NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC
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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Northwest Harris County Municipal Utility District No. 21 (the "District") as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

September 15, 2025

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2025

Management's discussion and analysis of Northwest Harris County Municipal Utility District No. 21's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended May 31, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by $13,440,676 as of May 31, 2025.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 14,069,909	$ 14,469,482	$ (399,573)
Capital Assets (Net of Accumulated Depreciation)	7,299,864	7,226,522	73,342
Total Assets	$ 21,369,773	$ 21,696,004	$ (326,231)
Long -Term Liabilities	$ 6,747,074	$ 6,919,645	$ 172,571
Other Liabilities	1,182,023	2,285,439	1,103,416
Total Liabilities	$ 7,929,097	$ 9,205,084	$ 1,275,987
Net Position:			
Net Investment in Capital Assets	$ 6,061,872	$ 5,692,944	$ 368,928
Restricted	569,096	612,226	(43,130)
Unrestricted	6,809,708	6,185,750	623,958
Total Net Position	$ 13,440,676	$ 12,490,920	$ 949,756

The following table provides a summary of the District's operations for the years ended May 31, 2025, and May 31, 2024. The District's net position increased by $949,756, accounting for a 7.6% increase in net position.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 752,444	$ 775,945	$ (23,501)
Charges for Services	3,330,090	4,071,557	(741,467)
Sales Tax Revenues	413,599	404,992	8,607
Other Revenues	574,483	450,861	123,622
Total Revenues	$ 5,070,616	$ 5,703,355	$ (632,739)
Expenses for Services	4,120,860	5,042,205	921,345
Change in Net Position	$ 949,756	$ 661,150	$ 288,606
Net Position, Beginning of Year	12,490,920	11,829,770	661,150
Net Position, End of Year	$ 13,440,676	$ 12,490,920	$ 949,756

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of May 31, 2025, were $12,932,562, an increase of $773,083 from the prior year.

The General Fund fund balance increased by $656,806, primarily due to property tax revenues and charges for services exceeding operating expenditures and capital costs.

The Debt Service Fund fund balance decreased by $11,738, primarily due to timing differences between tax collections and debt service payments.

The Capital Projects Fund fund balance increased by $128,015 due to investment revenues exceeding capital expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal. Actual revenues were $11,929 less than budgeted revenues, actual expenditures were $128,539 more than budgeted expenditures and actual transfers in where $8,639 more than budgeted, which resulted in a negative variance of $131,829. For more information, refer to the budget versus actual comparison.

CAPITAL ASSETS

Capital assets as of May 31, 2025, total $7,299,864 (net of accumulated depreciation) and include land, buildings and as well as water and wastewater systems. Significant capital asset events during the current fiscal year included the District's share of the wastewater treatment plant improvements and joint water plant improvements. Additional information on the District's capital assets can be found in Note 6 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 56,049	$ 56,049	$
Construction in Progress	441,340	2,084,253	(1,642,913)
Capital Assets, Net of Accumulated Depreciation:			
Water and Wastewater System	1,994,601	1,329,822	664,779
Joint Water Plant	1,027,503	1,096,875	(69,372)
Joint Wastewater Plant	3,780,371	2,659,524	1,120,847
Total Net Capital Assets	$ 7,299,864	$ 7,226,523	$ 73,341

LONG-TERM DEBT ACTIVITY

As of May 31, 2025, the District had total long-term debt payable of $6,980,000.

The changes in the debt position of the District during the fiscal year ended May 31, 2025, are summarized as follows:

Bond Debt Payable, June 1, 2024	$	7,150,000
Less: Bond Principal Paid		170,000
Bond Debt Payable, May 31, 2025	$	6,980,000

The District's Series 2023 bonds carry an underlying rating of "BBB+". The District's Series 2023 bonds carry insured ratings of "AA" by virtue of bond insurance issued by Build America Mutual. The above ratings reflect all rating changes, if any, during the fiscal year ended May 31, 2025.

CONTACTING THE DISTRICT'S MANAGEMENT

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

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2025

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
ASSETS			
Cash	$ 563,823	$ 135,272	$ 152,791
Investments	5,605,678	172,692	431,491
Receivables:			
Property Taxes	23,509		
Service Accounts	142,069		
Accrued Interest	25,174		
Other	3,525		
Due from Other Funds	144,288	25,161	12,982
Prepaid Costs	4,393		
Due from Other Governmental Units	132,684	81,204	83,509
Advance for Water Plant Operations	156,881		
Advance for Regional Wastewater Treatment Plant Operations	56,030		
Regional Water Authority Chloramine Conversion Credits			
Land			
Construction in Progress			
Capital Assets (Net of Accumulated Depreciation)			
TOTAL ASSETS	$ 6,858,054	$ 414,329	$ 680,773

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 152,442	$ 529	$ 1,004,857	$	$ 1,004,857
511,339	5,678,987	12,400,187		12,400,187
21,016		44,525		44,525
		142,069		142,069
1,664	3,655	30,493		30,493
		3,525		3,525
	911	183,342	(183,342)	
		4,393		4,393
		297,397		297,397
		156,881	(156,881)	
		56,030	(56,030)	
			142,463	142,463
			56,049	56,049
			441,340	441,340
			6,802,475	6,802,475
$ 686,461	$ 5,684,082	$ 14,323,699	$ 7,046,074	$ 21,369,773

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

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2025

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
LIABILITIES			
Accounts Payable	$ 32,286	$ 74,115	$ 53,811
Accrued Interest Payable			
Due to Other Governmental Units	1,033		298,633
Due to Other Funds	31,215	7,839	132,829
Due to Taxpayers			
Security Deposits	126,275		
Advance for Water Plant Operations		332,375	
Advance for Regional Wastewater Treatment Plant Operations			195,500
Long-term Liabilities:			
Due Within One Year			
Due After One Year			
TOTAL LIABILITIES	$ 190,809	$ 414,329	$ 680,773
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 23,509	$ - 0 -	$ - 0 -
FUND BALANCES			
Nonspendable:			
Prepaid Costs	$ 4,393	$	$
For Water Plant Operations	156,881		
For Regional Wastewater Treatment Plant Operations	56,030		
Restricted for Authorized Construction			
Restricted for Debt Service			
Unassigned	6,426,432		
TOTAL FUND BALANCES	$ 6,643,736	$ - 0 -	$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 6,858,054	$ 414,329	$ 680,773
NET POSITION			
Net Investment in Capital Assets			
Restricted for Debt Service			
Unrestricted			
TOTAL NET POSITION			

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$	$ 160,212	$	$ 160,212
			56,664	56,664
		299,666		299,666
11,459		183,342	(183,342)	
49,242		49,242		49,242
		126,275		126,275
		332,375	(156,881)	175,494
		195,500	(56,030)	139,470
			175,000	175,000
			6,747,074	6,747,074
$ 60,701	$ -0-	$ 1,346,612	$ 6,582,485	$ 7,929,097
$ 21,016	$ - 0 -	$ 44,525	$ (44,525)	$ - 0 -
$	$	$ 4,393	$ (4,393)	$
		156,881	(156,881)	
		56,030	(56,030)	
	5,684,082	5,684,082	(5,684,082)	
604,744		604,744	(604,744)	
		6,426,432	(6,426,432)	
$ 604,744	$ 5,684,082	$ 12,932,562	$ (12,932,562)	$ - 0 -
$ 686,461	$ 5,684,082	$ 14,323,699		
			$ 6,061,872	$ 6,061,872
			569,096	569,096
			6,809,708	6,809,708
			$ 13,440,676	$ 13,440,676

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

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
MAY 31, 2025

Total Fund Balances - Governmental Funds		$ 12,932,562
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		7,299,864
Credits due from the North Harris County Regional Water Authority for asset reimbursements are not current financial resources and, therefore, are not reported as assets in the governmental funds.		142,463
Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.		44,525
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Accrued Interest Payable	$ (56,664)	
Bonds Payable Within One Year	(175,000)	
Bonds Payable After One Year	(6,747,074)	(6,978,738)
Total Net Position - Governmental Activities		$ 13,440,676

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

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2025

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
REVENUES			
Property Taxes	$ 311,403	$	$
Water Service	442,773	939,925	
Wastewater Service	245,497		2,116,027
Regional Water Authority Fees/Credits	264,664	28,728	
Penalty and Interest	12,351		
Sales Tax Revenues	413,599		
Tap Connection and Inspection Fees	15,250		
Investment Revenues	268,681	8,193	669
Miscellaneous Revenues	6,353		
TOTAL REVENUES	$ 1,980,571	$ 976,846	$ 2,116,696
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	$ 138,243	$ 19,367	$ 27,292
Contracted Services	38,408	44,432	89,909
Purchased Water Service	470,571	611,293	
Purchased Wastewater Service	265,222		
Utilities	1,576	33,990	86,943
Regional Water Authority Assessment		42,166	
Repairs and Maintenance	76,160	191,682	382,398
Depreciation			
Other	86,863	33,916	414,284
Capital Outlay	255,361		1,115,870
Debt Service:			
Bond Principal			
Bond Interest			
Bond Issuance Costs			
TOTAL EXPENDITURES/EXPENSES	$ 1,332,404	$ 976,846	$ 2,116,696
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 648,167	$ - 0 -	$ - 0 -
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$ 8,639	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCES	$ 656,806	$ - 0 -	$ - 0 -
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - JUNE 1, 2024	5,986,930		
FUND BALANCES/NET POSITION - MAY 31, 2025	$ 6,643,736	$ - 0 -	$ - 0 -

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
$ 501,969	$	$ 813,372	$ (60,928)	$ 752,444
		1,382,698	(470,571)	912,127
		2,361,524	(265,222)	2,096,302
		293,392	(4,728)	288,664
5,396		17,747		17,747
		413,599		413,599
		15,250		15,250
24,584	264,480	566,607		566,607
10	1,513	7,876		7,876
$ 531,959	$ 265,993	$ 5,872,065	$ (801,449)	$ 5,070,616
$	$	$ 184,902	$	$ 184,902
18,941		191,690		191,690
		1,081,864	(470,571)	611,293
		265,222	(265,222)	
		122,509		122,509
		42,166		42,166
		650,240		650,240
			311,107	311,107
6,275	60	541,398		541,398
	79,379	1,450,610	(384,449)	1,066,161
170,000		170,000	(170,000)	
348,481		348,481	1,013	349,494
	49,900	49,900		49,900
$ 543,697	$ 129,339	$ 5,098,982	$ (978,122)	$ 4,120,860
$ (11,738)	$ 136,654	$ 773,083	$ 176,673	$ 949,756
$ - 0 -	$ (8,639)	$ - 0 -	$ - 0 -	$ - 0 -
$ (11,738)	$ 128,015	$ 773,083	$ (773,083)	$
			949,756	949,756
616,482	5,556,067	12,159,479	331,441	12,490,920
$ 604,744	$ 5,684,082	$ 12,932,562	$ 508,114	$ 13,440,676

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

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2025

Net Change in Fund Balances - Governmental Funds	$ 773,083
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(60,928)
Governmental funds report repayment of capital contributions as revenues in the period received. However, in the Statement of Net Position, repayments reduce long-term receivables.	(4,728)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(311,107)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	384,449
Governmental funds report bond and capital lease principal payments as expenditures. However, in the Statement of Net Position, bond and capital lease principal payments are reported as decreases in long-term liabilities.	170,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(1,013)
Change in Net Position - Governmental Activities	$ 949,756

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

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

NOTE 1. CREATION OF DISTRICT

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

The District has entered into an agreement with Northwest Harris County Municipal Utility District No. 22 ("District No. 22") and Northwest Harris County Municipal Utility District No. 23 ("District No. 23") for wastewater disposal. Oversight responsibility of the Northchase Regional Sewage Treatment Plant is with the District. Additional disclosure concerning this agreement is provided in Note 8.

The District has entered into an agreement with District No. 22 for water service. Oversight responsibility of the water plant is with the District. Additional disclosure concerning this agreement is provided in Note 9.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

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

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

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

Basis of Accounting

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

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

Capital Assets

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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

Budgeting

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

Pensions

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

Measurement Focus

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2023
Amount Outstanding - May 31, 2025	$6,980,000
Interest Rates	4.50% - 5.00%
Maturity Dates - Beginning/Ending	April 1, 2026/2049
Interest Payment Dates	October 1/ April 1
Callable Dates	October 1, 2029*

* Or on any date thereafter, at the option of the District, in whole or in part, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. The Series 2023 term bonds maturing April 1, 2031, April 1, 2033, and April 1, 2041, are subject to mandatory redemption April 1, 2030, April 1, 2032, and April 1, 2040, respectively.

The following is a summary of transactions regarding bonds payable for the year ended May 31, 2025:

	June 1, 2024	Additions	Retirements	May 31, 2025
Bonds Payable	$ 7,150,000	$ -0-	$ 170,000	$ 6,980,000
Unamortized Discounts	(77,887)		(3,134)	(74,753)
Unamortized Premiums	17,532		705	16,827
Total Long-Term Liabilities	$ 7,089,645	$ -0-	$ 167,571	$ 6,922,074

Amount Due Within One Year	$ 175,000
Amount Due After One Year	6,747,074
Total Long-Term Liabilities	$ 6,922,074

NOTE 3. LONG-TERM DEBT (Continued)

As of May 31, 2025, the District had authorized but unissued bonds in the amount of $10,765,000 for utility facilities and $4,875,000 for refunding bonds.

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

Fiscal Year	Principal	Interest	Total
2026	$ 175,000	$ 339,981	$ 514,981
2027	185,000	331,231	516,231
2028	190,000	321,981	511,981
2029	195,000	312,481	507,481
2030	205,000	302,732	507,732
2031-2035	1,135,000	1,369,206	2,504,206
2036-2040	1,395,000	1,086,120	2,481,120
2041-2045	1,755,000	707,500	2,462,500
2046-2049	1,745,000	223,500	1,968,500
	$ 6,980,000	$ 4,994,732	$ 11,974,732

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount, and are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and wastewater system.

During the year ended May 31, 2025, the District levied an ad valorem debt service tax rate of $0.304 per $100 of assessed valuation, which resulted in a tax levy of $484,673 on the adjusted taxable valuation of $159,432,260 for the 2024 tax year. The bond order requires the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that any profit realized from or interest accruing on such investments shall belong to the fund from which the moneys for such investments were taken.

The bond orders state that the District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each 5th year anniversary of the bonds.

The bond orders state that the District is required to provide continuing disclosure of certain financial and operating data with respect to the District to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA"). This information, along with audited annual financial statements, is to be provided within six months after the end of the District's fiscal year, throughout the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

<u>Deposits</u>

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $2,384,857 and the bank balance was $2,685,103. The District was not exposed to custodial credit risk at year-end.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at May 31, 2025, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 563,823	$ 920,000	$ 1,483,823
SPECIAL REVENUE FUNDS	288,063		288,063
DEBT SERVICE FUND	152,442	230,000	382,442
CAPITAL PROJECTS FUND	529	230,000	230,529
TOTAL DEPOSITS	$ 1,004,857	$ 1,380,000	$ 2,384,857

Investments

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

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

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of May 31, 2025, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years: Less Than 1	1-5	6-10	More Than 10
GENERAL FUND					
Certificates of Deposit	$ 920,000	$ 920,000	$	$	$
TexPool	4,685,678	4,685,678			
SPECIAL REVENUE FUND - JOINT WATER PLANT					
TexPool	172,692	172,692			
SPECIAL REVENUE FUND - WASTEWATER TREATMENT PLANT					
TexPool	431,491	431,491			
DEBT SERVICE FUND					
TexPool	281,339	281,339			
Certificates of Deposit	230,000	230,000			
CAPITAL PROJECTS FUND					
TexPool	5,448,987	5,448,987			
Certificates of Deposit	230,000	230,000			
TOTAL INVESTMENTS	$ 12,400,187	$ 12,400,187	$ - 0 -	$ - 0 -	$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2025, the District's investment in TexPool was rated "AAAm" by Standard and Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

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

Restrictions

All cash and investments of the Special Revenue Fund are restricted for the joint water plant and regional sewage treatment plant operations. All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2025:

	June 1, 2024	Increases	Decreases	May 31, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 56,049	$	$	$ 56,049
Construction in Progress	2,084,253	384,449	2,027,362	441,340
Total Capital Assets Not Being Depreciated	$ 2,140,302	$ 384,449	$ 2,027,362	$ 497,389
Capital Assets Subject to Depreciation				
Water and Wastewater System	$ 4,288,893	$ 789,387	$	$ 5,078,280
Joint Water Plant	3,629,070			3,629,070
Joint Wastewater Plant	6,077,742	1,237,974		7,315,716
Total Capital Assets Subject to Depreciation	$ 13,995,705	$ 2,027,361	$ - 0 -	$ 16,023,066
Accumulated Depreciation				
Water and Wastewater System	$ 2,959,071	$ 124,608	$	$ 3,083,679
Joint Water Plant	2,532,195	69,372		2,601,567
Joint Wastewater Plant	3,418,218	117,127		3,535,345
Total Accumulated Depreciation	$ 8,909,484	$ 311,107	$ - 0 -	$ 9,220,591
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 5,086,221	$ 1,716,254	$ - 0 -	$ 6,802,475
Total Capital Assets, Net of Accumulated Depreciation	$ 7,226,523	$ 2,100,703	$ 2,027,362	$ 7,299,864

NOTE 7. MAINTENANCE TAX

On August 11, 1979, the voters of the District approved the levy and collection of an unlimited maintenance tax per $100 valuation on all taxable property within the District. This maintenance tax is to be used in the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. During the current fiscal year, the District levied an ad valorem maintenance tax at a rate of $0.19 per $100 of assessed valuation, which resulted in a tax levy of $302,922 on the taxable valuation of $159,432,260 for the 2024 tax year.

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

NOTE 8. REGIONAL SEWAGE TREATMENT PLANT AGREEMENT

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

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

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

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

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

Certain fixed operating costs are allocated based on each district's pro rata share of Plant ownership; all other operating costs are allocated based on each district's pro rata share of billed water consumption served by the Plant. In the current fiscal year, the District recorded total advances in the amount of $195,500 for operation and maintenance of the Plant of which $56,030 was the District's share, recorded a total of $265,222 as its share of operating costs of the Plant and recorded $12,982 as payable at fiscal year end.

NOTE 9. JOINT WATER SUPPLY FACILITIES AGREEMENT

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

Certain fixed operating costs are allocated based on each district's pro rata share of Plant ownership; all other operating costs are allocated based on each district's pro rata share of billed water consumption served by the Plant. In the current fiscal year, the District recorded total advances in the amount of $332,375 for operation and maintenance of the Plant of which $156,881 was the District's share; recorded a total of $470,571 as its share of the operating costs of the Plant which includes $13,560 of the District's share of chloramine conversion credits and recorded $25,161 as payable at fiscal year end.

NOTE 10. WATER SUPPLY AGREEMENTS

<u>Fountainhead Municipal Utility District</u>

On January 2, 1980, the District and Fountainhead Municipal Utility District ("Fountainhead") entered into a water interconnect agreement. That contract is revised by the water supply agreement and amendment to water interconnect contract executed on April 15, 1998. The contract was further clarified by a Memorandum of Understanding on April 15, 2009. The term of the amended agreement is 35 years from its date of execution. Fountainhead entered into the water supply agreement to secure a supply of water to serve an approximate 36-acre tract of land within the District. Commensurate with the agreement, Fountainhead purchased an interest in the existing water distribution system equal to 19.75% of the District's undivided 47.2% interest for which Fountainhead paid $165,242. During the current fiscal year, Fountainhead paid $135,182 for water purchased from the District.

<u>North Harris County Regional Water Authority</u>

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

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

NOTE 11. INTERIM EMERGENCY WATER SUPPLY CONTRACT

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

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

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

NOTE 12. EMERGENCY WATER SUPPLY CONTRACT

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

NOTE 13. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

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

The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. Currently the fee charged is $3.60 per 1,000 gallons of water pumped from each well and $4.05 per 1,000 of surface water purchased. The District's share of these fees is included in purchased water service. The Water Plant Fund recorded $653,459 paid to the Authority during the current fiscal year.

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

Fiscal Year	Principal	Interest	Total
2026	$ 5,012	$ 8,548	$ 13,560
2027	5,313	8,247	13,560
2028	5,631	7,928	13,559
2029	5,969	7,590	13,559
2030	6,327	7,232	13,559
2031-2035	37,808	29,990	67,798
2036-2040	50,596	17,203	67,799
2041-2043	25,807	2,441	28,248
	$ 142,463	$ 89,179	$ 231,642

NOTE 14. STRATEGIC PARTNERSHIP AGREEMENT WITH THE CITY OF HOUSTON

The District entered into a Strategic Partnership Agreement with the City of Houston on July 15, 2005. Under the Agreement, the City will perform a limited-purpose annexation of property within the District. The City shall impose a Sales & Use Tax on the limited-purpose annexation property activities. An amount equal to 50 percent of all Sales and Use Tax collected by the City on revenues generated within the boundaries of the limited-purpose annexation property shall be paid to the District. The Agreement continues in effect for a period of 30 years. During the current fiscal year, the District recorded revenue of $413,599 from the City.

NOTE 15. RISK MANAGEMENT

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

NOTE 16. INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS

Interfund liabilities at May 31, 2025 consist of the following: the General Fund owes the Water Plant and Wastewater Treatment Plant Special Revenue Funds $30,304 for operation costs. The Wastewater Treatment Plant Special Revenue Fund owes the General Fund $132,829 for the advance made to fund the District's share of the wastewater treatment plant improvements. The Debt Service Fund owes the General Fund $11,459 for maintenance tax collections. The Construction Fund transferred funds in the amount of $8,639 related to prior year bond issuance costs.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2025

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 315,000	$ 311,403	$ (3,597)
Water Service	565,000	442,773	(122,227)
Wastewater Service	225,000	245,497	20,497
Regional Water Authority Fees/Credits	315,000	264,664	(50,336)
Penalty and Interest	7,500	12,351	4,851
Sales Tax Revenues	415,000	413,599	(1,401)
Tap Connection and Inspection Fees		15,250	15,250
Investment Revenues	150,000	268,681	118,681
Miscellaneous Revenues		6,353	6,353
TOTAL REVENUES	$ 1,992,500	$ 1,980,571	$ (11,929)
EXPENDITURES			
Services Operations:			
Professional Fees	$ 195,000	$ 138,243	$ 56,757
Contracted Services	32,750	38,408	(5,658)
Purchased Water Service	546,975	470,571	76,404
Purchased Wastewater Service	191,820	265,222	(73,402)
Utilities	3,000	1,576	1,424
Repairs and Maintenance	138,820	76,160	62,660
Other	95,500	86,863	8,637
Capital Outlay		255,361	(255,361)
TOTAL EXPENDITURES	$ 1,203,865	$ 1,332,404	$ (128,539)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 788,635	$ 648,167	$ (140,468)
OTHER FINANCING SOURCES(USES)			
Transfers In (Out)	$ -0-	$ 8,639	$ 8,639
NET CHANGE IN FUND BALANCE	$ 788,635	$ 656,806	$ (131,829)
FUND BALANCE - JUNE 1, 2024	5,986,930	5,986,930	
FUND BALANCE - MAY 31, 2025	$ 6,775,565	$ 6,643,736	$ (131,829)

See accompanying independent auditor’s report.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – WATER PLANT
FOR THE YEAR ENDED MAY 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Water Service	$ 1,215,500	$ 939,925	$ (275,575)
Investment Revenues		8,193	8,193
Regional Water Authority Credits		28,728	28,728
TOTAL REVENUES	$ 1,215,500	$ 976,846	$ (238,654)
EXPENDITURES			
Services Operations:			
Professional Fees	$ 24,500	$ 19,367	$ 5,133
Contracted Services	47,000	44,432	2,568
Purchased Water Service	975,000	611,293	363,707
Utilities	40,000	33,990	6,010
Regional Water Authority Assessment		42,166	(42,166)
Repairs and Maintenance	100,000	191,682	(91,682)
Other	29,000	33,916	(4,916)
Capital Outlay			
TOTAL EXPENDITURES	$ 1,215,500	$ 976,846	$ 238,654
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-
FUND BALANCE - JUNE 1, 2024			
FUND BALANCE - MAY 31, 2025	$ -0-	$ -0-	$ -0-

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – WASTEWATER TREATMENT PLANT
FOR THE YEAR ENDED MAY 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Wastewater Service	$ 834,000	$ 2,116,027	$ 1,282,027
Investment Revenues		669	669
TOTAL REVENUES	$ 834,000	$ 2,116,696	$ 1,282,696
EXPENDITURES			
Services Operations:			
Professional Fees	$ 22,000	$ 27,292	$ (5,292)
Contracted Services	94,500	89,909	4,591
Utilities	87,500	86,943	557
Repairs and Maintenance	205,000	382,398	(177,398)
Other	425,000	414,284	10,716
Capital Outlay		1,115,870	(1,115,870)
TOTAL EXPENDITURES	$ 834,000	$ 2,116,696	$ (1,282,696)
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-
FUND BALANCE - JUNE 1, 2024			
FUND BALANCE - MAY 31, 2025	$ -0-	$ -0-	$ -0-

See accompanying independent
auditor’s report on supplemental information.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MAY 31, 2025

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2025

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved January 20, 2025.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 10.00	10,000	N	$ 1.50	10,001 and up
WASTEWATER:	$ 9.00		Y		
SURCHARGE:					
TCEQ Regulatory Assessment			N	0.5% of water and wastewater charges	
Regional Water Authority Fees	$ 3.36	per 1,000			

District employs winter averaging for wastewater usage?

Yes	No
	X

Total monthly charges per 10,000 gallons usage: Water: $10.00 Wastewater: $9.00 Surcharge: $33.70

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2025

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	2	2	x 1.0	2
1"	18	17	x 2.5	43
1½"	13	13	x 5.0	65
2"	41	39	x 8.0	312
3"	4	4	x 15.0	60
4"	4	4	x 25.0	100
6"	2	2	x 50.0	100
8"	4	4	x 80.0	320
10"			x 115.0	
Total Water Connections	88	85		1,002
Total Wastewater Connections	59	57	x 1.0	57

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

Gallons pumped in system:	9,171,000	Water Accountability Ratio: 95.9% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	65,985,000	
Gallons sold:	124,741,000	To: Northwest Harris County Municipal Utility District No. 22, Harris County Municipal Utility District No. 16, Fountainhead Municipal Utility District
Gallons purchased	189,669,000	From: North Harris County Regional Water Authority

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2025

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

Does the District have Debt Service standby fees? Yes ___ No _X_

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

5. **LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes _X_ No ______

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _______ Not at all _X_

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

Entirely _X_ Partly _______ Not at all _____

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No _X_

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2025

PROFESSIONAL FEES:		
Auditing	$	14,000
Engineering		66,405
Legal		57,838
TOTAL PROFESSIONAL FEES	$	138,243
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	470,571
Purchased Wastewater Service		265,222
TOTAL PURCHASED SERVICES FOR RESALE	$	735,793
CONTRACTED SERVICES:		
Bookkeeping	$	23,685
Operations and Billing		10,985
Tax Collector		3,738
TOTAL CONTRACTED SERVICES	$	38,408
UTILITIES:		
Electricity	$	1,576
REPAIRS AND MAINTENANCE	$	76,160
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	23,003
Dues		750
Insurance		12,825
Office Supplies and Postage		6,071
Payroll Taxes		1,826
Travel and Meetings		18,570
TOTAL ADMINISTRATIVE EXPENDITURES	$	63,045

See accompanying independent auditor’s report.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2025

TOTAL CAPITAL OUTLAY	$	255,361
OTHER EXPENDITURES:		
Laboratory Fees	$	19,100
Permit Fees		1,538
Reconnection Fees		60
Inspection Fees		75
Regulatory Assessment		3,045
TOTAL OTHER EXPENDITURES	$	23,818
TOTAL EXPENDITURES	$	1,332,404

See accompanying independent auditor’s report.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
INVESTMENTS
MAY 31, 2025

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0003	Varies	Daily	$ 4,685,678	$
Certificate of Deposit	XXXX3882	5.25%	08/22/25	230,000	9,329
Certificate of Deposit	XXXX1518	4.45%	07/06/25	230,000	4,066
Certificate of Deposit	XXXX2368	5.25%	08/08/25	230,000	9,792
Certificate of Deposit	XXXX6839	4.26%	09/18/25	230,000	1,987
TOTAL GENERAL FUND				$ 5,605,678	$ 25,174
SPECIAL REVENUE FUND - JOINT WATER PLANT					
TexPool	XXXX0006	Varies	Daily	$ 172,692	$ - 0 -
SPECIAL REVENUE FUND - WASTEWATER TREATMENT PLANT					
TexPool	XXXX0005	Varies	Daily	$ 431,491	$ - 0 -
DEBT SERVICE FUND					
TexPool	XXXX0007	Varies	Daily	$ 281,339	$
Certificate of Deposit	XXXX2449	4.40%	10/01/25	230,000	1,664
TOTAL DEBT SERVICE FUND				$ 511,339	$ 1,664
CAPITAL PROJECTS FUND					
TexPool	XXXX0008	Varies	Daily	$ 5,448,987	$
Certificate of Deposit	XXXX7931	5.00%	08/04/25	230,000	3,655
TOTAL CAPITAL PROJECTS FUND				$ 5,678,987	$ 3,655
TOTAL - ALL FUNDS				$ 12,400,187	$ 30,493

See accompanying independent auditor’s report.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2025

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JUNE 1, 2024	$ 51,629		$ 53,824	
Adjustments to Beginning Balance	(19,639)	$ 31,990	(15,512)	$ 38,312
Original 2024 Tax Levy	$ 253,994		$ 406,390	
Adjustment to 2024 Tax Levy	48,928	302,922	78,283	484,673
TOTAL TO BE ACCOUNTED FOR		$ 334,912		$ 522,985
TAX COLLECTIONS:				
Prior Years	$ 19,550		$ 35,008	
Current Year	291,853	311,403	466,961	501,969
TAXES RECEIVABLE - MAY 31, 2025		$ 23,509		$ 21,016
TAXES RECEIVABLE BY YEAR:				
2024		$ 11,069		$ 17,712
2023		2,551		3,304
2022		3,096		
2021		1,885		
2020		1,775		
2019		1,143		
2018		737		
2017		736		
2016		489		
2014		13		
2013		15		
TOTAL		$ 23,509		$ 21,016

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2025

	2024	2023	2022	2021
PROPERTY VALUATIONS:				
Land	$ 48,031,613	$ 47,533,769	$ 48,025,794	$ 47,028,021
Improvements	106,151,665	114,277,404	103,186,188	89,203,793
Personal Property	25,627,886	23,695,697	20,420,686	22,060,346
Exemptions	(20,378,904)	(19,501,607)	(16,405,078)	(15,246,615)
TOTAL PROPERTY VALUATIONS	$ 159,432,260	$ 166,005,263	$ 155,227,590	$ 143,045,545
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.304	$ 0.2670	$ 0.0000	$ 0.00
Maintenance**	0.190	0.2061	0.2141	0.23
TOTAL TAX RATES PER $100 VALUATION	$ 0.494	$ 0.4731	$ 0.2141	$ 0.23
ADJUSTED TAX LEVY*	$ 787,595	$ 785,246	$ 332,342	$ 329,005
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	96.35 %	99.25 %	99.07 %	99.43 %

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

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

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2025

	S E R I E S - 2 0 2 3		
Due During Fiscal Years Ending May 31	Principal Due April 1	Interest Due April 1/ October 1	Total
2026	$ 175,000	$ 339,981	$ 514,981
2027	185,000	331,231	516,231
2028	190,000	321,981	511,981
2029	195,000	312,481	507,481
2030	205,000	302,732	507,732
2031	210,000	293,506	503,506
2032	220,000	284,056	504,056
2033	225,000	274,156	499,156
2034	235,000	264,032	499,032
2035	245,000	253,456	498,456
2036	255,000	242,432	497,432
2037	265,000	230,638	495,638
2038	280,000	218,050	498,050
2039	290,000	204,750	494,750
2040	305,000	190,250	495,250
2041	320,000	175,000	495,000
2042	335,000	159,000	494,000
2043	350,000	142,250	492,250
2044	365,000	124,750	489,750
2045	385,000	106,500	491,500
2046	405,000	87,250	492,250
2047	425,000	67,000	492,000
2048	445,000	45,750	490,750
2049	470,000	23,500	493,500
	$ 6,980,000	$ 4,994,732	$ 11,974,732

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2025

Description	Original Bonds Issued	Bonds Outstanding June 1, 2024
Northwest Harris County Municipal Utility District No. 21 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2023	$ 7,150,000	$ 7,150,000

Bond Authority:	Tax Bonds*
Amount Authorized by Voters	$ 17,915,000
Amount Issued	7,150,000
Remaining to be Issued	$ 10,765,000

Debt Service Fund cash and investment balances as of May 31, 2025:	$ 663,781
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 498,947

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

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds	
Bonds Sold	Principal	Interest	Outstanding May 31, 2025	Paying Agent
$	$ 170,000	$ 348,481	$ 6,980,000	UMB Bank N.A. Houston, Texas

Refunding Bonds
$ 5,900,000
1,025,000
$ 4,875,000

See accompanying independent auditor's report.

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

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 311,403	$ 310,178	$ 313,303
Water Service	442,773	553,314	355,705
Wastewater Service	245,497	272,683	147,845
Regional Water Authority Fees/Credits	264,664	358,732	314,468
Penalty and Interest	12,351	1,575	14,198
Sales Tax Revenues	413,599	404,992	401,453
Tap Connection and Inspection Fees	15,250	10,040	99,310
Investment Revenues	268,681	274,633	154,814
Miscellaneous Revenues	6,353	3,870	4,584
TOTAL REVENUES	$ 1,980,571	$ 2,190,017	$ 1,805,680
EXPENDITURES			
Professional Fees	$ 138,243	$ 149,643	$ 239,347
Contracted Services	38,408	35,065	47,433
Purchased Water Service	470,571	577,007	631,639
Purchased Wastewater Service	265,222	216,882	230,200
Utilities	1,576	1,643	1,856
Repairs and Maintenance	76,160	153,043	104,081
Other	86,863	90,065	148,695
Capital Outlay	255,361	791,848	999,905
TOTAL EXPENDITURES	$ 1,332,404	$ 2,015,196	$ 2,403,156
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 648,167	$ 174,821	$ (597,476)
OTHER FINANCING SOURCES (USES)			
Transfers In	$ 8,639	$ 111,596	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 656,806	$ 286,417	$ (597,476)
BEGINNING FUND BALANCE	5,986,930	5,700,513	6,297,989
ENDING FUND BALANCE	$ 6,643,736	$ 5,986,930	$ 5,700,513

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2022	2021	2025	2024	2023	2022	2021
$ 317,600	$ 301,797	15.6 %	14.0 %	17.3 %	10.4 %	22.0 %
320,818	269,994	22.4	25.3	19.7	10.5	19.8
120,860	125,339	12.4	12.5	8.2	4.0	9.2
309,406	296,716	13.4	16.4	17.4	10.2	21.8
12,650	13,626	0.6	0.1	0.8	0.4	1.0
383,898	327,999	20.9	18.5	22.2	12.6	24.1
1,570,150	5,070	0.8	0.5	5.5	51.5	0.4
9,581	21,365	13.6	12.5	8.6	0.3	1.6
1,758	1,495	0.3	0.2	0.3	0.1	0.1
$ 3,046,721	$ 1,363,401	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 183,072	$ 121,773	7.0 %	6.8 %	13.3 %	6.0 %	8.9 %
46,987	45,835	1.9	1.6	2.6	1.5	3.4
726,563	497,735	23.8	26.3	35.0	23.8	36.5
161,503	160,348	13.4	9.9	12.7	5.3	11.8
6,022	4,083	0.1	0.1	0.1	0.2	0.3
95,564	57,393	3.8	7.0	5.8	3.1	4.2
77,328	77,085	4.4	4.1	8.2	2.5	5.7
65,968	127,858	12.9	36.2	55.4	2.2	9.4
$ 1,363,007	$ 1,092,110	67.3 %	92.0 %	133.1 %	44.6 %	80.2 %
$ 1,683,714	$ 271,291	32.7 %	8.0 %	(33.1) %	55.4 %	19.8 %
$ - 0 -	$ - 0 -					
$ 1,683,714	$ 271,291					
4,614,275	4,342,984					
$ 6,297,989	$ 4,614,275					

See accompanying independent auditor's report.

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

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 501,969	$ 389,285	$
Penalty and Interest	5,396	12,180	
Investment Revenues	24,584	13,790	
Miscellaneous Revenues	10		
TOTAL REVENUES	$ 531,959	$ 415,255	N/A
EXPENDITURES			
Tax Collection Expenditures	$ 24,716	$ 22,382	$
Debt Service Principal	170,000		
Debt Service Interest and Fees	348,981	124,872	
TOTAL EXPENDITURES	$ 543,697	$ 147,254	N/A
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (11,738)	$ 268,001	N/A
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$ - 0 -	$ 348,481	$ - 0 -
NET CHANGE IN FUND BALANCE	$ (11,738)	$ 616,482	$ - 0 -
BEGINNING FUND BALANCE	616,482		
ENDING FUND BALANCE	$ 604,744	$ 616,482	$ N/A
TOTAL ACTIVE RETAIL WATER CONNECTIONS	85	88	89
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	57	83	84

See accompanying independent auditor's report.

2022	2021	2025		2024		2023		2022		2021	
								Percentage of Total Revenue			
$	$	94.4	%	93.7	%		%		%		%
		1.0		3.0							
		4.6		3.3							
N/A	N/A	100.0	%	100.0	%	N/A	%	N/A	%	N/A	%
$	$	4.6	%	5.4	%		%		%		%
		32.0									
		65.6		30.1							
N/A	N/A	102.2	%	35.5	%	N/A	%	N/A	%	N/A	%
N/A	N/A	(2.2)	%	64.5	%	N/A	%	N/A	%	N/A	%
$ - 0 -	$ - 0 -										
$ - 0 -	$ - 0 -										
$ N/A	$ N/A										
85	84										
84	77										

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2025

District Mailing Address	-	Northwest Harris County Municipal Utility District No. 21 c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, TX 77046
District Telephone No.	-	(713) 652-6500

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended May 31, 2025	Expense Reimbursements for the year ended May 31, 2025	Title
Rand R. Wall	05/24 05/28 (Elected)	$ 5,525	$ 429	President
William M. Tallas	05/22 05/26 (Elected)	$ 5,525	$ 388	Vice President
Bruce Popper	05/24 05/28 (Elected)	$ 4,641	$ 351	Secretary
Andrew Johnston	05/22 05/26 (Elected)	$ 3,094	$ 484	Assistant Secretary
Matthew Barton	05/22 05/26 (Elected)	$ 4,199	$ 854	Assistant Secretary

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

Submission date of most recent District Registration Form: May 8, 2024

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

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 21
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2025

Consultants:	Date Hired	Fees for the year ended May 31, 2025	Water Plant and Wastewater Treatment Plant Fees for the year ended May 31, 2025	Title
Coats Rose, P.C.	12/17/82	$ 57,838	$ -0-	General Counsel
		$ -0-	$ -0-	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	04/07/89	$ 14,000	$ 10,000	Auditor
		$ -0-	$ -0-	Bond Related
Myrtle Cruz, Inc.	12/12/79	$ 26,016	$ 22,420	Bookkeeper/ Investment Officer
Larson & Welsinger	02/12/02	$ -0-	$ -0-	Delinquent Tax Attorney
Quiddity Engineering LLC	08/09/90	$ 85,638	$ 99,685	Engineer
Blitch Associates, Inc.	10/21/13	$ -0-	$ -0-	Financial Advisor
H2O Innovation Operation and Maintenance, LLC	07/11/80	$ 78,283	$1,048,644	Operator
Bob Leared Interests	08/17/79	$ 20,748	$ -0-	Tax Assessor/ Collector/ Sales Tax Consultant

See accompanying independent auditor's report.