,200
2035	185,000	119,000	304,000
2036	190,000	111,600	301,600
2037	200,000	104,000	304,000
2038	205,000	96,000	301,000
2039	210,000	87,800	297,800
2040	220,000	79,400	299,400
2041	225,000	70,600	295,600
2042	235,000	61,600	296,600
2043	245,000	52,200	297,200
2044	250,000	42,400	292,400
2045	260,000	32,400	292,400
2046	270,000	22,000	292,000
2047	280,000	11,200	291,200
Totals	\$ 4,510,000	\$ 2,412,125	\$ 6,922,125

Harris County Municipal Utility District No. 321  
 Schedule of Long-Term Debt Service Requirements by Years  
 September 30, 2024

(Continued)

Due During Fiscal Years Ending September 30	Series 2023		
	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 60,000	\$ 126,938	\$ 186,938
2026	65,000	123,337	188,337
2027	65,000	119,438	184,438
2028	70,000	115,537	185,537
2029	75,000	111,338	186,338
2030	80,000	106,837	186,837
2031	85,000	103,638	188,638
2032	90,000	100,237	190,237
2033	95,000	96,638	191,638
2034	100,000	92,837	192,837
2035	105,000	88,838	193,838
2036	110,000	84,637	194,637
2037	115,000	80,238	195,238
2038	120,000	75,637	195,637
2039	130,000	70,838	200,838
2040	135,000	65,637	200,637
2041	145,000	60,069	205,069
2042	150,000	54,088	204,088
2043	160,000	47,712	207,712
2044	170,000	40,913	210,913
2045	180,000	33,687	213,687
2046	185,000	25,813	210,813
2047	195,000	17,718	212,718
2048	210,000	9,188	219,188
Totals	<u>\$ 2,895,000</u>	<u>\$ 1,851,788</u>	<u>\$ 4,746,788</u>

Harris County Municipal Utility District No. 321  
 Schedule of Long-Term Debt Service Requirements by Years  
 September 30, 2024

(Continued)

Due During Fiscal Years Ending September 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 2,125,000	\$ 1,642,099	\$ 3,767,099
2026	2,185,000	1,582,588	3,767,588
2027	2,245,000	1,523,748	3,768,748
2028	2,320,000	1,459,315	3,779,315
2029	2,385,000	1,390,337	3,775,337
2030	2,460,000	1,318,000	3,778,000
2031	2,535,000	1,244,610	3,779,610
2032	2,610,000	1,167,645	3,777,645
2033	2,695,000	1,086,370	3,781,370
2034	2,770,000	1,001,108	3,771,108
2035	2,845,000	912,800	3,757,800
2036	2,910,000	820,925	3,730,925
2037	2,620,000	726,400	3,346,400
2038	2,510,000	642,369	3,152,369
2039	2,580,000	562,143	3,142,143
2040	2,650,000	477,212	3,127,212
2041	2,580,000	389,907	2,969,907
2042	2,650,000	304,969	2,954,969
2043	1,985,000	217,612	2,202,612
2044	1,695,000	154,857	1,849,857
2045	1,420,000	105,381	1,525,381
2046	1,100,000	63,938	1,163,938
2047	475,000	28,918	503,918
2048	210,000	9,188	219,188
Totals	\$ 52,560,000	\$ 18,832,439	\$ 71,392,439

**Harris County Municipal Utility District No. 321**  
**Changes in Long-Term Bonded Debt**  
**Year Ended September 30, 2024**

**Bond**

	<b>Road Series 2015</b>	<b>Series 2017</b>	<b>Road Series 2017</b>	<b>Series 2018</b>
Interest rates	2.00% to 4.00%	2.50% to 3.50%	2.00% to 3.50%	3.00% to 5.00%
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity dates	September 1, 2025/2036	September 1, 2025/2037	September 1, 2025/2040	September 1, 2025/2042
Bonds outstanding, beginning of current year	\$ 3,250,000	\$ 8,545,000	\$ 2,550,000	\$ 7,800,000
Retirements, principal	250,000	625,000	150,000	125,000
Bonds outstanding, end of current year	<u>\$ 3,000,000</u>	<u>\$ 7,920,000</u>	<u>\$ 2,400,000</u>	<u>\$ 7,675,000</u>
Interest paid during current year	<u>\$ 116,563</u>	<u>\$ 262,356</u>	<u>\$ 78,375</u>	<u>\$ 280,281</u>

Paying agent's name and address:

<b>Series 2015Rd</b>	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
<b>Series 2017</b>	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
<b>Series 2017Rd</b>	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
<b>Series 2018</b>	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
<b>Series 2018A</b>	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
<b>Series 2019</b>	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
<b>Series 2020</b>	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
<b>Series 2021</b>	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
<b>Series 2022</b>	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas
<b>Series 2023</b>	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas

Bond authority:	<b>Water, Sewer and Drainage and Refunding Bonds</b>	<b>Recreational and Refunding Bonds</b>	<b>Road and Refunding Bonds</b>	<b>Refunding Bonds</b>
Amount authorized by voters	\$ 155,426,000	\$ 31,950,000	\$ 35,500,000	\$ 35,326,000
Amount issued	\$ 57,350,000	\$ 4,760,000	\$ 8,535,000	\$ 615,000
Remaining to be issued	\$ 98,076,000	\$ 27,190,000	\$ 26,965,000	\$ 34,711,000

Debt service fund cash and temporary investment balances as of September 30, 2024: \$ 4,204,958

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 2,974,685

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**Issues**


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<b>Series 2018A</b>	<b>Series 2019</b>	<b>Series 2020</b>	<b>Series 2021</b>	<b>Series 2022</b>	<b>Series 2023</b>	<b>Totals</b>
4.00% to 4.25%	2.00% to 3.00%	2.000% to 2.125%	2.00% to 2.50%	3.00% to 4.00%	4.00% to 6.00%	
March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
September 1, 2025/2043	September 1, 2025/2044	September 1, 2025/2045	September 1, 2025/2046	September 1, 2025/2047	September 1, 2025/2048	
\$ 4,680,000	\$ 4,625,000	\$ 5,130,000	\$ 10,445,000	\$ 4,635,000	\$ 2,950,000	\$ 54,610,000
140,000	135,000	140,000	305,000	125,000	55,000	2,050,000
<u>\$ 4,540,000</u>	<u>\$ 4,490,000</u>	<u>\$ 4,990,000</u>	<u>\$ 10,140,000</u>	<u>\$ 4,510,000</u>	<u>\$ 2,895,000</u>	<u>\$ 52,560,000</u>
<u>\$ 190,519</u>	<u>\$ 127,200</u>	<u>\$ 106,563</u>	<u>\$ 230,407</u>	<u>\$ 177,725</u>	<u>\$ 130,237</u>	<u>\$ 1,700,226</u>

**Harris County Municipal Utility District No. 321**  
**Comparative Schedule of Revenues and Expenditures – General Fund**  
**Five Years Ended September 30,**

	Amounts				
	2024	2023	2022	2021	2020
<b>General Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 2,089,465	\$ 1,616,577	\$ 1,158,705	\$ 2,104,940	\$ 579,071
Sales tax rebates	1,172,173	1,197,085	1,237,485	1,178,909	1,012,388
Water service	1,254,286	1,293,598	1,176,981	1,155,945	909,134
Sewer service	773,592	872,130	756,764	1,420,898	1,058,170
Penalty and interest	11,957	46,972	63,428	19,564	2,769
Tap connection and inspection fees	87,747	527,846	104,784	41,600	291,675
Investment income	190,292	166,861	34,170	6,258	35,734
Other income	3,276	38,356	35,963	35,269	185,371
<b>Total revenues</b>	<b>5,582,788</b>	<b>5,759,425</b>	<b>4,568,280</b>	<b>5,963,383</b>	<b>4,074,312</b>
<b>Expenditures</b>					
Service operations:					
Purchased services	4,104,461	5,333,343	2,988,827	2,387,879	2,034,297
Professional fees	192,387	267,938	246,115	199,820	244,959
Contracted services	139,546	55,828	53,883	45,115	47,160
Utilities	53,407	41,404	28,922	24,005	22,628
Repairs and maintenance	153,419	55,106	177,978	154,457	88,366
Other expenditures	34,996	34,594	44,032	34,768	178,089
Tap connections	11,055	278,519	41,468	3,500	116,479
Capital outlay	583,571	1,728,072	1,845,733	1,020,285	683,909
Debt service, debt issuance co:	-	-	36,400	39,755	39,298
<b>Total expenditures</b>	<b>5,272,842</b>	<b>7,794,804</b>	<b>5,463,358</b>	<b>3,909,584</b>	<b>3,455,185</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>309,946</b>	<b>(2,035,379)</b>	<b>(895,078)</b>	<b>2,053,799</b>	<b>619,127</b>
<b>Other Financing Sources (Uses)</b>					
Interfund transfers in (out)	-	-	(34,169)	31,654	30,944
Insurance proceeds	228,628	-	-	-	-
Overpayment reimbursement	-	-	(1,330,535)	-	-
Return of capital	-	-	182,373	743,057	53,782
<b>Total other financing sources (uses)</b>	<b>228,628</b>	<b>-</b>	<b>(1,182,331)</b>	<b>774,711</b>	<b>84,726</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>538,574</b>	<b>(2,035,379)</b>	<b>(2,077,409)</b>	<b>2,828,510</b>	<b>703,853</b>
<b>Fund Balance, Beginning of Year</b>	<b>3,459,051</b>	<b>5,494,430</b>	<b>7,571,839</b>	<b>4,743,329</b>	<b>4,039,476</b>
<b>Fund Balance, End of Year</b>	<b>\$ 3,997,625</b>	<b>\$ 3,459,051</b>	<b>\$ 5,494,430</b>	<b>\$ 7,571,839</b>	<b>\$ 4,743,329</b>
<b>Total Active Retail Water Connections</b>	<b>123</b>	<b>119</b>	<b>105</b>	<b>101</b>	<b>97</b>
<b>Total Active Retail Wastewater Connections</b>	<b>51</b>	<b>52</b>	<b>70</b>	<b>67</b>	<b>68</b>



**Percent of Fund Total Revenues**

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
37.4 %	28.1 %	25.4 %	35.3 %	14.2 %
21.0	20.8	27.1	19.8	24.8
22.5	22.4	25.8	19.4	22.3
13.8	15.1	16.5	23.8	26.0
0.2	0.8	1.4	0.3	0.1
1.6	9.2	2.3	0.7	7.2
3.4	2.9	0.7	0.1	0.9
0.1	0.7	0.8	0.6	4.5
100.0	100.0	100.0	100.0	100.0
73.5	92.6	65.4	40.0	49.9
3.4	4.6	5.4	3.4	6.0
2.5	1.0	1.2	0.7	1.1
1.0	0.7	0.6	0.4	0.5
2.7	1.0	3.9	2.6	2.2
0.6	0.6	1.0	0.6	4.4
0.2	4.8	0.9	0.1	2.9
10.5	30.0	40.4	17.1	16.8
-	-	0.8	0.7	1.0
94.4	135.3	119.6	65.6	84.8
5.6 %	(35.3) %	(19.6) %	34.4 %	15.2 %

**Harris County Municipal Utility District No. 321  
Comparative Schedule of Revenues and Expenditures – Debt Service Fund  
Five Years Ended September 30,**

	Amounts				
	2024	2023	2022	2021	2020
<b>Debt Service Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 3,954,155	\$ 3,947,425	\$ 3,646,748	\$ 2,208,411	\$ 2,162,898
Penalty and interest	15,008	4,832	7,476	30,192	3,023
Investment income	292,159	219,723	26,102	2,353	17,205
Other income	-	-	-	3,381	-
Total revenues	<u>4,261,322</u>	<u>4,171,980</u>	<u>3,680,326</u>	<u>2,244,337</u>	<u>2,183,126</u>
<b>Expenditures</b>					
Current:					
Professional fees	7,350	2,770	762	10,537	458
Contracted services	63,386	50,800	42,425	39,215	28,078
Other expenditures	12,344	17,108	12,823	14,881	4,793
Debt service:					
Principal retirement	2,050,000	1,945,000	1,145,000	845,000	625,000
Interest and fees	<u>1,702,051</u>	<u>1,635,269</u>	<u>1,447,116</u>	<u>1,246,703</u>	<u>1,124,833</u>
Total expenditures	<u>3,835,131</u>	<u>3,650,947</u>	<u>2,648,126</u>	<u>2,156,336</u>	<u>1,783,162</u>
<b>Excess of Revenues Over Expenditures</b>	426,191	521,033	1,032,200	88,001	399,964
<b>Fund Balance, Beginning of Year</b>	<u>3,737,263</u>	<u>3,216,230</u>	<u>2,184,030</u>	<u>2,096,029</u>	<u>1,696,065</u>
<b>Fund Balance, End of Year</b>	<u>\$ 4,163,454</u>	<u>\$ 3,737,263</u>	<u>\$ 3,216,230</u>	<u>\$ 2,184,030</u>	<u>\$ 2,096,029</u>

**Percent of Fund Total Revenues**

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
92.8 %	94.6 %	99.1 %	98.4 %	99.1 %
0.3	0.1	0.2	1.3	0.1
6.9	5.3	0.7	0.1	0.8
-	-	-	0.2	-
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.2	0.1	0.0	0.5	0.0
1.5	1.2	1.2	1.7	1.3
0.3	0.4	0.3	0.7	0.2
48.1	46.6	31.1	37.7	28.6
<u>39.9</u>	<u>39.2</u>	<u>39.3</u>	<u>55.5</u>	<u>51.5</u>
<u>90.0</u>	<u>87.5</u>	<u>71.9</u>	<u>96.1</u>	<u>81.6</u>
<u>10.0 %</u>	<u>12.5 %</u>	<u>28.1 %</u>	<u>3.9 %</u>	<u>18.4 %</u>

**Harris County Municipal Utility District No. 321  
Board Members, Key Personnel and Consultants  
Year Ended September 30, 2024**

Complete District mailing address:	Harris County Municipal Utility District No. 321 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	June 7, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected &amp; Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
Kimberly Olsen	Elected 05/24- 05/28	\$ 2,210	\$ 322	President
Jeff Stein	Elected 05/22- 05/26	2,431	37	Vice President
Brad Beauchamp	Elected 05/22- 05/26	1,989	18	Secretary
John Vassar	Elected 05/24- 05/28	884	103	Assistant Vice President
Dane Turner	Appointed 08/24- 05/28	221	-	Assistant Secretary
Matthew May	Elected 05/24- 08/24	663	105	Resigned

\*Fees are the amounts actually paid to a director during the District's fiscal year.

**Harris County Municipal Utility District No. 321  
Board Members, Key Personnel and Consultants  
Year Ended September 30, 2024**

**(Continued)**

<b>Consultants</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title</b>
Allen Boone Humphries Robinson LLP	10/04/07	\$ 85,593	General Counsel
BGE, Inc.	10/04/07	133,674	Engineer
Bob Leared Interests	08/21/89	19,574	Tax Assessor/ Collector
Forvis Mazars, LLP	08/21/90	28,000	Auditor
H2O Innovation	08/01/05	12,267	Former Operator
Harris Central Appraisal District	Legislative Action	53,729	Appraiser
Municipal District Services	11/01/23	235,993	Current Operator
Myrtle Cruz, Inc.	11/16/89	22,514	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	05/19/97	7,350	Delinquent Tax Attorney
Post Oak Municipal Advisors	04/03/18	-	Financial Advisor
<b>Investment Officer</b>			
Mary Jarmon	02/17/15	N/A	Bookkeeper