OFFICIAL STATEMENT DATED FEBRUARY 3, 2022

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW AND INTEREST ON THE BONDS IS NOT INCLUDABLE IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

The District did NOT designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations" herein.

NEW ISSUE—BOOK-ENTRY ONLY **RATINGS: Underlying "BBB+" (stable outlook) S&P**
CUSIP No. 667902 **Insured "AA" (stable outlook) S&P**
See "BOND INSURANCE" and "MUNICIPAL BOND RATING" herein

$21,170,000
NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10
(A political subdivision of the State of Texas, located in Harris County, Texas)
UNLIMITED TAX REFUNDING BONDS
SERIES 2022

Dated: March 1, 2022 **Due: April 1 (as shown below)**

Interest on the $21,170,000 Unlimited Tax Refunding Bonds, Series 2022 (the "Bonds") will accrue from March 1, 2022, and will be payable on October 1 and April 1 of each year, commencing October 1, 2022. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. The Bonds will be issued in denominations of $5,000, or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM").

BAM GREENSTAR

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

Principal Amount	Maturity	Interest Rate	Yield to Maturity(a)	Principal Amount	Maturity	Interest Rate	Yield to Maturity(a)
$1,375,000	2023	5.000%	0.95%	$685,000	2032 (b)	3.000%	2.20%
$1,475,000	2024	5.000%	1.30%	$775,000	2033 (b)	3.000%	2.26%
$1,550,000	2025	5.000%	1.46%	$775,000	2034 (b)	2.250%	2.55%
$1,450,000	2026	5.000%	1.63%	$825,000	2035 (b)	2.250%	2.60%
$1,530,000	2027	5.000%	1.69%	$845,000	2036 (b)	2.500%	2.65%
$1,570,000	2028	5.000%	1.80%	$870,000	2037 (b)	2.500%	2.70%
$1,745,000	2029	5.000%	1.90%	$620,000	2038 (b)	2.500%	2.75%
$1,815,000	2030 (b)	3.000%	2.00%	$640,000	2039 (b)	2.625%	2.80%
$1,870,000	2031 (b)	3.000%	2.11%				

$755,000 2.75% Term Bond Due April 1, 2042 to Yield 2.90% (a) (b) (c)

(a) The initial reoffering yields are established by and are the sole responsibility of the Underwriters (hereinafter defined) and may be subsequently changed.

(b) The Bonds maturing on or after April 1, 2030, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on April 1, 2029, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS – Optional Redemption."

(c) Subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Mandatory Redemption."

The proceeds of the Bonds will be used by Northwest Harris County Municipal Utility District No. 10 (the "District") to currently refund certain of the District's Unlimited Tax Refunding Bonds, Series 2015, Unlimited Tax Bonds, Series 2015A, Unlimited Tax Refunding Bonds, Series 2016, Unlimited Tax Refunding Bonds, Series 2016A, and Unlimited Tax Bonds, Series 2017, and to pay Bond issuance and administrative expenses. See "PLAN OF FINANCING."

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Sources of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, or the City of Houston, is pledged to the payment of the principal of or interest on the Bonds. **The Bonds are subject to certain risk factors described under the caption "RISK FACTORS."**

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Smith, Murdaugh, Little & Bonham L.L.P., Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Allen Boone Humphries Robinson LLP, Houston, Texas, as Underwriters' Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about March 10, 2022.

SAMCO CAPITAL **RAYMOND JAMES**

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USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesperson or other individual has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not registered or qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

The following statement is provided by the Underwriters. In accordance with its responsibilities under the federal securities laws, the Underwriters have reviewed the information in this Official Statement but do not guarantee its accuracy or completeness.

UNDERWRITING

Award of the Bonds

The Bonds are being purchased by SAMCO Capital Markets, Inc. and Raymond James & Associates, Inc. (collectively, the "Underwriters"), pursuant to a proposal submitted to the District at a price of $22,607,812.50 which represents the principal amount of the Bonds of $21,170,000.00 plus a net original issue premium of $1,566,949.50 less an Underwriters' discount of $129,137.00 plus accrued interest on the Bonds from the Dated Date to the date of delivery. Such price produces a net effective interest rate of 2.379416%.

The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriters.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriters on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriters regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Underwriters.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND RATING

S&P Global Ratings ("S&P") has assigned an underlying municipal bond rating of "BBB+" (stable outlook) to this issue of Bonds based upon the District's underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P, and the District makes no representation of the appropriateness of such rating. The underlying rating of the District to be released by S&P will be maintained by S&P in addition to the rating by virtue of bond insurance. See "BOND INSURANCE." The District can make no assurance that the S&P rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

S&P has assigned its municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BAM. The District can make no assurance that S&P's rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. See "BOND INSURANCE."

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $504.3 million, $181.5 million and $322.8 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE."

BAM GreenStar Bonds

The Bonds have been designated BAM GreenStar Bonds because BAM has determined that the use of bond proceeds by the Issuer as described in this Official Statement and in any additional information obtained by BAM aligns with one of the Green Bond Principles ("GBPs") developed by the International Capital Markets Association ("ICMA"). The GBPs were developed by the ICMA with the goal of establishing universally accepted guidelines for the issuance of green bonds, and one of the key requirements addresses the use of proceeds. BAM has been identified by the ICMA as an observer organization that is active in the field of green and/or social or sustainability finance and as a Climate Bond Initiative approved verifier. The GreenStar Credit Profile prepared by BAM for the Bonds will identify which of the following GBP categories applies to the Bonds:

- renewable energy
- energy efficiency
- pollution prevention and control
- environmentally sustainable management of living natural resources and land use
- terrestrial and aquatic biodiversity
- clean transportation
- climate change adaptation
- sustainable water and wastewater management
- green buildings

Each of the GBPs correlates to one of the following UN Sustainable Development Goals which will also be included in the GreenStar Credit Profile for the Bonds:

- clean water and sanitation
- affordable and clean energy
- sustainable cities and communities
- industry innovation and infrastructure
- responsible consumption and production
- climate action
- life below water
- life on land

The Issuer makes no representation regarding the applicability of or suitability of the GreenStar designation. The term "GreenStar" is neither defined in, nor related to, the security documents relating to the Bonds. The GreenStar designation is solely for identification purposes and is not intended to provide or imply that the owners of the Bonds are entitled to any security other than that described in this official statement. The Issuer is under no contractual or other legal obligation to ensure compliance with any legal or other principles relating to "GreenStar" designation. The Issuer has made no commitment to provide ongoing reporting or information regarding the designation or compliance with the GBPs.

The BAM GreenStar designation is based upon an assessment by BAM at the time of the issuance of the Bonds and such designation by BAM reflects only the views of BAM. BAM does not charge a fee in connection with the designation, does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. The designation is provided on an "AS IS" basis and is based on BAM's own investigation, studies, assumptions, and criteria using its reasonable best efforts. In issuing its GreenStar designation, BAM has assumed and relied upon the accuracy and completeness of the information made publicly available by the Issuer or that was otherwise made available to BAM. BAM makes no representation or warranty, express or implied, including, but not limited to, the accuracy, results, timeliness, completeness, merchantability or fitness for any particular purpose with respect to the designation. A complete description of BAM GreenStar, and its limitations and terms of use, are available on BAM's website https://buildamerica.com/greenstar and https://buildamerica.com/terms-of-use and incorporated herein by reference. The BAM GreenStar designation is determined solely by BAM; it has not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for such designation.

BAM's GreenStar designation does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the Bonds and is not a recommendation to any person to purchase, hold, or sell the Bonds. Such labeling does not address the market price, marketability or suitability of these Bonds for a particular investor. There is no assurance that the designation will be retained for any given period of time or that the designation will not be revised, suspended, or withdrawn by BAM if, in its judgment, circumstances so warrant.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at http://www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

Description: The $21,170,000 Unlimited Tax Refunding Bonds, Series 2022 (the "Bonds"), are dated March 1, 2022. The Bonds represent the twenty-sixth series of bonds to be issued by Northwest Harris County Municipal Utility District No. 10 (the "District"). The Bonds mature on April 1 in the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds is payable on October 1, 2022, and each April 1 and October 1 thereafter until maturity or prior redemption. The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54, Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District, Chapter 1207, Texas Government Code, as amended, an election held within the District, and City of Houston Ordinance No. 97-416. See "THE BONDS."

Book-Entry-Only System: The Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

Redemption Provisions: The Bonds maturing on or after April 1, 2030, are subject to early redemption, in whole or in part, on April 1, 2029, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Optional Redemption." The Bonds maturing on April 1 in the year 2042 are Term Bonds and are subject to annual mandatory sinking fund redemption beginning on April 1 in the year 2040. See "THE BONDS – Mandatory Redemption."

Authorized but Unissued Bonds: Voters within the District have authorized the issuance of $97,900,000 bonds payable from taxes for construction of water, sewer and drainage facilities at five elections held in the District, of which $36,035,000 bonds remain authorized but unissued. The voters within the District have also authorized the issuance of a total of $36,850,000 of refunding bonds payable from taxes, of which $30,813,103.60 bonds will remain authorized but unissued following the issuance of the Bonds. The voters of the District may in the future authorize the issuance of additional bonds. See "THE BONDS – Issuance of Additional Debt."

Source of Payment: The Bonds are payable from a continuing, direct, annual ad valorem tax levied upon all taxable property within the District which, under Texas law, is not limited as to rate or amount. See "TAX PROCEDURES." With respect to payment from taxes, the Bonds are further payable equally and ratably with the Outstanding Bonds (hereinafter defined) and bonds to be issued in the future by the District. See "THE BONDS – Sources of and Security for Payment." The Bonds are obligations of the District, and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, or any other political subdivision or agency.

Municipal Bond Rating: S&P has assigned an underlying municipal bond rating of "BBB+" (stable outlook) to this issue of Bonds based upon the District's underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P, and the District makes no representation of the appropriateness of such rating. See "MUNICIPAL BOND RATING."

Municipal Bond Insurance and Rating: S&P has assigned its municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BAM. See "BOND INSURANCE," "MUNICIPAL BOND RATING," and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

Plan of Financing: Proceeds from the sale of the Bonds will be used to pay certain costs incurred in connection with the issuance of the Bonds and to currently refund certain of the District's Unlimited Tax Refunding Bonds, Series 2015, Unlimited Tax Bonds, Series 2015A, Unlimited Tax Refunding Bonds, Series 2016, Unlimited Tax Refunding Bonds Series, 2016A, and Unlimited Tax Bonds, Series 2017, in an aggregate principal amount of $21,880,000 (the "Refunded Bonds") in order to achieve present value savings in the District's debt service expense. See "PLAN OF FINANCING."

NOT Qualified Tax Exempt Obligations: The District did NOT designate the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations."

Payment Record: The District has previously issued sixteen (16) series of unlimited tax bonds and nine (9) series of unlimited tax refunding bonds, of which $43,370,000 principal amount was outstanding as of January 1, 2022 (the "Outstanding Bonds"). The District has never defaulted in the payment of principal of or interest on its bonds, including the Outstanding Bonds. See "DISTRICT DEBT."

Legal Opinion: Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel. See "LEGAL MATTERS" and "TAX MATTERS."

Verification Agent: Robert Thomas CPA, LLC, Minneapolis, Minnesota. See "VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS."

Paying Agent/Registrar: The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

Risk Factors: The Bonds are subject to certain risk factors as set forth in this Official Statement. Prospective purchasers should carefully examine this Official Statement with respect to the investment security of the Bonds particularly the section captioned "RISK FACTORS."

THE DISTRICT

Description: The District is a governmental agency and a political subdivision of the State of Texas, created on March 30, 1977, by order of the Texas Water Rights Commission, predecessor to the Texas Commission on Environmental Quality (the "TCEQ"). The District operates as a municipal utility district pursuant to Chapters 49 and 54, Texas Water Code, as amended, and other general statues applicable to municipal utility districts. The District lies wholly within Harris County, Texas and within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). The District is located in northwest Harris County and lies approximately 25 miles northwest of the central business district of the City and approximately two (2) miles northeast of Cypress, Texas. The District is located at the intersection of U.S. Highway 290 and Barker-Cypress Road. Primary access to the District is from U.S. Highway 290 to Barker-Cypress Road. The District, as it was originally created, included approximately 229 acres of land. Since its creation, the District has annexed various tracts of land and presently includes approximately 1,296 acres. See "THE DISTRICT – Authority" and "– Description."

Development of the District: The District was developed for predominantly single-family residential purposes in the subdivisions known as Cypress Point, Northlake Forest, Cypress Point Lake Estates, and Park Creek. As of January 1, 2022, the single-family residential development within the District included approximately 2,195 completed homes (approximately 2,190 of which were occupied), no homes under construction, and no vacant developed lots. Additionally, the District includes commercial, light industrial, and multi-family residential development. As of January 1, 2022, the commercial, light industrial, and multi-family residential development in the District included approximately 37 commercial retail establishments, a 318-unit multi-family apartment complex, a 669,101 square foot office and light industrial building presently owned by Methodist Hospital (formerly owned by Sysco Corporation, Inc.), a 130,000 square foot HEB grocery store and shopping center, a 91,549 square foot fitness center, a 88,439 square foot home goods store, and two assisted living centers. See "THE DISTRICT – Status of Single-Family Development" and "– Commercial Development."

Summary of Land Uses: As of January 1, 2022, the District included approximately 919 fully developed and improved acres, no acres currently under development, 10 additional developable acres, a 177-acre site developed and improved with a Cypress-Fairbanks Independent School District campus, and 190 undevelopable acres, which includes detention ponds, certain drainage rights-of-way, District plant sites, and certain parkland, recreational areas, and open spaces. See "THE DISTRICT – Historical Development of the District."

The Developers: The development of the District is substantially complete. The previous developers that have owned land and completed the development of their respective land holdings in the District include: (1) Woodmere Development Co., Inc., formerly known as Long Lake Development Company, Ltd; (2) Ashton Houston Residential, L.L.C.; (3) Riata Ranch I, Ltd.; (4) Allen Land Management; and (5) RED Cypress Creek, Ltd. See "THE DEVELOPERS AND HOMEBUILDERS."

The System: The District's water supply facilities consist of three water plants with four water wells with a combined capacity of 3,450 gallons per minute, 1,050,000 gallons of combined ground storage tank capacity, booster pumps with a combined capacity of 9,000 gallons per minute, and 101,810 feet of 4-inch through 12-inch water main pipe and appurtenances. Auxiliary power generators have been constructed at all three water plants to provide emergency back-up power at each of the plants. The District has two metered emergency water interconnects with Harris County Municipal Utility District No. 365. Additionally, the District has a permanent water supply agreement with Harris County Municipal Utility District No. 389 whereby the District has agreed to sell water capacity to Harris County Municipal Utility District No. 389 to supplement the existing water supply system of Harris County Municipal Utility District No. 389. According to the District's Engineer, the District has water supply capacity that is sufficient to serve the District at full build out given currently anticipated land uses.

The District's wastewater treatment facilities currently consist of a 995,000 gallon per day wastewater treatment plant, which, according to the District's Engineer, is sufficient to serve 3,454 equivalent single-family connections. Additionally, the District has a 94,500 gallon per day wastewater treatment plant that serves the Park Creek subdivision; such plant is capable of serving approximately 316 equivalent single-family equivalent connections. According to the District's Engineer, the District has wastewater treatment capacity that is sufficient to serve the District at ultimate build out given currently anticipated land uses. However, development of the tract currently owned by Methodist Hospital (formerly owned by Sysco Corporation, Inc.) may require an expansion to the final permitted phase of 1,500,000 gallons per day.

The natural drainage pattern for the land within the District flows from southwest to northeast toward Dry Creek, Little Cypress Creek and Cypress Creek. The rainfall runoff out falling into Dry Creek and Little Cypress Creek flows to Cypress Creek, which converges with Spring Creek then the San Jacinto River and into the Houston Ship Channel and Galveston Bay. All of the development within and roadways throughout the District consist of storm sewer systems that drain to detention ponds or drainage channels. If new development occurs, existing drainage channels and storm water detention basins are improved to provide adequate capacity for the District. See "THE SYSTEM."

Infectious Disease Outlook (COVID-19):

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. Federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas. Certain of such actions have been focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or construction activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but they are not necessarily indicative of the economic impact of the Pandemic on the District's financial condition. See "RISK FACTORS – Infectious Disease Outlook (COVID-19)."

SELECTED FINANCIAL INFORMATION

(Unaudited)

2021 Certified Taxable Valuation	$711,954,679	(a)
Direct Debt		
Remaining Outstanding Bonds	$21,490,000	(b)
The Bonds	$21,170,000	
Total Direct Debt	$42,660,000	
See "DISTRICT DEBT"		
Estimated Overlapping Debt	$42,430,338	(c)
Direct and Estimated Overlapping Debt	$85,090,338	
Percentage of Direct Debt to:		
2021 Certified Taxable Valuation	5.99%	
See "DISTRICT DEBT"		
Percentage of Direct and Estimated Overlapping Debt to:		
2021 Certified Taxable Valuation	11.95%	
See "DISTRICT DEBT"		
2021 Tax Rate Per $100 of Assessed Value:		
Debt Service	$0.46	
Maintenance Tax	$0.20	
Total 2021 Tax Rate	$0.66	
Tax Rate required to pay Maximum Annual Debt Service Requirement based upon:		
2021 Certified Taxable Valuation	$0.53	
General Fund Cash and Investment Balance as of January 6, 2022	$8,465,379	(d)
Debt Service Fund Cash and Investment Balance as of January 6, 2022	$2,055,950	(e)

(a) Reflects the January 1, 2021 Certified Taxable Valuation according to data supplied by the Harris County Appraisal District ("HCAD" or the "Appraisal District"); such value excludes approximately $4,569,195 of uncertified taxable value that is still in the certification process. See "TAX DATA" and "TAX PROCEDURES."

(b) Excludes the Refunded Bonds. See "PLAN OF FINANCING – Outstanding Bonds."

(c) See "DISTRICT DEBT – Estimated Overlapping Debt."

(d) Unaudited figure per the District's records. See "THE SYSTEM – General Fund Operating History."

(e) Unaudited figure per the District's records. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. See "TAX DATA – Tax Rate Calculations."

DEBT SERVICE SCHEDULE

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds, plus the debt service on the Bonds.

Year	Outstanding Debt Service	Less: Debt Service on the Refunded Bonds	Plus: Debt Service on the Bonds Principal	Interest	Total Debt Service
2022	$3,476,563	$688,706		$478,939	$3,266,796
2023	$3,553,982	$2,216,041	$1,375,000	$786,663	$3,499,604
2024	$3,572,704	$2,247,563	$1,475,000	$715,413	$3,515,554
2025	$3,602,242	$2,241,925	$1,550,000	$639,788	$3,550,105
2026	$3,438,842	$2,069,150	$1,450,000	$564,788	$3,384,480
2027	$3,431,429	$2,072,488	$1,530,000	$490,288	$3,379,229
2028	$3,386,957	$2,039,463	$1,570,000	$412,788	$3,330,282
2029	$3,487,941	$2,127,978	$1,745,000	$329,913	$3,434,876
2030	$3,542,654	$2,127,544	$1,815,000	$259,063	$3,489,173
2031	$3,532,941	$2,129,719	$1,870,000	$203,788	$3,477,010
2032	$2,049,259	$903,797	$685,000	$165,463	$1,995,925
2033	$2,091,631	$974,406	$775,000	$143,563	$2,035,788
2034	$2,140,637	$953,063	$775,000	$123,219	$2,085,793
2035	$2,165,699	$985,000	$825,000	$105,219	$2,110,918
2036	$2,182,691	$985,141	$845,000	$85,375	$2,127,925
2037	$2,246,207	$988,859	$870,000	$63,938	$2,191,286
2038	$1,823,218	$720,875	$620,000	$45,313	$1,767,656
2039	$1,814,974	$721,406	$640,000	$29,163	$1,762,731
2040	$1,303,359	$328,125	$255,000	$17,256	$1,247,490
2041	$1,288,828	$316,875	$250,000	$10,313	$1,232,266
2042	$1,272,718	$305,625	$250,000	$3,438	$1,220,531
2043	$446,094				$446,094
2044	$434,656				$434,656
2045	$176,969				$176,969
TOTALS	**$56,463,187**	**$28,143,749**	**$21,170,000**	**$5,673,691**	**$55,163,129**

Maximum Annual Debt Service Requirements (2025)..$3,550,105

$0.53 tax rate on the 2021 Certified Taxable Valuation of $711,954,679
at 95% collections produces..$3,584,692

OFFICIAL STATEMENT

relating to

$21,170,000

Northwest Harris County Municipal Utility District No. 10
(A political subdivision of the State of Texas, located within Harris County, Texas)

Unlimited Tax Refunding Bonds
Series 2022

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Refunding Bonds, Series 2022 (the "Bonds").

The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, including particularly Texas Water Code Chapters 49 and 54, as amended, and pursuant to an order (the "Bond Order") adopted by the Board of Directors of Northwest Harris County Municipal Utility District No. 10 (the "District"), a conservation and reclamation district and political subdivision of the State of Texas located within Harris County, Texas, and certain consent ordinances of the City of Houston, Texas.

This Official Statement includes descriptions of the Bonds, the plan of financing, the Bond Order, and certain information about the District's status of development and financial condition. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained by requesting such in writing to the Bond Counsel and providing for payment of reproduction costs.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any other political subdivision. The Bonds are payable from a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District. See "THE BONDS – Sources of and Security for Payment." The investment quality of the Bonds depends on the ability of the District to collect all taxes levied against the taxable property within the District and, in the event of foreclosure of the District's tax lien, on the marketability of the property and the ability of the District to sell the property at a price sufficient to pay taxes levied by the District and by other overlapping taxing authorities. The District cannot and does not make any representations that over the life of the Bonds the taxable property within the District will accumulate or maintain taxable values sufficient to justify the continued payment of taxes by property owners. Further, the collection of delinquent taxes due the District and the enforcement by a bondholder of the District's obligation to collect sufficient taxes may be costly and lengthy processes.

Infectious Disease Outlook (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the "President") declared the Pandemic a national emergency and the Texas Governor (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the "disaster declarations"). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. Many of the federal, state and local actions and policies under the aforementioned disaster declarations have been focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have at times seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries.

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or construction activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but they are not necessarily indicative of the economic impact of the Pandemic on the District's financial condition.

Tax Collections

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the ad valorem tax levy constitutes a lien on the property against which taxes are levied in favor of the District. Such lien is on a parity with the liens of all other state and local taxing authorities on such property and may be enforced by foreclosure. However, ad valorem tax collection through foreclosure may be impaired by (a) cumbersome, time-consuming, and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures, (c) market conditions affecting the marketability of taxable property within the District at foreclosure sale of such property, (d) adverse effects on marketability from a taxpayer's limited right to redeem its foreclosed property, (e) sale or transfer of personal property to bona fide purchasers, or insufficient foreclosure proceeds to satisfy the tax liens of all state and local taxing authorities with parity liens on the property.

The District's lien on taxable property can be foreclosed only in a judicial proceeding. Attorneys' fees and other costs of collecting delinquent taxes could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, if proceedings are initiated by or against a District taxpayer pursuant to the Federal Bankruptcy Code, a bankruptcy court with jurisdiction over such bankruptcy could stay the District's collection of delinquent ad valorem taxes assessed against such taxpayer.

Registered Owners' Remedies

If the District defaults in the payment of principal of, interest on, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages. Even if such sovereign immunity were waived and a judgment against the District for money damages were obtained, the judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of, and interest on, the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Economic Factors

The Houston metropolitan area has, in the past, experienced increased unemployment, business failures, and slow absorption of office space, especially during times of relatively low oil and natural gas prices. The relatively low oil and natural gas prices, recently experienced worldwide, could affect the demand for new residential home construction and commercial development and hence the growth of property values in the District. An oversupply of homes, along with a decreased demand in new housing because of general economic conditions or relatively high interest rates, may have an adverse impact on sale prices for homes and, consequently, may materially adversely affect property values or, in some instances, cause builders to abandon home-building plans altogether.

The continued growth and maintenance of taxable values in the District is directly related to the local housing and building industry. The housing and building industry has historically been a cyclical industry, affected by both short and long-term interest rates, availability of mortgage and development funds, labor conditions and general economic conditions. A return of relatively high mortgage interest rates may adversely affect the availability and desirability of mortgage financing for new homes, hence reducing demand by homebuilders for lots within the District. Commercial building in the District could also be adversely affected by such economic developments.

Potential Effects of Oil Price Volatility on the Houston Area

The recent volatility in oil prices in the U.S. and globally, which at times has led to the lowest such prices in three decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Dependence on Future Taxable Value

During 2021, the District levied a debt service tax of $0.46 per $100 of assessed valuation and an operation and maintenance tax of $0.20 per $100 of assessed valuation for a total tax rate of $0.66 per $100 of assessed valuation. Tax rates in future years may be higher. At the present time, tax rates in excess of $1.50 per $100 of assessed valuation are uncommon among the majority of utility districts in the Harris County area, although many newly activated districts are presently projecting tax rates in the range of $1.25 to $1.35 per $100 of assessed valuation. Consequently, an increase in the District's tax rate to above such level could have an adverse impact on future building development in the District and on the District's ability to collect its taxes. After issuance of the Bonds, the District's Maximum Annual Debt Service Requirement will be $3,550,105 (2025). Should no increase in value in the District beyond that reflected by its January 1, 2021 Certified Taxable Valuation, a tax rate of $0.53 per $100 of assessed valuation at 95% collections would be required to pay the District's Maximum Annual Debt Service Requirement including the Bonds.

On August 5, 2010, the District annexed approximately 91 acres of land that included a 669,101 square foot office and industrial building, which is presently owned by Methodist Hospital (formerly owned by Sysco Corporation, Inc.). According to data provided by HCAD, the land, improvements, and personal property of such property had a taxable value of approximately $32,065,274 as of the 2020 certified tax rolls when such property was owned by Sysco Corporation, Inc. Based on information available to the District, such property is now exempt from taxation by the District starting with the 2021 tax year under the ownership of Methodist Hospital. See "THE DISTRICT – Recent Annexations."

Matters Related to the Developers

The developers have from time to time informed the Board of their plans for the future development of their land within the District; however, the developers have made no commitment to the District that they will carry out their current plans or any other plans of development. Thus, the furnishing of information related to proposed development provided by the developers should not be interpreted as such a commitment. The District has no assurance and makes no representation about the probability of future development or the ability of the developers or any other subsequent land owners to whom the developers may sell all or a portion of their holdings within the District to implement any plan of development. See "THE DEVELOPERS AND HOMEBUILDERS." Accordingly, there is no assurance that the developers will be willing or able to accomplish the proposed development of the District. Furthermore, there is no restriction on the developers' right to sell their land. The District can make no prediction as to the effects that availability of credit, inflation, potential high interest rates, potential transportation problems or other factors, whether economic or governmental, may have on any plans of the developers.

Future Debt

After issuance of the Bonds, the District will have $30,813,103.60 authorized but unissued unlimited tax refunding bonds. The District reserves the right in its Bond Order to issue the remaining $30,813,103.60 authorized but unissued unlimited tax refunding bonds, which have heretofore been authorized by the voters of the District. The District also has $36,035,000 authorized but unissued unlimited tax bonds for the purpose of constructing water, sewer, and drainage facilities to serve the District, approved at five elections held in the District. The District has also reserved the right in the Bond Order to issue the remaining $36,035,000 authorized but unissued unlimited tax bonds, which have heretofore been authorized by the voters of the District, subject to the approval of the Attorney General of the State of Texas, and subject to the approval of TCEQ. According to the Engineer, such bond authorization should be adequate to finance the District's share of development costs to allow for the full development of land within the District.

The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining bonds described above which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS – Issuance of Additional Debt."

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Marketability

There is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as such bonds are generally bought, sold or traded in the secondary market.

Annexation and Consolidation

Subject to the terms of the District's Strategic Partnership Agreement with the City of Houston (see "ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION – Strategic Partnership Agreement – Limited Purpose Annexation by City of Houston") under Texas law all the land within the District may be annexed by the City of Houston (the "City" or "Houston" herein) without the District's consent, in which case the City must assume the assets, functions and obligations of the District (including the Bonds) and abolish the District. No representation is made concerning the ability of the City to make debt service payments should annexation occur.

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District. However, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See "ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION – Strategic Partnership Agreement – Limited Purpose Annexation by City of Houston" for a description of the Strategic Partnership Agreement between the District and the City.

The Bond Order also reserves the right of the District to consolidate with other districts and, in connection therewith, to provide for the consolidation of the System with the water and sewer systems of the district or districts with which it is consolidating. No representation is made that the District will ever consolidate with another district or consolidate the System with other systems.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Specifically, the District may voluntarily file a petition for protection from creditors under the federal bankruptcy laws. During the pendency of the bankruptcy proceedings, the remedy of mandamus would not be available to the Registered Owners unless authorized by a federal bankruptcy judge.

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (a) is generally authorized to file for federal bankruptcy protection by the State law; (b) is insolvent or unable to meet its debts as they mature; (c) desires to effect a plan to adjust such debts; and (d) has either obtained the agreement of, or negotiated in good faith with, its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial condition of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owners could potentially and adversely impair the value of the Registered Owners' claim.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against the district.

Surface Water Conversion

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. The District's authority to pump groundwater from its wells is subject to annual permits issued by the Subsidence District. On April 14, 1999, the Subsidence District adopted a District Regulatory Plan (the "1999 Plan") to reduce groundwater withdrawal through conversion to surface water in areas within the Subsidence District's jurisdiction. Under the 1999 Plan, the District was required to submit to the Subsidence District by January 2003 a groundwater reduction plan and begin construction of surface water conversion infrastructure by January 2005, or pay a disincentive fee for any groundwater withdrawn in excess of 20% of the District's total water demand. This same disincentive fee will be imposed under the 1999 Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2010, exceeds 40% of the District's total water demand beginning January 2025, and exceeds 20% of the District's total water demand beginning January 2035. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future in order to develop surface water conversion infrastructure or to participate in a regional surface water conversion effort. In addition, if the District does not meet the Subsidence District's requirements as described above, the District may be required to pay the disincentive fees adopted by the Subsidence District.

The District is located within the North Harris County Regional Water Authority (the "Authority"). The Authority was created to provide for the supply of surface water to north Harris County and to prepare a groundwater reduction plan to comply with the Subsidence District's 1999 plan. The Authority submitted its Groundwater Reduction Proposal to the Subsidence District and it received final certification on June 11, 2003. This plan covers the area of the District and the District will not owe any disincentive fees to the Subsidence District. The Authority has entered into a contract with the City of Houston to purchase surface water beginning in 2010. Effective April 1, 2021, the District currently pays to the Authority a groundwater pumpage fee of $4.60 per 1,000 gallons. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future to develop surface water conversion infrastructure or to participate in the Authority's regional surface water conversion effort.

Environmental Regulations

Wastewater treatment, water supply, storm sewer facilities and construction activities within the District are subject to complex environmental laws and regulations at the federal, state and local levels that may require or prohibit certain activities that affect the environment, such as:

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are treated and released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility district or other type of special purpose district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion ("ppb")) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the "1997 Ozone Standards"); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the "2015 Ozone Standard"). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

While the EPA has revoked the 1997 Ozone Standards, the EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB Area remained subject to continuing severe nonattainment area "anti-backsliding" requirements, despite the fact that HGB Area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2015, the EPA approved the TCEQ's "redesignation substitute" for the HGB Area under the revoked 1997 Ozone Standards, leaving the HGB Area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard).

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA,* 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for the EPA's decision to eliminate the anti-backsliding requirements that had applied in the HGB Area under the 1997 Ozone Standard. The court has not responded to the EPA's April 2018 request for rehearing of the case. To address the uncertainty created by the *South Coast* court's ruling, the TCEQ developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners adopted the request and maintenance plan for the 1997 one-hour and eight-hour standards on December 12, 2018. On May 16, 2019, the EPA proposed a determination that the HGB Area has met the redesignation criteria and continues to attain the 1997 one-hour and eight-hour standards, the termination of the anti-backsliding obligations, and approval of the proposed maintenance plan.

The HGB Area is currently designated as a "serious" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2021. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB Area is currently designated as a “marginal” nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2021. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

In order to demonstrate progress toward attainment of the EPA’s ozone standards, the TCEQ has established a state implementation plan (“SIP”) for the HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the HGB Area to reach attainment with the ozone standards by the EPA’s attainment deadlines. These additional controls could have a negative impact on the HGB Area’s economic growth and development.

Water Supply & Discharge Issues. Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the HGB Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

The District’s stormwater discharges currently maintain permit coverage through the Municipal Separate Storm System Permit (the “Current Permit”) issued to the Storm Water Management Joint Task Force consisting of Harris County, Harris County Flood Control District, the City of Houston, and the Texas Department of Transportation. In the event that at any time in the future the District is not included in the Current Permit, it may be required to seek independent coverage under the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. If the District’s inclusion in the MS4 Permit were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the “waters of the United States.” The District must obtain a permit from the United States Army Corps of Engineers (“USACE”) if operations of the District require that wetlands be filled, dredged, or otherwise altered.

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule (“CWR”) aimed at redefining “waters of the United States” over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal has itself become the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule ("NWPR"), which contains a new definition of "waters of the United States." The stated purpose of the NWPR is to restore and maintain the integrity of the nation's waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states' primary authority over land and water resources. The new definition outlines four categories of waters that are considered "waters of the United States," and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not "waters of the United States," and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR became effective June 22, 2020, and is currently the subject of ongoing litigation.

On June 9, 2021, the EPA and USACE announced plans to further revise the definition of "waters of the United States." On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE make plans to replace it. On November 18, 2021, the EPA and USACE issued a Notice of Proposed Rulemaking to put back into place the pre-2015 definition of "waters of the United States." Due to existing and possible future litigation and regulatory action, there remains uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending, or future legislation.

Bond Insurance Risk Factors

If a bond insurance policy is obtained securing principal of, and interest on, the Bonds, then in the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with optional prepayment of the Bonds by the issuer that is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy; however, such payments will be made by the policy insurer (the "Bond Insurer") at such time and in such amounts as would have been due absent such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Default of payment of principal of, and interest on, the Bonds does not accelerate the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies, and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claims-paying ability. The Bond Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade, and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "BOND INSURANCE" herein.

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law governing insolvency of insurance companies.

Neither the District nor the Underwriters have made independent investigation into the claims-paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims-paying ability of the Bond Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Severe Weather

The District is located approximately 70 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

The greater Houston area has experienced multiple storms exceeding a 0.2% probability of occurrence (i.e., "500-year flood" events) since 2015. If the District were to sustain damage to its facilities as a result of such a storm (or any other severe weather event) requiring substantial repair or replacement, or if substantial damage to taxable property within the District were to occur as a result of a severe weather event, the investment security of the Bonds could be adversely affected.

Hurricane Harvey

The Houston area, including Harris County, sustained widespread wind and rain damage and flooding as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. According to the observations of the District's Operator and the District's Engineer, the District's System did not sustain any significant damage and there was no interruption of water and sewer service to District customers as a result of Hurricane Harvey. According to the observations of the District's Engineer and members of the District's Board of Directors, approximately 70 homes in the District experienced flooding as a result of Hurricane Harvey. Substantially all of the homes that experienced flooding have since been rehabilitated.

Specific Flood Risks

The District may be subject to the following flood risks:

Ponding (or Pluvial) Flooding – Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can exceed the drainage capacity of a drainage system, which may result in water within the drainage system becoming trapped and diverted onto streets and nearby property until it is able to reach a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

Riverine (or Fluvial) Flooding – Riverine, or fluvial, flooding occurs when water levels rise over the top of river, bayou or channel banks due to excessive rain from tropical systems making landfall and/or persistent thunderstorms over the same area for extended periods of time. The damage from a riverine flood can be widespread. The overflow can affect smaller rivers and streams downstream, or may sheet-flow over land. Flash flooding is a type of riverine flood that is characterized by an intense, high velocity torrent of water that occurs in an existing river channel with little to no notice. Flash flooding can also occur even if no rain has fallen, for instance, after a levee, dam or reservoir has failed or experienced an uncontrolled release, or after a sudden release of water by a debris or ice jam. In addition, planned or unplanned controlled releases from a dam, levee or reservoir also may result in flooding in areas adjacent to rivers, bayous or drainage systems downstream.

Tax Exemption for Property Damaged by Disaster

The Tax Code (hereinafter defined) provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

Tax Payment Installments

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date. See “TAX PROCEDURES.”

Atlas 14

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the Service Area may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the Service Area. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

PLAN OF FINANCING

Purpose

The Bonds are being issued to pay bond issuance and administrative expenses and currently refund certain of the District's outstanding bonds in an aggregate principal amount of $21,880,000, including $6,315,000 principal amount of the District's Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Bonds"), $4,100,000 principal amount of the District's Unlimited Tax Bonds, Series 2015A (the "Series 2015A Bonds"), $4,655,000 principal amount of the District's Unlimited Tax Refunding Bonds, Series 2016 (the "Series 2016 Bonds"), $2,810,000 principal amount of the District's Unlimited Tax Refunding Bonds Series, 2016A (the "Series 2016A Bonds"), and $4,000,000 principal amount of the District's Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds"). The Series 2015 Bonds, Series 2015A Bonds, Series 2016 Bonds, Series 2016A Bonds, and Series 2017 Bonds are collectively referred to herein as the "Refunded Bonds." The refunding is being implemented in order to produce present value savings in the District's annual debt service expense.

The District's currently Outstanding Bonds (the "Remaining Outstanding Bonds") totaling $21,490,000 will remain outstanding after the issuance of the Bonds and the refunding of the Refunded Bonds. The Refunded Bonds are scheduled to mature in various amounts on April 1 in the years 2023 through 2042 and will be redeemed at par in advance of each respective maturity. The Refunded Bonds will be redeemed on April 1, 2022.

Outstanding Bonds

The table below summarizes the District's previously issued series of bonds.

Original Principal Amount	Series	Principal Amount Outstanding (a)	Principal Amount Outstanding After the Bonds
$1,400,000	1979	$0	$0
$1,370,000	1992 Refunding	$0	$0
$2,200,000	1994	$0	$0
$970,000	1996	$0	$0
$5,700,000	2000	$0	$0
$3,950,000	2001 Refunding	$0	$0
$6,150,000	2002	$0	$0
$6,480,000	2003	$0	$0
$6,965,000	2006	$0	$0
$3,000,000	2006B	$0	$0
$10,000,000	2007 Refunding	$0	$0
$3,750,000	2009	$0	$0
$2,785,000	2011 Refunding	$0	$0
$2,400,000	2011A	$0	$0
$5,555,000	2013 Refunding	$3,780,000	$3,780,000
$2,650,000	2013A	$0	$0
$9,225,000	2015 Refunding	$6,825,000	$510,000
$4,100,000	2015A	$4,100,000	$0
$9,265,000	2016 Refunding	$5,515,000	$860,000
$3,510,000	2016A Refunding	$2,930,000	$120,000
$4,000,000	2017	$4,000,000	$0
$6,600,000	2018	$6,500,000	$6,500,000
$4,395,000	2020 Refunding	$4,220,000	$4,220,000
$3,000,000	2020A	$3,000,000	$3,000,000
$2,500,000	2021	$2,500,000	$2,500,000
$111,920,000		**$43,370,000**	**$21,490,000**

(a) Represents principal amounts outstanding as of January 1, 2022.

Refunded Bonds

Proceeds of the Bonds will be applied to currently refund $21,880,000 in principal amount of the Refunded Bonds. The principal amounts and maturity dates of the Series 2015 Bonds, Series 2015A Bonds, Series 2016 Bonds, Series 2016A Bonds, and Series 2017 Bonds to be refunded are set out in the table below, all with maturity dates of April 1 in the years shown.

Years	Series 2015 Bonds	Series 2015A Bonds	Series 2016 Bonds	Series 2016A Bonds	Series 2017 Bonds
2022	-	-	-	-	-
2023	$510,000	-	$895,000	$140,000	-
2024	$565,000	-	$910,000	$140,000	-
2025	$575,000	-	$945,000	$135,000 (c)	-
2026	$725,000	$225,000	$295,000	$135,000	$150,000
2027	$725,000	$250,000	$300,000	$155,000	$150,000
2028	$730,000	$250,000	$310,000	$155,000 (d)	$150,000
2029	$785,000	$250,000	$325,000	$175,000	$200,000
2030	$840,000	$250,000	$330,000	$170,000 (e)	$200,000
2031	$860,000	$275,000	$345,000	$170,000	$200,000
2032		$275,000		$190,000 (f)	$200,000
2033		$300,000		$235,000	$225,000
2034		$300,000		$240,000	$225,000
2035		$325,000		$250,000	$250,000
2036		$325,000 (a)		$255,000	$275,000
2037		$350,000		$265,000	$275,000
2038		$350,000			$300,000
2039		$375,000 (b)			$300,000
2040					$300,000 (g)
2041					$300,000
2042					$300,000 (h)
	$6,315,000	**$4,100,000**	**$4,655,000**	**$2,810,000**	**$4,000,000**

The Refunded Bonds will be called for redemption on April 1, 2022.

(a) Represents the $650,000 Term Bond with mandatory sinking fund provisions beginning in 2035 through and including the 2036 maturity.

(b) Represents the $1,075,000 Term Bond with mandatory sinking fund provisions beginning in 2037 through and including the 2039 maturity.

(c) Represents the $275,000 Term Bond with mandatory sinking fund provisions beginning in 2024 through and including the 2025 maturity.

(d) Represents the $310,000 Term Bond with mandatory sinking fund provisions beginning in 2027 through and including the 2028 maturity.

(e) Represents the $345,000 Term Bond with mandatory sinking fund provisions beginning in 2029 through and including the 2030 maturity.

(f) Represents the $360,000 Term Bond with mandatory sinking fund provisions beginning in 2031 through and including the 2032 maturity.

(g) Represents the $600,000 Term Bond with mandatory sinking fund provisions beginning in 2039 through and including the 2040 maturity.

(h) Represents the $600,000 Term Bond with mandatory sinking fund provisions beginning in 2041 through and including the 2042 maturity.

Defeasance of the Refunded Bonds

By the deposit of cash with the Paying Agent for the Refunded Bonds, Zions Bancorporation, National Association (successor to Amegy Bank National Association; Amegy Bank, a division of ZB, N.A.; and Amegy Bank, a division of ZB, National Association), the District will have affected the defeasance of the Refunded Bonds pursuant to the terms of the orders authorizing the issuance of the Refunded Bonds. In the opinion of Bond Counsel, as a result of such a deposit, and in reliance upon the verification report of Robert Thomas CPA, LLC (see “VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS”), firm banking and financial arrangements will have been made for the discharge and final payment of the Refunded Bonds, and such Refunded Bonds will be deemed under Texas law to be fully paid and no longer outstanding.

Sources and Uses of Funds

The proceeds from the sale of the Bonds will be applied as follows:

Sources of Funds:	
Principal Amount of the Bonds	$21,170,000.00
Plus Net Original Issue Premium	$1,566,949.50
Plus Accrued Interest	$20,525.94
Plus District Contribution	$175,000.00
Total Sources of Funds	**$22,932,475.44**

Uses of Funds:	
Deposit to Refund Bonds	$22,224,353.13
Issuance Expenses (a)	$558,459.37
Underwriter's Discount	$129,137.00
Accrued Interest	$20,525.94
Total Uses of Funds	**$22,932,475.44**

(a) Includes municipal bond insurance premium.

THE DISTRICT

Authority

The District was created on March 30, 1977, by the Texas Water Rights Commission, predecessor agency to the TCEQ, and confirmed at an election held within the District for that purpose on November 8, 1977. The District is organized and operates as a municipal utility district under Chapters 49 and 54 of the Texas Water Code and is empowered 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 also has the authority to provide for solid waste disposal services and parks and recreational facilities. In addition, the District is empowered, if approved by the electorate, the TCEQ and the City, to establish, operate and maintain a fire department, either independently or with certain other entities. The TCEQ exercises continuing, supervisory jurisdiction over the District.

Description

The District lies wholly within Harris County, Texas and within the extraterritorial jurisdiction of the City. The District is located in northwest Harris County and lies approximately 25 miles northwest of the central business district of the City and approximately two (2) miles northeast of Cypress, Texas. The District is located at the intersection of U.S. Highway 290 and Barker-Cypress Road. Primary access to the District is from U.S. Highway 290 to Barker-Cypress Road. The District, as it was originally created, included approximately 229 acres of land. Since its creation, the District has annexed various tracts of land and presently includes approximately 1,296 acres.

Historical Development of the District

Land development in the District began during 1978 and homebuilding development in the District began in 1980. The District added land into its boundaries through various annexations for three additional subdivisions. The table below is included in order to provide an estimate of the types of land uses and development within the District and the approximate acreage as of January 1, 2022.

Type of Land Use	Acres	(a)
Fully Developed Acres	919	(b)
Acres Currently Being Developed	0	
Additional Developable Acreage	10	
Cypress-Fairbanks ISD Campus	177	(c)
Undevelopable Acreage	190	(d)
Total Acres	**1,296**	

(a) Approximate amounts, rounded to the nearest acre.

(b) Represents acres that are developed and served by water, sewer, and drainage facilities, as well as street paving and road facilities. Includes the developed sections within the Cypress Point, Northlake Forest, Cypress Point Lake Estates, and Park Creek subdivisions; 50 acres of commercial development; 17 acres of multi-family residential development; a 669,101 square foot building owned by Methodist Hospital (formerly owned by Sysco Corporation, Inc.); and several other small commercial tracts. See "Status of Single-Family Development," "Commercial Development," and "Recent Annexations" herein.

(c) Represents a campus owned and operated by Cypress-Fairbanks Independent School District, which includes one elementary school, one middle school, one high school, district administration buildings, a cold storage facility, and a transportation facility.

(d) Includes detention ponds not included as reserves in recorded plats, certain drainage rights-of-way, District plant sites, and certain parkland and recreational areas.

Status of Single-Family Development

The District was developed for predominantly single-family residential purposes in the subdivisions known as Cypress Point, Northlake Forest, Cypress Point Lake Estates, and Park Creek, all of which are built out. The following table lists the approximate status of residential homebuilding development within the District as of January 1, 2022.

			Homes		
Subdivision/Section	**Approx. Acres**	**Total Lots**	**Completed**	**Under Construction**	**Vacant Lots**
Cypress Point, Section 1 – 8 (a)	220.47	846	846	0	0
Northlake Forest, Sections 1 – 8	178.90	439	439	0	0
Cypress Point Lake Estates, Sections 1 – 5	186.52	359	359	0	0
Park Creek, Sections 1 – 4	136.78	551	551	0	0
TOTALS	**722.67**	**2,195**	**2,195** (b)	**0**	**0**

(a) Cypress Point, Section 4 includes 9.635 acres improved by Cypress-Fairbanks ISD as an elementary school site.

(b) According to the District's records, as of January 1, 2022, approximately 2,190 of the completed homes were owner occupied.

Commercial Development

In 2005 RED Cypress Creek, Ltd. petitioned to have the District annex approximately 138 acres of land. RED Cypress Creek, Ltd. entered into a long-term ground lease for a 14.66-acre site with HEB during 2005. HEB constructed a 130,000 square foot shopping center that includes an HEB grocery store, three small restaurants, two doctor's offices, five retail establishments, a brokerage office and a retail bank site; such center opened during the calendar year 2007. RED Cypress Creek, Ltd. developed additional land that presently includes the following improvements: a bank, two restaurants, and two small retail centers.

Additional commercial development includes a 91,548 sq. ft. fitness center facility, a senior living center, and an assisted and memory care facility. The fitness center facility is a two-story fitness center that sits on 9.35 acres; the senior living center has 126 units on 2.95 acres; and the assisted and memory care facility has 80 units containing 90 beds on approximately 5 acres.

In 2006, RED Cypress Creek, Ltd. sold approximately 33 acres to Christus. In 2012, Christus sold approximately 17 acres to Watermark JSQ on Baker Cypress, LLC of Terre Haute, Indiana ("Watermark"). Watermark constructed a 318-unit multi-family apartment project that was completed in May 2014. Christus sold the remaining 16 acres to Sienna Cypress LLC; such acreage currently includes an 88,439 square foot home goods store.

Recent Annexations

On August 5, 2010, the District annexed approximately 91 acres of land that included a 669,101 square foot office and industrial building, which is presently owned by Methodist Hospital (formerly owned by Sysco Corporation, Inc.). According to data provided by HCAD, the land, improvements, and personal property of such property had a taxable value of approximately $32,065,274 as of the 2020 certified tax rolls when such property was owned by Sysco Corporation, Inc. Based on information available to the District, such property is now exempt from taxation by the District starting with the 2021 tax year under the ownership of Methodist Hospital. See "RISK FACTORS – Dependence on Future Taxable Value."

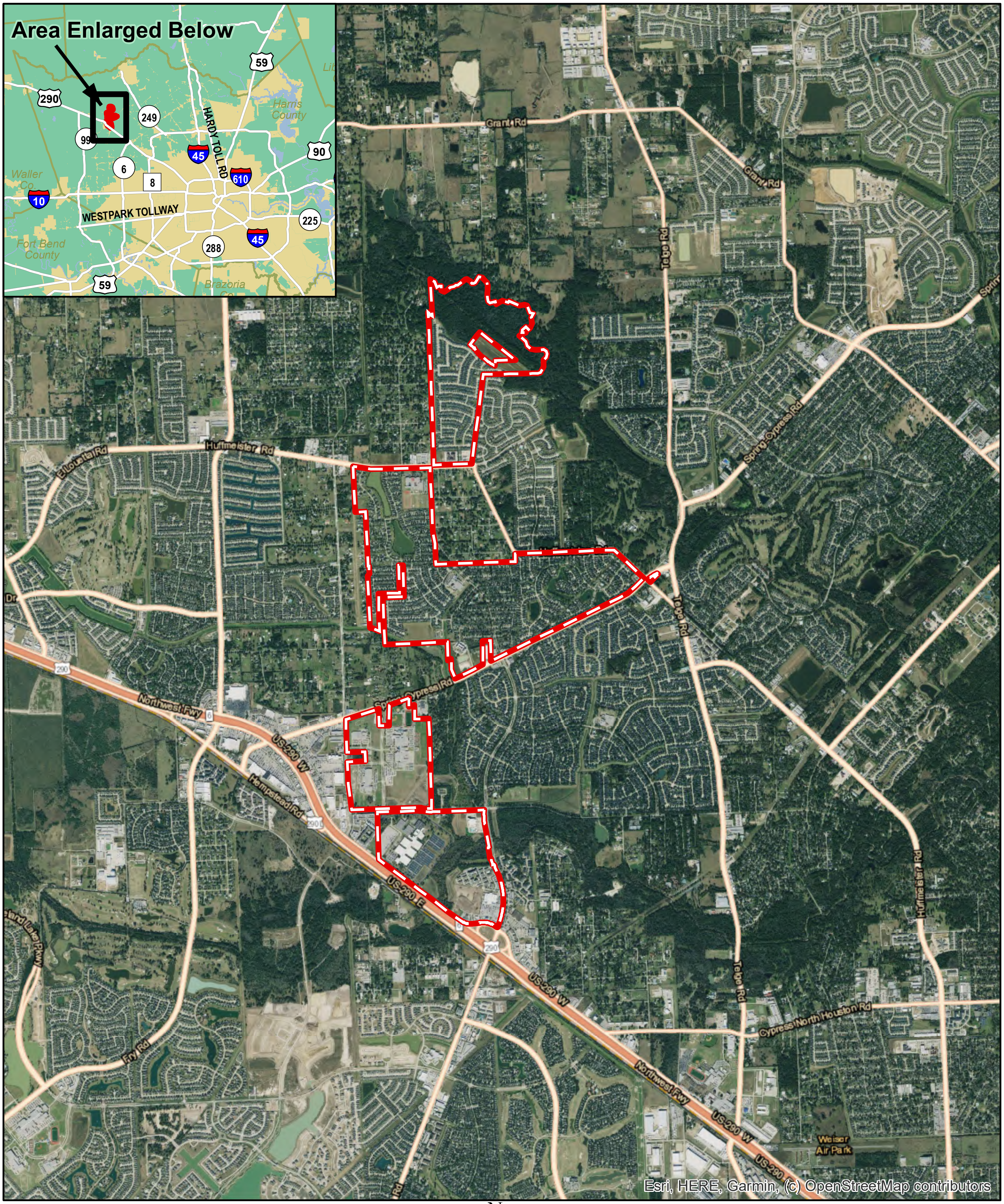
On May 5, 2016, the District annexed approximately 10 acres of land that included five (5) acres of land that have been developed and improved with an assisted living center and 5 acres planned for commercial retail development. No definitive plans are currently in place for the improvement of such 5 acres.

On December 6, 2018, the District annexed approximately 118 acres of parkland and an approximately 5-acre tract to be developed as a commercial office and warehouse development. No definitive plans are currently in place for the development of such 5 acres.

In 2019 the District annexed an approximately 7-acre tract to be developed as a commercial development. It is currently anticipated that such tract will be developed and improved with a senior living facility. However, no definitive plans are currently in place for the development of such 7 acres.

On April 1, 2020, the District annexed an approximately 3-acre tract of land that includes an existing Harris County Precinct 3 service center.

Location Map



Legend

NWHCMUD 10 District Boundary

N

Feet
0 2,500 5,000

NWHCMUD 10 Location Map

Van DeWiele & Vogler Incorporated
Consulting Engineers

SOURCES: VDW&V, 2020
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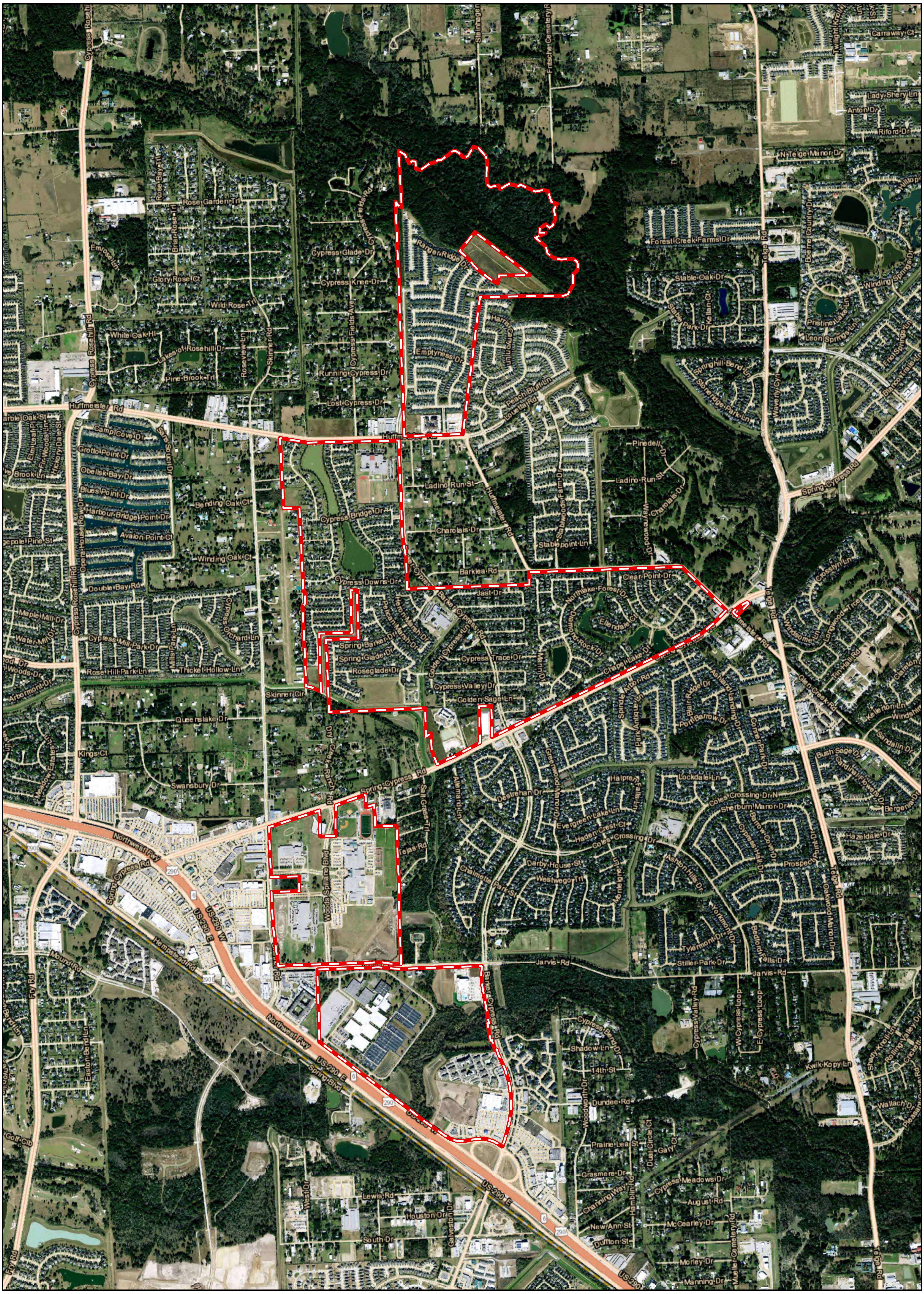
District Map



Legend

NWHCMUD 10 District Boundary

N

NWHCMUD 10
District Map

Feet
0 2,500 5,000

Van DeWiele & Vogler Incorporated
Consulting Engineers

SOURCES: VDW&V, 2020; NAIP Imagery
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Management of the District

The District is governed by the Board of Directors, which has control over and management supervision of all affairs of the District. Four of the Directors reside within the District. A director election is held within the District on the first Saturday in May in even numbered years. Directors are elected to serve four-year, staggered terms. The current members and officers of the Board, along with their titles on the Board, are listed below:

Name	Title	Term Expires May
Gloria L. Malek	President	2022
Wenselado “Junior” Yharte	Vice President	2024
T. Taylor Broun, III	Secretary	2022
Kenneth Dinges	Treasurer	2024
Bill Ney	Assistant Secretary	2022

The District does not employ a general manager or any other full-time employees. The District has contracted for utility system operating, bookkeeping, tax assessing and collecting services, and annual auditing of its books, as follows:

Tax Assessor/Collector – The District's Tax Assessor/Collector is Equi-Tax, Inc., who is employed under an annual contract to perform the tax collection functions.

Bookkeeper – The District has contracted with Municipal Accounts & Consulting, L.P. for bookkeeping services.

Auditor – The financial statements of the District as of April 30, 2021, and for the year then ended, included in this offering document, have been audited by Mark C. Eyring, CPA, PLLC, independent auditor, as stated in his report appearing herein. See "APPENDIX A" for a copy of the District's April 30, 2021, audited financial statements.

Utility System Operator – The District had engaged Environmental Development Partners, L.L.C. to operate and maintain the System.

Engineer – The consulting engineer for the District is Vogler & Spencer Engineering, Inc. (the "Engineer").

Financial Advisor – The GMS Group, L.L.C., serves as the Financial Advisor to the District, and is paid an hourly consulting fee for certain services rendered from time to time. The GMS Group has served in the capacity as Financial Advisor relative to the issuance of the Bonds and will be paid a fee from Bond proceeds contingent upon the sale and delivery of the Bonds.

Legal Counsel – The District has employed Smith, Murdaugh, Little & Bonham, L.L.P. as general counsel and as bond counsel in connection with the issuance of the Bonds. The legal fees to be paid bond counsel for service rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered.

DISTRICT INVESTMENT POLICY

The District had adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District’s goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District are invested in short-term obligations of the U.S. Treasury and federal agencies, certificates of deposit insured by the Federal Deposit Insurance Corporation (“FDIC”) or secured by collateral evidenced by perfected safekeeping receipts held by a third-party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own or intend to purchase long-term securities or derivative products.

THE DEVELOPERS AND HOMEBUILDERS

Role of a Developer

In general, activities of a developer in a municipal utility district such as the District include acquiring land for development; defining a marketing program; planning and scheduling development; securing adequate funds for development; arranging for design and construction of utilities, streets, amenities, and other improvements; participating in the procurement of necessary governmental permits and approvals, including creation of political subdivisions such as the District; and selling developed and undeveloped land to other developers, investors, and others. Ordinarily, the developer pays 100% of the costs of paving and amenity design and construction while the utility district finances certain costs of water supply and distribution, wastewater collection and treatment, and drainage facilities. The TCEQ generally requires the developer to pay up to 30% of the cost of certain water distribution, wastewater collection, and drainage facilities.

In addition, the developer is ordinarily the major taxpayer within a district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect taxes sufficient to pay debt service and retire bonds.

Descriptions of the Developers and Homebuilders

The development of the District is substantially complete. The previous developers that have owned land and completed the development of their respective land holdings in the District include: (1) Woodmere Development Co., Inc. ("Woodmere"), formerly known as Long Lake Development Company, Ltd; Woodmere developed lots in Cypress Point, Sections 5 – 8 for Postwood Homes (a company related to Woodmere) and Kimball Hill Homes; (2) Ashton Houston Residential, L.L.C. ("Ashton Woods"); Ashton Woods developed lots in the Northlake Forest subdivision and sold lots to Ashton Woods Homes (a related company); and (3) Riata Ranch I, Ltd. ("Riata Ranch"); Riata Ranch developed lots in the Cypress Point Lake Estates subdivision (located on 186 acres that were annexed into the District during calendar year 2000) and sold the Cypress Point Lake Estates lots to KB Homes and DR Horton Homes. See "THE DISTRICT – Status of Single-Family Development."

Allen Land Management developed the subdivision and sections known as Park Creek, Sections 1 – 3. Land development for the Park Creek subdivision began in 2004 and homebuilding commenced in 2005. Allen Land Management sold all of the vacant developed lots in Section 1 – 3 and sold approximately 32 acres of land known as Park Creek, Section 4 to TaylorMorrison Homes ("TaylorMorrison") in December 2009. TaylorMorrison developed the 32 acres in Park Creek, Section 4 into 123 single-family lots and has completed homebuilding on all of such lots. Allen Land Management assigned its ownership of approximately 11 acres of additional land holdings in the Park Creek subdivision to ALM Park Creek Properties, LLC in March 2011 (ALM Park Creek Properties, LLC is a related entity to Allen Land Management under common ownership). Approximately one (1) acre has since been improved with a gas station and convenience store and the remaining 10 acres may be improved with other commercial buildings at some time in the future. According to ALM Park Creek Properties, LLC, approximately seven (7) acres have been sold, which are anticipated to be improved with a senior living facility at some time in the future.

RED Cypress Creek, Ltd. is the developer of approximately 138 acres of land developed primarily for commercial retail use, commercial office use, and for multi-family use. Approximately 132 acres of the 138 acres have been improved with various commercial building developments and improvements, and it is currently anticipated that approximately six (6) additional acres will be improved for commercial retail use in the future.

THE SYSTEM

Regulation

The District's water, wastewater and storm drainage facilities were designed in accordance with accepted engineering practices of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the City, the Harris County Engineering Department, the Harris County Flood Control District, and the TCEQ. According to the Engineer, the designs of all such existing facilities were approved by all required governmental agencies. Operation of the District's waterworks and wastewater facilities is subject to regulation by, among others, the Environmental Protection Agency ("EPA"), the TCEQ and the Harris-Galveston Coastal Subsidence District ("HGCSD"). In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision.

Description of the System

The water, wastewater and drainage facilities of the District are described below, based upon information obtained from the District's records and the Engineer.

Water Supply and Distribution System

The District's water supply facilities consist of three water plants with four water wells with a combined capacity of 3,450 gallons per minute, 1,050,000 gallons of combined ground storage tank capacity, booster pumps with a combined capacity of 9,000 gallons per minute, and 101,810 feet of 4-inch through 12-inch water main pipe and appurtenances. Auxiliary power generators have been constructed at all three water plants to provide emergency back-up power at each of the plants. The District has two metered emergency water interconnects with Harris County Municipal Utility District No. 365. The District's four water wells have the capacity to serve 5,750 equivalent single-family connections.

The District has a permanent water supply agreement (the "Water Supply Agreement") with Harris County Municipal Utility District No. 389 whereby the District has agreed to sell water capacity to Harris County Municipal Utility District No. 389 to supplement the existing water supply system of Harris County Municipal Utility District No. 389. The Water Supply Agreement provides that the amount of water supplied will not exceed 200,000 gallons per day.

According to the Engineer, the four ground storage tanks are sufficient to serve 5,250 equivalent single-family connections and the District's booster pumps are sufficient to serve 4,500 equivalent single-family connections. In the aggregate, the District has water supply capacity that is sufficient to serve the District at full build out given currently anticipated land uses.

Wastewater Treatment and Collection System

The District's wastewater treatment facilities currently consist of a 995,000 gallon per day wastewater treatment plant, which, according to the Engineer, is sufficient to serve 3,454 equivalent single-family connections. Additionally, the District has a 94,500 gpd wastewater treatment plant that serves the Park Creek subdivision; such plant is capable of serving approximately

316 equivalent single-family connections. According to the Engineer, the District has wastewater treatment capacity that is sufficient to serve the District at ultimate build out given currently anticipated land uses. However, development of the tract currently owned by Methodist Hospital (formerly owned by Sysco Corporation, Inc.) may require an expansion to the final permitted phase of 1,500,000 gallons per day.

Drainage and Detention System

The natural drainage pattern for the land within the District flows from southwest to northeast toward Dry Creek, Little Cypress Creek and Cypress Creek. The rainfall runoff out falling into Dry Creek and Little Cypress Creek flows to Cypress Creek, which converges with Spring Creek then the San Jacinto River and into the Houston Ship Channel and Galveston Bay. All of the development within and roadways throughout the District consist of storm sewer systems that drain to detention ponds or drainage channels. If new development occurs, existing drainage channels and storm water detention basins are improved to provide adequate capacity for the District.

Flood Plain

According to the most recent map prepared by the Federal Emergency Management Agency ("FEMA") dated October 16, 2013, approximately 182 acres in the District are located within the 100-year flood plain. The majority of this area is utilized for detention ponds and Cypress Creek right-of-way. According to the Engineer, a Letter of Map Revision ('LOMR") has been issued for the residential lots in Park Creek and commercial development acreage in the RED Cypress Creek, Ltd. development. It is currently anticipated that these areas will be removed from the designated flood plain on future FEMA maps. The LOMR, along with elevation certificates, allows for the development of lots and commercial reserves without the need for flood plain insurance.

General Fund Operating History

The Bonds are payable from the levy of an ad valorem tax, without legal limitations as to rate or amount, upon all taxable property in the District and are not secured by a pledge of system revenues. The following is provided for informational purposes only.

	Fiscal Years Ended April 30 (a)				
REVENUES	**2021**	**2020**	**2019**	**2018**	**2017**
Property taxes	$1,397,495	$1,324,047	$1,266,650	$1,197,035	$1,122,162
Water service	$898,464	$935,312	$813,970	$865,030	$792,913
Sewer service	$811,358	$817,908	$807,432	$806,148	$792,317
Surface water fees	$1,854,465	$1,706,592	$1,317,591	$1,314,099	$955,339
Water sales to other districts	-	-	$38,016	$50,369	$44,880
Sales and Use Taxes	$269,626	$230,892	$207,750	$184,896	$165,259
Penalty	$90,455	$88,984	$87,397	$101,199	$93,406
Tap connection and inspection fees	$85,800	$63,065	$164,500	$14,730	$454,295
Interest and other revenues	$88,030	$187,058	$158,778	$121,750	$63,261
TOTAL REVENUES	**$5,495,693**	**$5,353,858**	**$4,862,084**	**$4,655,256**	**$4,483,832**
EXPENDITURES					
Current:					
Professional fees	$161,285	$221,936	$186,637	$260,661	$180,296
Contracted services	$264,687	$244,180	$216,758	$216,662	$217,910
Utilities	$194,876	$198,280	$215,318	$224,163	$216,266
Groundwater pumpage fees	$1,820,804	$1,691,694	$1,295,943	$1,278,546	$981,409
Repairs and maintenance	$644,443	$657,286	$694,017	$590,457	$666,183
Other operating expenditures	$202,730	$201,485	$198,782	$189,582	$179,729
Security services	$292,023	$277,789	$276,660	$270,168	$268,600
Garbage disposal	$473,988	$469,536	$454,045	$434,531	$422,933
Administrative expenditures	$139,349	$123,847	$136,182	$126,063	$137,077
Capital outlay	$107,350	$346,464	$371,559	$33,589	$554,401
TOTAL EXPENDITURES	**$4,301,535**	**$4,432,497**	**$4,045,901**	**$3,624,422**	**$3,824,804**
EXCESS REVENUES (b)	**$1,194,158**	**$921,361**	**$816,183**	**$1,030,834**	**$659,028**
Total Active Retail Water Connections	**2,316**	**2,308**	**2,303**	**2,304**	**2,283**
Total Active Retail Wastewater Connections	**2,239**	**2,238**	**2,238**	**2,230**	**2,217**

(a) Data is taken from District's audited financial statements. See "APPENDIX A."

(b) As of January 6, 2022, the District's General Fund had an unaudited cash and investment balance of $8,465,379. For the fiscal year ending April 30, 2022, the District's General Fund is currently budgeting revenues of approximately $5,630,224 and operating expenditures of approximately $4,641,616. Additionally, for the fiscal year ending April 30, 2022, the District has identified approximately $127,000 of capital expenditures that may be funded by the General Fund. Any capital expenditures to be made from the General Fund will depend on the availability of cash and investment balances in such fund, the necessity of the project, and the need to maintain adequate reserve balances.

DISTRICT DEBT
(unaudited)

2021 Certified Taxable Valuation	$711,954,679	(a)
Direct Debt		
Remaining Outstanding Bonds	$21,490,000	(b)
The Bonds	$21,170,000	
Total Direct Debt	$42,660,000	
Estimated Overlapping Debt	$42,430,338	(c)
Direct and Estimated Overlapping Debt	$85,090,338	
Percentage of Direct Debt to:		
2021 Certified Taxable Valuation	5.99%	
Percentage of Direct and Estimated Overlapping Debt to:		
2021 Certified Taxable Valuation	11.95%	
2021 Tax Rate Per $100 of Assessed Value:		
Debt Service	$0.46	
Maintenance Tax	$0.20	
Total 2021 Tax Rate	$0.66	
Tax Rate required to pay Maximum Annual Debt Service Requirement based upon:		
2021 Certified Taxable Valuation	$0.53	
General Fund Cash and Investment Balance as of January 6, 2022	$8,465,379	(d)
Debt Service Fund Cash and Investment Balance as of January 6, 2022	$2,055,950	(e)

(a) Reflects the January 1, 2021 Certified Taxable Valuation according to data supplied by HCAD; such value excludes approximately $4,569,195 of uncertified taxable value that is still in the certification process. See "TAX DATA" and "TAX PROCEDURES."

(b) Excludes the Refunded Bonds. See "PLAN OF FINANCING – Outstanding Bonds."

(c) See "Estimated Overlapping Debt" herein.

(d) Unaudited figure per the District's records. See "THE SYSTEM – General Fund Operating History."

(e) Unaudited figure per the District's records. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. See "TAX DATA – Tax Rate Calculations."

Estimated Overlapping Debt

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance, and/or general revenue purpose in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

		Overlapping Debt	
Taxing Jurisdiction	**Outstanding Debt**	**Percent**	**Amount**
Cypress-Fairbanks Independent School District	$3,222,395,000	1.16%	$37,310,022
Harris County (a)	$1,236,942,125	0.14%	$1,690,805
Harris County Flood Control District	$584,900,000	0.14%	$813,298
Port of Houston Authority	$469,434,397	0.14%	$652,782
Harris County Hospital District	$81,540,000	0.14%	$113,358
Harris County Department of Education	$20,185,000	0.14%	$27,584
Lone Star College System	$610,225,000	0.30%	$1,822,489
Total Estimated Overlapping Debt			**$42,430,338**
The District's Direct Debt (b)			$42,660,000
Total Direct and Estimated Overlapping Debt			**$85,090,338**

(a) Excludes the currently outstanding Harris County Toll Road Authority Bonds, which are considered to be self-supporting.

(b) Includes the Bonds; excludes the Refunded Bonds.

TAX DATA

2021 Debt Service/Maintenance Tax

In 2021 the District levied a tax of $0.46 per $100 of assessed valuation for debt service purposes. In addition, the District levied a tax of $0.20 per $100 of assessed valuation for maintenance purposes. The proceeds of the maintenance tax are deposited into the District's General Operating Fund and are used to pay certain operating costs.

Analysis of Tax Base

Based on information provided to the District by its Tax Assessor/Collector, the following represents the composition of property comprising the gross tax roll valuations and the exemptions for 2016 through 2021.

	Type of Property					
Year	**Land**	**Improvements**	**Personal Property**	**Gross Valuations**	**Exemptions**	**Taxable Valuations** (a)
2021	$228,389,037	$587,854,597	$28,581,517	$844,825,151	$132,870,472	$711,954,679 (b)
2020	$230,955,117	$580,664,646	$32,585,816	$844,205,579	$133,647,923	$710,557,656
2019	$160,745,465	$607,176,397	$29,733,279	$797,655,141	$124,336,646	$673,318,495
2018	$153,609,867	$570,567,450	$28,212,968	$752,390,285	$117,363,907	$635,026,378
2017	$153,608,756	$543,414,138	$22,782,955	$719,805,849	$116,871,122	$602,934,727
2016	$148,463,901	$511,527,647	$23,239,434	$683,230,982	$121,658,433	$561,572,549

(a) Reflects the gross assessed valuation supplied by HCAD, less exemptions.

(b) Reflects the January 1, 2021 Certified Taxable Valuation according to data supplied by HCAD; such value excludes approximately $4,569,195 of uncertified taxable value that is still in the certification process. See "TAX PROCEDURES."

Principal Taxpayers

The list of principal taxpayers for 2021 and the other information in this table were provided by the District's Tax Assessor/Collector based on certified tax rolls net of any exemptions. This information does not reflect any corrections subsequent to action of the Appraisal District.

Taxpayer (a) (b)	**Type of Property**	**2021 Valuation**	**% of Total**
MREF II Barker Cypress LLC	Land & Improvements	$43,929,918	6.17%
CRP/CSH Park Creek Owner LP	Land & Improvements	$24,546,360	3.45%
HEB Grocery Company LP	Land, Improvements, Personal Property	$20,468,245	2.87%
RED Cypress Creek Ltd	Land, Improvements, Personal Property	$17,317,149	2.43%
Store Master Funding III LLC	Land & Improvements	$11,873,750	1.67%
CMT Cypress AL LLC	Land & Improvements	$9,079,265	1.28%
RC2020 LLC	Land & Improvements	$8,653,429	1.22%
WE 53 Barker Cypress LLC	Land & Improvements	$5,651,482	0.79%
Ean Holdings LLC	Land & Improvements	$5,098,304	0.72%
Petereits 213 West Southmore Ltd.	Land & Improvements	$4,701,468	0.66%
	TOTALS	**$151,319,370**	**21.25%**

(a) Reflects information obtained from HCAD records. The District makes no representation as to the accuracy of such information.

(b) According to the District's Tax Assessor/Collector, all of the District's top ten taxpayers are current on their prior years' taxes owed to the District except for CRP/CSH Park Creek Owner LP, which has a balance on taxes owed for both the 2019 and 2020 tax years. According to the District's Tax Assessor/Collector, CRP/CSH Park Creek Owner LP has made partial payments on their taxes owed for both the 2019 and 2020 tax years.

Levy and Collection

The following represents the collection history of District taxes for the years 2016 through 2020, and includes certain information relative to the 2021 tax year.

Year	**Taxable Valuation** (a)	**Tax Rate Per $100** (b)	**Tax Levy**	**Cumulative Collections %** (c)
2021	$711,954,679	$0.66	$4,698,901	(d)
2020	$710,557,656	$0.66	$4,689,681	98.1%
2019	$673,318,495	$0.66	$4,443,902	98.3%
2018	$635,026,378	$0.66	$4,191,174	99.8%
2017	$602,934,727	$0.67	$4,039,663	99.9%
2016	$561,572,549	$0.71	$3,987,165	99.9%

(a) Represents the net taxable value. See "Analysis of Tax Base" herein.

(b) Includes the debt service and maintenance tax levy for each year. See "Tax Distribution" herein.

(c) Represents cumulative tax collections as of December 31, 2021. According to the District's records, the District's current tax collections have exceeded 97% each year for the past 10 years.

(d) The 2021 tax levy is in the process of collections; such taxes become delinquent if not paid before February 1, 2022. See "TAX PROCEDURES." According to the District's records as of January 6, 2022, the 2021 taxes were approximately 57% collected.

Tax Distribution

The following table sets forth the tax rate distribution of the District for the years 2016 through 2021.

	2021	**2020**	**2019**	**2018**	**2017**	**2016**
Debt Service	$0.46	$0.46	$0.46	$0.46	$0.47	$0.51
Maintenance/Operation	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20
Total	**$0.66**	**$0.66**	**$0.66**	**$0.66**	**$0.67**	**$0.71**

Maintenance Tax

The District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements. Such maintenance tax was authorized by vote of the District's electors on May 2, 1992. The District is authorized to levy such a maintenance tax in an amount not to exceed $1.00 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any tax bonds which may be issued in the future.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 assessed valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the District's 2021 Certified Taxable Valuation as provided by HCAD and the District's Tax Assessor/Collector. The calculations further assume collection of 95% of taxes levied, the issuance of the Bonds, and the sale of no additional bonds:

Maximum Annual Debt Service Requirements (2025) $3,550,105

Tax rate of $0.53 on the 2021 Certified Taxable Valuation produces $3,584,692

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, a tax lien attaches to property to secure the payment of all taxes, penalty and interest for the year, on January 1, of that year. The tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. See "TAX PROCEDURES." In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT – Estimated Overlapping Debt"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below are all 2021 taxes levied by such taxing jurisdictions, assuming each assesses at 100% basis of assessment. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges, or any other levy of entities other than political subdivisions.

Taxing Jurisdictions	2021 Tax Rate Per $100 Assessed Valuation
Cypress-Fairbanks Independent School District	$1.339200
Harris County (a)	$0.586340
Lone Star College System	$0.107800
Harris County Emergency Service District No. 9	$0.057628
Subtotal	**$2.090968**
The District	$0.660000
Estimated Total Tax Rate	**$2.750968**

(a) Includes the 2021 taxes levied by Harris County, Harris County Flood Control District, Port of Houston Authority, Harris County Hospital District, and Harris County Department of Education.

TAX PROCEDURES

Tax Code and County-Wide Appraisal District

Under Texas law, including the Texas Tax Code (the "Tax Code"), there is established in each county in the state a single appraisal district with responsibility for recording and appraising property for all taxing units within the county and a single appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. By May 15 of each year or as soon thereafter as is practicable, the appraisal district is required to prepare appraisal records of property to be appraised as of January 1 of each year. The Tax Code generally requires appraisals at 100% of market value. A residence homestead is to be appraised solely on the basis of its value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. Property tax appraisals in the District are subject to review by the Harris County Appraisal Review Board (the "Appraisal Review Board"). Taxpayers and, under certain circumstances, taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in state district court. Such review or appeals may delay the certification of taxable values and hence delay the levy and collection of taxes by the District. In the event of such an appeal, the value of the property in question will be determined by the court, or by a jury if requested by any party. Absent any such appeal, the appraisal roll prepared by the Harris County Appraisal District ("HCAD") and approved by the Appraisal Review Board must be used by each taxing jurisdiction within Harris County to establish its tax rolls and tax rate. The Texas Comptroller of Public Accounts may provide for the administration and enforcement of uniform standards and procedures for appraisal of property.

Although the District is responsible for establishing tax rates and levying and collecting its taxes each year, under the system of county-wide tax appraisal implemented by the Tax Code, the District cannot establish appraisal standards or determine the frequency of revaluation or reappraisal. The Tax Code requires HCAD to implement a plan for periodic reappraisal of property to update appraised values, and the plan must provide for reappraisal of all real property in the appraisal district at least once every three years. The District is eligible, along with all other conservation and reclamation districts within Harris County, to participate in the nomination of and vote for a member of the Board of Directors of HCAD.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and of certain disabled persons, and travel trailers, to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran’s residence homestead to which the disabled veterans’ exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homesteads in an amount equal to the partially disabled veteran’s disability rating if the residence homestead was donated by a charitable organization at no cost to the veteran. Effective January 1, 2018, this exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The District has granted an exemption for persons 65 years of age and older or for disabled persons of $55,000 of taxable valuation for the tax year 2021.

Residential Homestead Exemptions. The Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the assessor and collector of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted an order granting a general residential homestead exemption.

Freeport Goods Exemptions. A “Freeport Exemption” applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas) and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas that are destined to be forwarded outside of Texas and that are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A “Goods-in-Transit” Exemption is applicable to the same categories of tangible personal property that are covered by the Freeport Exemption, if, for prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For the tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in, or imported into, Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more pubic warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Notice and Hearing Procedures

The Tax Code establishes procedures for providing notice and the opportunity for a hearing for taxpayers if the District proposes to increase taxes, and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 1% for each month or portion of a month it remains unpaid. The Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) 65 years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continues to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

Special Taxing Units. Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus the maintenance and operations tax rate that would impose1.08 times the amount of the operation and maintenance tax rate.

Developed Districts. Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the maintenance and operations tax rate that would impose 1.035 times the amount of the operation and maintenance tax rate subject to certain homestead exemptions plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts. Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus the maintenance and operations tax rate that would impose 1.08 times the previous year's operation and maintenance tax rate.

The District. A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District is made by the Board of Directors on an annual basis. The Board of Directors designated the District as a Developing District for purposes of setting the 2021 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

Collection of Delinquent Taxes

Taxes levied by the District are a personal obligation of the owner of the taxed property as of January 1 of the year in which the taxes are imposed. On January 1 of each year, a tax lien attaches to property to secure payment of all state and local taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the state and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of all other such taxing units. A tax lien on real property has priority over the claim of most creditors and other holders of liens on the property encumbered by the tax, whether or not the debt or lien existed before the attachment of the tax lien. Further, as a general rule, the District's tax lien and a federal tax lien are on par with ultimate priority being determined by applicable federal law. Under certain circumstances, personal property is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest. At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. The ability of the District to collect delinquent taxes by judicial foreclosure may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions affecting the market value of the property at the time of any tax foreclosure sale, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Further, the District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 United States Code Section 1825, as amended.

ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION

Annexation by the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City will assume the District's assets and obligations (including the Bonds) and dissolve the District within ninety (90) days, except as provided below under "Strategic Partnership Agreement – Limited Purpose Annexation by City of Houston." Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt, nor does the District make any representation concerning the ability of the City to pay debt service on the District's bonds if annexation were to occur.

Generally, the District may be annexed by the City of Houston without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District. However, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See "Strategic Partnership Agreement – Limited Purpose Annexation by City of Houston" below for a description of the Strategic Partnership Agreement between the District and the City.

Strategic Partnership Agreement – Limited Purpose Annexation by City of Houston

The District entered into a Strategic Partnership Agreement ("SPA") with the City of Houston (the "City") effective as of December 20, 2007, whereby the tracts of land containing commercial development were annexed into the City for the limited purpose of applying certain of the City's Planning, Zoning, Health and Safety Ordinances to the commercial businesses. The City imposes a Sales and Use Tax within the annexed tracts on the receipts from the sales and use at retail of taxable items at the rate of one percent or such other rate as may be imposed by the City from time to time. Under the SPA, one-half, or 50%, of the sales tax revenue generated by the commercial business will be paid to the District, and the District can use the sales tax for any purpose for which the District is lawfully authorized. The SPA has a term of 30 years.

Neither the District nor any owners of taxable property in the District is liable for any present or future debts of the City and current and future ad valorem taxes levied by the City will not be levied on taxable property in the District.

The Bonds are not obligations of the City and the SPA does not obligate the City, either directly or indirectly to pay the principal of or interest on the Bonds.

The SPA provides that the City will not annex the District for a period of 30 years from the effective date of the SPA.

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system) and liabilities (such as the Bonds) with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

THE BONDS

General

The Bonds are dated March 1, 2022. The Bonds will mature on April 1 in the years and in the amounts set forth on the cover page of this Official Statement. Interest on the Bonds is payable on October 1, 2022, and each April 1 and October 1 thereafter until maturity or prior redemption. The Bonds will be issued in denominations of $5,000 each or integral multiples thereof. The Bond Order authorizes the issuance and sale of the Bonds and prescribes terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be issued only in fully registered form in any integral multiple of $5,000 of principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Interest on the Bonds shall be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar to the registered owners ("Registered Owners") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Authority for Issuance

The Bonds are issued by the District pursuant to the terms and provisions of the District's Bond Order, Article XVI, Section 59 of the Texas Constitution, the laws of the State of Texas including particularly Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207, Texas Government Code, as amended, an election held within the District, and City of Houston Ordinance No. 97-416.

Optional Redemption

The Bonds maturing on and after April 1, 2030, are subject to redemption prior to scheduled maturity at the option of the District, in whole or from time to time in part, on April 1, 2029, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date. In the event the Bonds are to be redeemed in part, the maturities and principal amounts to be redeemed shall be selected by the District. In the event of redemption of fewer than all of the Bonds of a particular maturity, the Paying Agent/Registrar, on behalf of the District, will select the Bonds of such maturity to be redeemed by lot or by such other customary method as the Paying Agent/Registrar deems fair and appropriate or while the Bonds are in Book-Entry-Only form the portions to be redeemed shall be selected by DTC in accordance with its procedures.

Mandatory Redemption

The Bonds maturing on April 1, 2042 (the "Term Bonds") shall be subject to annual mandatory sinking fund redemption as shown in the table below.

$755,000 Term Bonds, due April 1, 2042

Mandatory Redemption Date	Principal Amount
April 1, 2040	$255,000
April 1, 2041	$250,000
April 1, 2042 (maturity)	$250,000

Notice of Redemption; Partial Redemption

While the Bonds are in book-entry-only form, pursuant to the Bond Order, the Term Bonds will be scheduled for annual mandatory sinking fund redemption by DTC in accordance with its procedures. If the book-entry-only system is discontinued, the Paying Agent/Registrar shall select by lot the Term Bonds, if any, to be redeemed and issue a notice of redemption in the manner provided below. The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced, at the option of and as determined by the District, by the principal amount of any Term Bonds of such maturity which, prior to the date of the mailing of notice of such mandatory redemption, (1) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Notice of each exercise of the right of redemption will be given at least 30 calendar days prior to the date fixed for redemption by the mailing of a notice by the Paying Agent/Registrar to each of the registered owners of the Bonds to be redeemed at the address shown on the records of the Paying Agent/Registrar on the date which is 45 calendar days prior to the redemption date. When Bonds have been called for redemption, the right of the registered owners of such Bonds to collect interest which would otherwise accrue after the date for redemption will be terminated.

The Bonds of a denomination larger than $5,000 in principal amount may be redeemed in part ($5,000 in principal or any integral multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal.

Sources of and Security for Payment

The Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax levied, without legal limitation as to rate or amount, against taxable property located within the District. In the Bond Order the District covenants to levy a tax sufficient in rate and amount to pay principal of and interest on the Bonds when due, full allowance being made for delinquencies and costs of collection, and the District undertakes to collect such tax. The net proceeds from taxes levied for debt service purposes will be deposited in the District's Debt Service Fund and will be used to pay principal of and interest on the Bonds and on any additional bonds payable from taxes which the District may hereafter issue.

Defeasance

The District's pledge of taxes and all other covenants in the Bond Order, except the covenant to pay principal of and interest on the Bonds to maturity or redemption, will terminate when payment of such principal and interest has been provided for by depositing with the Paying Agent/Registrar money or direct obligations of the United States of America maturing on such dates and in such amounts as will be sufficient, without further investment, to make such payment of principal of and interest on the Bonds.

Funds

The Bond Order confirms the previous establishment of the District's Debt Service Fund. The Debt Service Fund is to be kept separate from all other funds of the District and used for payment of debt service on the Bonds, the Outstanding Bonds, and any of the District's duly authorized additional bonds. Amounts on deposit in the Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar and to pay the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds.

Issuance of Additional Debt

If authorized by the District's voters and with the approval of the TCEQ, the District may issue bonds necessary to provide and maintain improvements for which the District was created (see "THE DISTRICT"). The District's voters have authorized the issuance of an additional $97,900,000 unlimited tax bonds, of which $36,035,000 remain authorized but unissued for the purpose of providing waterworks, sanitary sewer, drainage and surface water facilities to land within the District in the past. See "RISK FACTORS – Future Debt." The District's voters have also authorized the issuance of unlimited tax refunding bonds for the purpose of refunding previously outstanding unlimited tax bonds, unlimited tax and revenue bonds or other bonds issued by the District, of which $30,813,103.60 refunding bonds remain authorized but unissued following the issuance of the Bonds. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District, and in the Bond Order the District reserves the right to issue additional unlimited tax bonds, unlimited tax and revenue bonds, revenue bonds, and inferior lien bonds.

Registration, Transfer, and Exchange

The Bonds are transferable only at the designated principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of the Bonds accompanied by a duly executed assignment. The Bonds are exchangeable for an equal principal amount of Bonds of the same type, maturity, and interest rate, in any authorized denomination. No service charge will be made for any transfer or exchange, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith. Neither the District nor the Paying Agent/Registrar is required to (i) issue, transfer or exchange any Bond during the period beginning at the opening of business 15 calendar days before the date of the first mailing of any notice of redemption of Bonds and ending at the close of business on the date of such mailing or (ii) thereafter to transfer or exchange any Bonds selected for redemption when such redemption is scheduled within 30 calendar days.

Replacement of Mutilated, Lost, or Stolen Bonds

The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, upon receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Securities is to be transferred and how the principal of, premium, if any, Maturity Value, and interest on the Securities are to be paid to and credited by DTC while the Securities are registered in its nominee *name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor, and the Underwriters believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.*

The District and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Securities, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Securities), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Securities. The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Securities, each in the aggregate principal amount or Maturity Value, as the case may be, of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, who will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive securities representing their ownership interests in Securities except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners.

The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If fewer than all of the Securities within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, securities are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, securities will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the District believes to be reliable, but none of the District, the Financial Advisor or the Underwriters takes any responsibility for the accuracy thereof. Termination by the District of the DTC Book-Entry-Only System may require consent of DTC Participants under DTC Operational Arrangements.

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

The Texas Legislature has enacted four partially conflicting statutes which pertain to the eligibility of bonds issued by a municipal utility district as investments for certain entities and as security for deposits of public funds in Texas. These are: Section 54.515 of the Texas Water Code; Chapter 1201, Texas Government Code, as amended; Chapter 2256, Texas Government Code ("Public Funds Investment Act"); and Chapter 2257, Texas Government Code ("Public Funds Collateral Act"). After reconciling their conflicting provisions, these four statutes provide the following authorizations:

1. Whether rated or unrated, bonds of the District (including the Bonds) are authorized investments in the State of Texas for banks, savings and loan associations, insurance companies, fiduciaries, trustees and the State of Texas;

2. Bonds of the District are authorized investments for political subdivisions of the State of Texas only if they have been rated by a nationally recognized investment rating firm and have received a rating of not less than "A" or its equivalent; and

3. Whether rated or unrated, bonds of the District (including the Bonds) may be used to secure the deposit of public funds in the State of Texas.

The District has not made any investigation of any other laws, rules, regulations or investment criteria that might affect the suitability of the Bonds for any of the above purposes or limit the authority of any of the above entities or persons to purchase or invest in the Bonds.

The District makes no representation that the bonds will be acceptable to banks, savings and loan associations, or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations, or investment criteria that might apply to or otherwise limit the availability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the acceptability of the Bonds for investment or collateral purposes.

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Bonds, Bond Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law") (i) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (ii) the Bonds will not be treated as "specified private activity bonds" the interest of which would be included as an alternative minimum-tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the District will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Bond Counsel to the District will rely upon certain information and representations of the District, including information and representations contained in the District's federal tax certificate and covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the Refunded Bonds and the property financed or refinanced therewith.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the District is conditioned on compliance by the District with such requirements, and Bond Counsel to the District has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds or the Refunded Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax--exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

NOT Qualified Tax-Exempt Obligations

The District did NOT designate the Bonds as "qualified tax-exempt obligations" for financial institutions.

Tax Accounting Treatment of Original Issue Premium Bonds

Some of the Bonds may be offered at initial offering prices which exceed the stated redemption prices payable at the maturity of such Bonds. If a substantial amount of any maturity of the Bonds is sold to members of the public (which for this purpose excludes bond houses, brokers and similar persons or entities acting in the capacity of wholesales or underwriter) at such initial offering price, each of the Bonds of such maturity (the "Premium Bonds") will be considered for federal income tax purposes to have "bond premium" equal to such excess. The basis for federal income tax purposes of a Premium Bond in the hands of an initial purchaser who purchases such Bond in the initial offering must be reduced each year and upon the sale or other taxable disposition of the Bond by the amount of amortizable bond premium. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond by the initial purchaser. Generally, no corresponding deduction is allowed for federal income tax purposes, for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond which is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined under special tax accounting rules which use a constant yield throughout the term of the Premium Bond based on the initial purchaser's original basis in such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition by an owner of Bonds that are not purchased in the initial offering or which are purchased at an amount representing a price other than the initial offering prices for the Bonds of the same maturity may be determined according to rules which differ from those described above. Moreover, all prospective purchasers of Bonds should consult their tax advisors with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of Premium Bonds.

Tax Accounting Treatment of Original Issue Discount Bonds

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal or maturity amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bond"). The difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

LEGAL MATTERS

Legal Opinion

The District will furnish the Underwriters a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, the effect that the Bonds are valid and binding obligations of the District. The District also will furnish the approving legal opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel ("Bond Counsel"), the effect that based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from ad valorem taxes, without legal limit as to rate or amount, upon all taxable property located within the District. The District will also furnish the approving legal opinion of Bond Counsel to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statues, regulations, published rulings and court decisions existing on the date of such opinion, as is described under "TAX MATTERS."

Legal Review

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P., has reviewed the information appearing in this Official Statement under the captions "THE BONDS," "TAX PROCEDURES," "ANNEXATION, STRTEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION," "LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION – SEC RULES 15c2-12" to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the District for the purposes of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds. Certain legal matters will be passed upon for the Underwriters by Allen Boone Humphries Robinson LLP, Houston, Texas, acting as Underwriters' Counsel.

No Material Adverse Change

The obligations of the Underwriters to take up and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been supplemented or amended, through the date of sale.

NO LITIGATION CERTIFICATE

The District will furnish the Underwriters a certificate, executed by both the President and Secretary of the Board and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or to the best of their knowledge threatened, either in state or federal courts, contesting or attacking the Bonds, restraining or enjoining the levy, assessment and collection of ad valorem taxes which are pledged to the payment of the Bonds or in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds or affecting the validity of the Bonds or the title of the present officers and directors of the District.

CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12

In the Bond Order (as defined herein), the District has made the agreement, summarized below, for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). The information will be available to the public without charge through MSRB's Electronic Municipal Market Access ("EMMA") internet portal at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data to EMMA annually.

The information to be updated with respect to the District includes the quantitative financial information and operating data of the general type included in "SELECTED FINANCIAL INFORMATION (except for Estimated Overlapping Debt)," "TAX DATA" and in "APPENDIX A" (Auditor's Report and Financial Statements of the District) of this Official Statement. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2022. The District will provide the updated information to EMMA.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 ("Rule"). The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, the District shall provide unaudited financial statements for the applicable fiscal year to each EMMA within such six-month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year is April 30. Accordingly, it must provide updated information by October 31 in each year, unless it changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of certain events to the MRSB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the obligated person, any of which reflect financial difficulties. In regards to (15) and (16) above, “financial obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. The term “obligated person” when used in this paragraph shall have the meaning ascribed to it under the Rule. Neither the Bonds nor the Bond Order make any provision for debt service reserves, liquidity enhancement, the pledge of property (other than ad valorem tax revenues) to secure payment of the Bonds, or appointment of a trustee. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information

The District has agreed to provide the foregoing information only to the MSRB in electronic format and accompanied by identifying information as prescribed by the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement although holders and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with SEC Rule 15c2-12, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid but, in either case, only to the extent that its right to do so would not prevent the Underwriters from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The District has previously made continuing disclosure agreements in accordance with SEC Rule 15c2-12 and has materially complied with those agreements for the previous 5 years.

OFFICIAL STATEMENT

Sources of Information

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector, HCAD, and other sources which are believed reliable, but the District makes no representation as to the accuracy or completeness of the information derived from such other sources. The summaries of the statutes, resolutions, and engineering and other related reports set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

All estimates, statements, and assumptions in this Official Statement and the Appendices hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

Financial Advisor

The Official Statement was compiled and edited under the supervision of The GMS Group, L.L.C., (the "Financial Advisor"); such firm was employed in 1999 as Financial Advisor to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and therefore, such fees are contingent on the sale and delivery of the Bonds.

The Financial Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

In approving this Official Statement, the District has relied upon the following consultants.

Engineer – The information contained in this Official Statement relating to engineering matters generally, to the description of the System, and, in particular, that information included in the sections entitled “RISK FACTORS – Future Debt,” “THE DISTRICT – Description,” “– Historical Development of the District,” “– Status of Single-Family Development,” “– Commercial Development,” and “THE SYSTEM” has been provided by Vogler & Spencer Engineering, Inc. and has been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

Tax Collector – The information contained in this Official Statement relating to the assessed valuation of property and, in particular, such information contained in the section captioned "TAX DATA" has been provided by the Appraisal District and by Equi-Tax, Inc., Tax Assessor/Collector, in reliance upon their authority as experts in the field of tax appraisal, tax assessing and collecting, respectively.

Auditor – The financial statements of the District as of April 30, 2021, and for the year then ended, included in this offering document, have been audited by Mark C. Eyring, CPA, PLLC, independent auditor, as stated in his report herein. See “APPENDIX A.”

Updating of Official Statement

For the period beginning on the date of the award of the sale of the Bonds to the Underwriters and ending on the ninety-first (91st) day after the “end of the underwriting period” (as defined in SEC Rule 15c(2)-12(f)(2)), if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances when the Official Statement is delivered to a prospective purchaser, not misleading, the District will promptly notify the Underwriters of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements thereto, so that the statements in the Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when such Official Statement is delivered to a prospective purchaser, be misleading.

Certification to Official Statement

The District, acting by and through its Board of Directors in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements, and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation of such matters and makes no representation as to the accuracy or completeness thereof.

This Official Statement was approved by the Board of Directors of Northwest Harris County Municipal Utility District No. 10 as of the date shown on the cover page.

VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS

Robert Thomas CPA, LLC will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and/or securities deposited into the escrow or deposit account to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds, (b) the mathematical computations related to certain requirements of the City of Houston Ordinance No. 97-416, as amended, and (c) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes.

Robert Thomas CPA, LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Robert Thomas CPA, LLC has relied on any information provided to it by the District's retained advisors, consultants or legal counsel.

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

The Offer and sale of the Bonds have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction.

The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE YEAR ENDED APRIL 30, 2021

NORTHWEST HARRIS COUNTY

MUNICIPAL UTILITY DISTRICT NO. 10

HARRIS COUNTY, TEXAS

ANNUAL AUDIT REPORT

APRIL 30, 2021

C O N T E N T S

Mark C. Eyring, CPA, PLLC

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

September 2, 2021

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northwest Harris County Municipal
Utility District No. 10
Harris County, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of Northwest Harris County Municipal Utility District No. 10, as of and for the year ended April 30, 2021, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risk of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Northwest Harris County Municipal Utility District No. 10 as of April 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 8 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 22 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 23 to 47 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Northwest Harris County Municipal Utility District No. 10 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2021.

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Financial Analysis of the District as a Whole

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

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

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

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

Summary of Net Position

	2021	2020	Change
Current and other assets	$ 16,801,047	$ 15,903,883	$ 897,164
Capital assets	29,909,904	29,183,182	726,722
Total assets	46,710,951	45,087,065	1,623,886
Long-term liabilities	38,006,172	37,185,441	820,731
Other liabilities	3,401,789	3,827,197	(425,408)
Total liabilities	41,407,961	41,012,638	395,323
Net position:			
Invested in capital assets, net of related debt	(10,181,942)	(9,992,708)	(189,234)
Restricted	6,546,807	6,342,281	204,526
Unrestricted	8,938,125	7,724,854	1,213,271
Total net position	$ 5,302,990	$ 4,074,427	$ 1,228,563

Summary of Changes in Net Position

	2021	2020	Change
Revenues:			
Property taxes, including related penalty and interest	$ 4,718,020	$ 4,461,530	$ 256,490
Sales and Use taxes	269,626	230,892	38,734
Charges for services	3,783,403	3,653,193	130,210
Other revenues	74,522	328,161	(253,639)
Total revenues	8,845,571	8,673,776	171,795
Expenses:			
Service operations	6,015,526	5,450,725	564,801
Debt service	1,601,482	1,460,748	140,734
Total expenses	7,617,008	6,911,473	705,535
Excess revenues (expenditures)	1,228,563	1,762,303	(533,740)
Special Items:			
Proceeds from settlement	0	58,992	(58,992)
Change in net position	1,228,563	1,821,295	(592,732)
Net position, beginning of year	4,074,427	2,253,132	1,821,295
Net position, end of year	$ 5,302,990	$ 4,074,427	$ 1,228,563

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended April 30, 2021, were $15,335,410, an increase of $1,349,429 from the prior year.

The General Fund balance increased by $1,194,158, in accordance with the District's financial plan.

The Debt Service Fund balance decreased by $132,362, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by $287,633 as proceeds from the Series 2020A bonds and interest earnings on deposits and investments exceeded authorized expenditures.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 22 of this report. The budgetary fund balance as of April 30, 2021, was expected to be $8,519,768 and the actual end of year fund balance was $8,869,537.

Capital Asset and Debt Administration

Capital Assets

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

	Capital Assets (Net of Accumulated Depreciation)		
	2021	2020	Change
Land	$ 3,931,104	$ 3,931,104	$ 0
Detention ponds	7,326,082	7,326,082	0
Construction in progress	1,094,538	2,695,222	(1,600,684)
Water facilities	8,389,811	7,008,327	1,381,484
Sewer facilities	9,168,369	8,222,447	945,922
Totals	$ 29,909,904	$ 29,183,182	$ 726,722

Changes to capital assets during the fiscal year ended April 30, 2021, are summarized as follows:

Additions:	
Water system improvements	$ 636,933
Sewer system improvements	644,424
Drainage system improvements	396,734
Total additions to capital assets	1,678,091
Decreases:	
Depreciation	(951,369)
Net change to capital assets	$ 726,722

Debt

Subsequent to April 30, 2021, the District issued it's $2,500,000 Series 2021 Unlimited Tax Bonds on August 26, 2021.

Changes in the bonded debt position of the District during the fiscal year ended April 30, 2021, are summarized as follows:

Bonded debt payable, beginning of year	$ 39,930,000
Bonds sold	3,000,000
Bonds paid	(2,060,000)
Bonded debt payable, end of year	$ 40,870,000

At April 30, 2021, the District had $38,535,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District's bonds have an underlying rating of BBB+ by Standard & Poor's. The Series 2015A and 2020A bonds are insured by Assured Guaranty Municipal Corp. The Series 2013, 2015, 2016, 2016A, 2018 and 2020 bonds are insured by Build America Mutual Assurance Company. The insured rating of these bonds is AA by Standard & Poor's. The Series 2017 bonds are insured by National Public Finance Guarantee. The rating of the Series 2017 bonds is BBB+ by Standard & Poor's. There were changes in the bond ratings for the District's bonds during the fiscal year ended April 30, 2021.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately $37,170,000 for the 2020 tax year (approximately 6%) due to the addition of new houses to the tax base and the increase in the average assessed valuations on existing properties.

Relationship to the City of Houston

Utilizing a provision of Texas law, effective December 20, 2007, the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "Agreement"). Under the terms of the Agreement, the City annexed a portion of the District (the "Partial District") for the limited purpose of imposition of the City's Sales and Use Tax. In addition, the Agreement provides that the City shall apply and enforce within the Partial District the most current section of the City's fire code banning fireworks as adopted by City Council. The Agreement states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property with the District. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

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

Water Supply Issues

The District is located within the boundaries of the Harris-Galveston Subsidence District ("Subsidence District") and the North Harris County Regional Water Authority ("NHCRWA"). The NHCRWA was created to provide for conversion of the area within its boundaries from groundwater usage to alternative sources of water supply (e.g., surface water) as required by regulations of the Subsidence District. The NHCRWA covers an area located in northern Harris County and adjacent to the City of Houston. Pursuant to an order of the Subsidence District and the NHCRWA's Groundwater Reduction Plan (as approved by the Subsidence District), the area within the boundaries of the NHCRWA must be converted to at least 30% alternate source (e.g., surface) water use by 2010, 60% alternate source water use by 2025, and 80% alternate source water use by 2035. To implement the required conversion to alternate source water use in accordance with such schedule, the NHCRWA has constructed and operates a network of transmission and distribution lines, storage tanks, and pumping stations to transport and distribute water within the NHCRWA (the "NHCRWA System"). In addition, the NHCRWA has entered into a water supply contract to secure a long-term supply of treated surface water from the City of Houston.

The District is subject to the NHCRWA's Groundwater Reduction Plan. The NHCRWA, as part of the plan of financing the NHCRWA System, has elected to allow districts, such as the District, to participate in a pro-rata share of the costs associated with the acquisition and construction of the NHCRWA System (including the costs associated with the acquisition of alternate sources of water supply) by issuing its own debt or using cash on hand, entitling the District to a future credit against pumpage fees due to the NHCRWA. The District has not elected this financing option. As a result, the District has elected to pay its share in the NHCRWA System costs over time through payment of levied pumpage fees to the NHCRWA. The District may be required by the NHCRWA to participate in the groundwater conversion project by converting to surface water some time after January 1, 2010. Noncompliance with the NHCRWA's Groundwater Reduction Plan or nonparticipation in the NHCRWA's surface water conversion project could result in the District's exclusion from the NHCRWA's Groundwater Reduction Plan and assessment of the Subsidence District's disincentive fee against groundwater pumped from wells located within the District.

Groundwater pumped from wells located within the District is not currently subject to the Subsidence District's groundwater disincentive fee. However, groundwater pumped from wells located within the District is subject to a per 1,000 gallon pumpage fee that is assessed and collected by the NHCRWA pursuant to the NHCRWA's Pumpage Fee Order. The current pumpage fee is \$4.60 and is expected to increase in the future. The Authority's current surface water usage fee is \$5.05 and is expected to increase in the future. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future to finance the acquisition and construction of surface water infrastructure (whether such costs are incurred directly by the District or through projects undertaken by the NHCRWA). The NHCRWA has sold bonds to finance a portion of the costs related to the design, acquisition and construction of the NHCRWA System. The NHCRWA bonds are secured by revenues of the NHCRWA, including the pumpage fee.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

APRIL 30, 2021

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS						
Cash, including interest-bearing accounts, Note 7	$ 339,008	$ 77,077	$ 300	$ 416,385	$	$ 416,385
Certificates of deposit, at cost, Note 7	2,880,000	960,000		3,840,000		3,840,000
Temporary investments, at cost, Note 7	5,998,049	1,669,783	4,134,837	11,802,669		11,802,669
Receivables:						
Property taxes	68,588	158,157		226,745		226,745
Accrued penalty and interest on property taxes				0	42,348	42,348
Service accounts	327,646			327,646		327,646
Sales and Use Taxes, Note 10	65,368			65,368		65,368
Accrued interest	7,613	522		8,135		8,135
Other	22,173			22,173		22,173
Due from other fund			58,321	58,321	(58,321)	0
Maintenance taxes collected not yet transferred from other fund	7,179			7,179	(7,179)	0
Prepaid expenditures	49,578			49,578		49,578
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	12,351,724	12,351,724
Depreciable capital assets				0	17,558,180	17,558,180
Total assets	$ 9,765,202	$ 2,865,539	$ 4,193,458	$16,824,199	29,886,752	46,710,951
LIABILITIES						
Accounts payable	$ 434,287	$ 4,515	$ 59,542	$ 498,344		498,344
Construction contracts payable	19,144		363,731	382,875		382,875
Accrued interest payable				0	105,019	105,019
Customer and builder deposits	315,325			315,325		315,325
Due to other fund	58,321			58,321	(58,321)	0
Maintenance taxes collected not yet transferred to other fund		7,179		7,179	(7,179)	0
Long-term liabilities, Note 5:						
Due within one year				0	2,100,226	2,100,226
Due in more than one year				0	38,006,172	38,006,172
Total liabilities	827,077	11,694	423,273	1,262,044	40,145,917	41,407,961
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	68,588	158,157	0	226,745	(226,745)	0
FUND BALANCES / NET POSITION						
Fund balances:						
Restricted for:						
Bond interest, Note 5		14,552		14,552	(14,552)	0
Committed to construction contracts in progress	50,658			50,658	(50,658)	0
Assigned to:						
Debt service		2,681,136		2,681,136	(2,681,136)	0
Capital projects			3,770,185	3,770,185	(3,770,185)	0
Unassigned	8,818,879			8,818,879	(8,818,879)	0
Total fund balances	8,869,537	2,695,688	3,770,185	15,335,410	(15,335,410)	0
Total liabilities, deferred inflows, and fund balances	$ 9,765,202	$ 2,865,539	$ 4,193,458	$16,824,199		
Net position:						
Invested in capital assets, net of related debt, Note 4					(10,181,942)	(10,181,942)
Restricted for debt service					2,776,622	2,776,622
Restricted for capital projects					3,770,185	3,770,185
Unrestricted					8,938,125	8,938,125
Total net position					$ 5,302,990	$ 5,302,990

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

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

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

FOR THE YEAR ENDED APRIL 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	$ 1,397,495	$ 3,214,559	$	$ 4,612,054	$ 62,528	$ 4,674,582
Water service	898,464			898,464		898,464
Sewer service	811,358			811,358		811,358
Surface water fees, Note 9	1,854,465			1,854,465		1,854,465
Sales and Use Taxes, Note 10	269,626			269,626		269,626
Penalty and interest	90,455	23,309		113,764	20,129	133,893
Tap connection and inspection fees	85,800			85,800		85,800
Interest on deposits and investments	45,169	16,226	13,127	74,522		74,522
Accrued interest on bonds received at date of sale		693		693	(693)	0
Reconnection fees and other revenues	42,861			42,861		42,861
Total revenues	5,495,693	3,254,787	13,127	8,763,607	81,964	8,845,571
EXPENDITURES / EXPENSES						
Service operations:						
Professional fees	161,285	3,509		164,794		164,794
Contracted services	264,687	79,824		344,511		344,511
Utilities	194,876			194,876		194,876
Groundwater pumpage fees, Note 9	1,820,804			1,820,804		1,820,804
Repairs and maintenance	644,443		724,920	1,369,363		1,369,363
Other operating expenditures	202,730			202,730		202,730
Security service	292,023			292,023		292,023
Garbage disposal	473,988			473,988		473,988
Administrative expenditures	139,349	11,219		150,568		150,568
Depreciation				0	951,369	951,369
Capital outlay / non-capital outlay	107,350		1,621,241	1,728,591	(1,678,091)	50,500
Debt service:						
Principal retirement		2,060,000		2,060,000	(2,060,000)	0
Bond issuance expenditures			212,895	212,895		212,895
Interest and fees		1,315,753		1,315,753	72,834	1,388,587
Total expenditures / expenses	4,301,535	3,470,305	2,559,056	10,330,896	(2,713,888)	7,617,008
Excess (deficiency) of revenues over expenditures	1,194,158	(215,518)	(2,545,929)	(1,567,289)	2,795,852	1,228,563
OTHER FINANCING SOURCES (USES)						
Bonds issued, Note 5		166,438	2,833,562	3,000,000	(3,000,000)	0
Bond issuance discounts, Note 5		(83,282)		(83,282)	83,282	0
Total other financing sources (uses)	0	83,156	2,833,562	2,916,718	(2,916,718)	0
Net change in fund balances / net position	1,194,158	(132,362)	287,633	1,349,429	(120,866)	1,228,563
Beginning of year	7,675,379	2,828,050	3,482,552	13,985,981	(9,911,554)	4,074,427
End of year	$ 8,869,537	$ 2,695,688	$ 3,770,185	$ 15,335,410	$ (10,032,420)	$ 5,302,990

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2021

NOTE 1: REPORTING ENTITY

Northwest Harris County Municipal Utility District No. 10 (the "District") was created by an order of the Texas Water Rights Commission (now the Texas Commission on Environmental Quality) effective March 30, 1977, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on April 22, 1977, and the first bonds were sold on November 8, 1979. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

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

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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

Basic Financial Statements

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

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

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

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

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

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

Basis of Accounting

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

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

Interfund Activity

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

Receivables

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

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

Capital Assets

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

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

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

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

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

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

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		$ 15,335,410
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		29,909,904
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	$ (40,870,000)	
Deferred charge on refunding (to be amortized as interest expense)	453,923	
Issuance discounts, net of premiums (to be amortized as interest expense)	309,679	(40,106,398)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	42,348	
Uncollected property taxes	226,745	269,093
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		(105,019)
Net position, end of year		$ 5,302,990

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Total net change in fund balances		$ 1,349,429
The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay	$ 1,678,091	
Depreciation	(951,369)	726,722
The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:		
Bonds issued	(3,000,000)	
Principal reduction, bonds and lease	2,060,000	(940,000)
The funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:		
Refunding charges	(71,852)	
Issuance discounts, net of premiums	81,344	9,492
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:		
Accrued penalty and interest on property taxes receivable	20,129	
Uncollected property taxes	62,528	82,657
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Accrued interest		263
Change in net position		$ 1,228,563

NOTE 4: CAPITAL ASSETS

At April 30, 2021, “Invested in capital assets, net of related debt” was $(10,181,942). This amount was negative primarily because not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets. Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District. In addition, some expenditures from bond proceeds were for the acquisition of capital assets beneath the capitalization threshold of $10,000 (see Note 2) and some authorized expenditures were not for capital assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended April 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 3,931,104	$	$	$ 3,931,104
Detention ponds	7,326,082			7,326,082
Construction in progress	2,695,222	1,447,858	3,048,542	1,094,538
Total capital assets not being depreciated	13,952,408	1,447,858	3,048,542	12,351,724
Depreciable capital assets:				
Water system	11,640,418	1,859,540		13,499,958
Sewer system	14,246,331	1,419,235		15,665,566
Total depreciable capital assets	25,886,749	3,278,775	0	29,165,524
Less accumulated depreciation for:				
Water system	(4,632,091)	(478,056)		(5,110,147)
Sewer system	(6,023,884)	(473,313)		(6,497,197)
Total accumulated depreciation	(10,655,975)	(951,369)	0	(11,607,344)
Total depreciable capital assets, net	15,230,774	2,327,406	0	17,558,180
Total capital assets, net	$ 29,183,182	$ 3,775,264	$ 3,048,542	$ 29,909,904
Changes to capital assets:				
Capital outlay		$ 1,678,091	$	
Assets transferred to depreciable assets		3,048,542	3,048,542	
Less depreciation expense for the fiscal year		(951,369)		
Net increases / decreases to capital assets		$ 3,775,264	$ 3,048,542	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Subsequent to April 30, 2021, the District issued it’s $2,500,000 Series 2021 Unlimited Tax Bonds on August 26, 2021.

Long-term liability activity for the fiscal year ended April 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable	$ 39,930,000	$ 3,000,000	$ 2,060,000	$ 40,870,000	$ 2,180,000
Less deferred amounts:					
For refunding costs	(525,775)		(71,852)	(453,923)	(64,919)
For issuance premium (discount)	(228,335)	(83,282)	(1,938)	(309,679)	(14,855)
Total bonds payable	39,175,890	2,916,718	1,986,210	40,106,398	2,100,226
Total long-term liabilities	$ 39,175,890	$ 2,916,718	$ 1,986,210	$ 40,106,398	$ 2,100,226

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of April 30, 2021, the debt service requirements on the bonds payable were as follows:

Fiscal Year	Principal	Interest	Total
2022	$ 2,180,000	$ 1,260,226	$ 3,440,226
2023	2,270,000	1,209,673	3,479,673
2024	2,350,000	1,153,668	3,503,668
2025	2,450,000	1,089,118	3,539,118
2026	2,360,000	1,014,743	3,374,743
2027 - 2031	13,145,000	3,958,297	17,103,297
2032 - 2036	7,720,000	2,222,874	9,942,874
2037 - 2041	6,820,000	906,156	7,726,156
2042 - 2044	1,575,000	75,938	1,650,938
	$ 40,870,000	$ 12,890,693	$ 53,760,693

Bonds voted	$ 97,900,000
Bonds approved for sale and sold	59,365,000
Bonds voted and not issued	38,535,000
Refunding bonds voted	$ 36,850,000
Refunding bonds sold*	3,889,084
Refunding bonds voted and not issued	32,960,916

*The District may issue refunding bonds in a principal amount not greater than the principal amount of refunded bonds, including the issuance of bonds sold at a substantial premium, without additional voted authority.

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.

In accordance with the 2020A Bond Order, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest. This bond interest reserve is reduced as the interest is paid. Transactions for the current year are summarized as follows:

12 months' interest from sale of Series 2020A bonds	$ 83,156
Accrued interest received at date of sale	693
	83,849
Appropriation for bond interest paid	(69,297)
Bond interest reserve, end of year	$ 14,552

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The bond issues payable at April 30, 2021, were as follows:

	Refunding Series 2013	Refunding Series 2015	Series 2015A
Amounts outstanding, April 30, 2021	$3,780,000	$6,825,000	$4,100,000
Interest rates	2.50% to 3.25%	2.25% to 3.125%	3.00% to 3.75%
Maturity dates, serially beginning/ending	April 1, 2022/2031	April 1, 2022/2031	April 1, 2026/2039
Interest payment dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable dates	April 1, 2023*	April 1, 2022*	April 1, 2022*

	Refunding Series 2016	Refunding Series 2016A	Series 2017
Amounts outstanding, April 30, 2021	$5,515,000	$2,930,000	$4,000,000
Interest rates	2.00% to 3.125%	3.00% to 3.75%	3.00% to 3.75%
Maturity dates, serially beginning/ending	April 1, 2022/2031	April 1, 2022/2037	April 1, 2026/2042
Interest payment dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable dates	April 1, 2022*	April 1, 2022*	April 1, 2022*

	Series 2018	Refunding Series 2020	Series 2020A
Amounts outstanding, April 30, 2021	$6,500,000	$4,220,000	$3,000,000
Interest rates	3.00% to 3.75%	2.00% to 3.00%	2.25% to 4.75%
Maturity dates, serially beginning/ending	April 1, 2022/2042	April 1, 2022/2039	April 1, 2022/2044
Interest payment dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable dates	April 1, 2023*	April 1, 2025*	April 1, 2025*

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

Developer Construction Commitments and Liabilities

At April 30, 2021, there were no developer construction commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 6: PROPERTY TAXES

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

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

At an election held May 2, 1992, the voters within the District authorized a maintenance tax not to exceed $1.00 per $100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On October 1, 2020, the District levied the following ad valorem taxes for the 2020 tax year on the adjusted taxable valuation of $710,490,796:

	Rate	Amount
Debt service	$ 0.4600	$ 3,268,257
Maintenance	0.2000	1,420,981
	$ 0.6600	$ 4,689,238

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

2020 tax year total property tax levy	$ 4,689,238
Appraisal district adjustments to prior year taxes	(14,656)
Statement of Activities property tax revenues	$ 4,674,582

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

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

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

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was $4,256,385 and the bank balance was $4,283,612. Of the bank balance, $4,167,512 was covered by federal insurance and $116,100 was covered by the market value of collateral held by the District's custodial bank in the District's name. The market value of collateral was reported to the District by the depository.

At the balance sheet date the carrying value and market value of the investments in TexPool was $46,684 and the carrying value and market value of the investments in the authorized private sector investment pool was $11,755,985.

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

Debt Service Fund

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

Cash	$ 77,077
Certificates of deposit	960,000
Temporary investments	1,669,783
	$ 2,706,860

Capital Projects Fund

For construction of capital assets:

Cash	$ 300
Temporary investments	4,134,837
	$ 4,135,137

NOTE 8: RISK MANAGEMENT

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

At April 30, 2021, the District had physical damage and boiler and machinery coverage of $18,250,000, comprehensive general liability coverage with a per occurrence limit of $1,000,000 and $3,000,000 general aggregate, cyber liability coverage of $2,000,000, workers' compensation coverage of $1,000,000, consultant's crime coverage of $100,000 and a tax assessor-collector bond of $10,000.

NOTE 9: REGIONAL WATER AUTHORITY

The North Harris County Regional Water Authority (the "Authority") was created by House Bill 2965, Acts of the 76th Legislature, Regular Session 1999, and was confirmed by an election held on January 15, 2004. The Authority is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Authority is empowered to, among other powers, "acquire or develop surface water and groundwater supplies from sources inside of or outside of the boundaries of the authority and may conserve, store, transport, treat, purify, distribute, sell and deliver water to persons, corporations, municipal corporations, political subdivisions of the state, and others, inside of and outside of the boundaries of the authority." The Authority is also empowered to "establish fees and charges as necessary to enable the authority to fulfill the authority's regulatory obligations." In accordance with this provision, as of April 30, 2021, the Authority had established a well pumpage fee of $4.60 per 1,000 gallons of water pumped from each regulated well. The District's well pumpage fees payable to the Authority for the fiscal year ended April 30, 2021, were $1,820,804. The District billed its customers $1,854,465 during the fiscal year to pay for the fees charged by the Authority.

NOTE 10: STRATEGIC PARTNERSHIP AGREEMENT

Utilizing a provision of Texas law, effective December 20, 2007, the District and the City of Houston (the “City”) entered into a 30 year Strategic Partnership Agreement (the “Agreement”). Under the terms of the Agreement, the City annexed a portion of the District (the “Partial District”) for the limited purpose of imposition of the City’s Sales and Use Tax. In addition, the Agreement provides that the City shall apply and enforce within the Partial District the most current section of the City’s fire code banning fireworks as adopted by City Council. The Agreement states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property with the District. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

The City has imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas. The District accrued Sales and Use Tax revenues of $269,626 from the City for the fiscal year ended April 30, 2021. $65,368 of this amount was receivable at that date.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

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

FOR THE YEAR ENDED APRIL 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	$ 1,323,389	$ 1,323,389	$ 1,397,495	$ 74,106
Water service	965,000	965,000	898,464	(66,536)
Sewer service	815,000	815,000	811,358	(3,642)
Surface water fees	1,860,000	1,860,000	1,854,465	(5,535)
Sales and Use Taxes	228,000	228,000	269,626	41,626
Penalty	105,000	105,000	90,455	(14,545)
Tap connection and sewer inspection fees	25,000	25,000	85,800	60,800
Interest on deposits and investments	140,800	140,800	45,169	(95,631)
Reconnection fees and other revenues	40,800	40,800	42,861	2,061
TOTAL REVENUES	5,502,989	5,502,989	5,495,693	(7,296)
EXPENDITURES				
Service operations:				
Professional fees	236,850	236,850	161,285	(75,565)
Contracted services	247,100	247,100	264,687	17,587
Utilities	216,000	216,000	194,876	(21,124)
Groundwater pumpage fees	1,836,000	1,836,000	1,820,804	(15,196)
Repairs and maintenance	819,100	819,100	644,443	(174,657)
Other operating expenditures	222,500	222,500	202,730	(19,770)
Security service	290,200	290,200	292,023	1,823
Garbage disposal	485,000	485,000	473,988	(11,012)
Administrative expenditures	145,850	145,850	139,349	(6,501)
Capital outlay	160,000	160,000	107,350	(52,650)
TOTAL EXPENDITURES	4,658,600	4,658,600	4,301,535	(357,065)
EXCESS REVENUES (EXPENDITURES)	844,389	844,389	1,194,158	349,769
FUND BALANCE, BEGINNING OF YEAR	7,675,379	7,675,379	7,675,379	0
FUND BALANCE, END OF YEAR	$ 8,519,768	$ 8,519,768	$ 8,869,537	$ 349,769

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

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

APRIL 30, 2021

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

[X] TSI-1. Services and Rates

[X] TSI-2. General Fund Expenditures

[X] TSI-3. Temporary Investments

[X] TSI-4. Taxes Levied and Receivable

[X] TSI-5. Long-Term Debt Service Requirements by Years

[X] TSI-6. Changes in Long-Term Bonded Debt

[X] TSI-7. Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Year

[X] TSI-8. Board Members, Key Personnel and Consultants

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

SCHEDULE OF SERVICES AND RATES

APRIL 30, 2021

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

X Retail Water	__ Wholesale Water	X Drainage
X Retail Wastewater	__ Wholesale Wastewater	__ Irrigation
X Parks/Recreation	__ Fire Protection	X Security
X Solid Waste/Garbage	__ Flood Control	__ Roads

X Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

__ Other

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	$12.50	4,000	N	$0.95	4,001 to 10,000
				1.30	10,001 to 15,000
				1.60	15,001 to 35,000
				2.00	Over 35,000
WASTEWATER:	$24.87	4,000	N	$0.25	4,001 to 10,000
				0.35	10,001 to 15,000
				0.50	Over 15,000

SURCHARGE: $5.06 per 1,000 gallons of water used – NHCRWA surface water fees.

District employs winter averaging for wastewater usage: Yes __ No X

Total charges per 10,000 gallons usage: Water: $18.20 Wastewater: $26.37 Surcharge: $50.60

See accompanying independent auditor’s report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

SCHEDULE OF SERVICES AND RATES (Continued)

APRIL 30, 2021

b. Water and Wastewater Retail Connections (unaudited):

Meter Size	Total Connections	Active Connections	ESFC* Factor	Active ESFCs
Unmetered	0	0	1.0	0
< or = 3/4"	2,210	2,203	1.0	2,203
1"	46	40	2.5	100
1-1/2"	11	11	5.0	55
2"	38	37	8.0	296
3"	4	4	15.0	60
4"	8	8	25.0	200
6"	4	4	50.0	200
8"	9	9	80.0	720
10"	0	0	115.0	0
Total Water	2,330	2,316		3,834
Total Wastewater	2,253	2,239	1.0	2,239

*Single family equivalents

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

Gallons pumped into system (unaudited):	433,443
Gallons billed to customers (unaudited):	409,091
Water Accountability Ratio (Gallons billed/ gallons pumped):	94%

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

Does the District have Debt Service standby fees? Yes __ No X

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

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

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

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

EXPENDITURES

FOR THE YEAR ENDED APRIL 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
CURRENT				
Professional fees:				
Auditing	$ 10,950	$	$	$ 10,950
Legal	78,624	3,509		82,133
Financial advisor	800			800
Engineering	70,911			70,911
	161,285	3,509	0	164,794
Contracted services:				
Bookkeeping	30,724			30,724
Operation and billing	232,463			232,463
Sales tax consultant	1,500			1,500
Tax assessor-collector		45,899		45,899
Central appraisal district		33,925		33,925
	264,687	79,824	0	344,511
Utilities	194,876	0	0	194,876
Groundwater pumpage fees	1,820,804	0	0	1,820,804
Repairs and maintenance	644,443	0	724,920	1,369,363
Other operating expenditures:				
Sludge hauling	71,020			71,020
Chemicals	57,681			57,681
Laboratory costs	31,946			31,946
Inspection costs	21,183			21,183
Reconnection costs	5,625			5,625
TCEQ assessment	5,735			5,735
Other	9,540			9,540
	202,730	0	0	202,730
Security service	292,023	0	0	292,023
Garbage disposal	473,988	0	0	473,988
Administrative expenditures:				
Director's fees	18,150			18,150
Office supplies and postage	23,632			23,632
Insurance	50,646	100		50,746
Permit fees	15,251			15,251
Other	31,670	11,119		42,789
	139,349	11,219	0	150,568

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

EXPENDITURES (Continued)

FOR THE YEAR ENDED APRIL 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
CAPITAL OUTLAY				
Authorized expenditures	$ 56,850	$	$ 1,621,241	$ 1,678,091
Tap connection costs	50,500			50,500
	107,350	0	1,621,241	1,728,591
DEBT SERVICE				
Principal retirement	0	2,060,000	0	2,060,000
Bond issuance expenditures	0	0	212,895	212,895
Interest and fees:				
Interest		1,311,603		1,311,603
Paying agent fees		4,150		4,150
	0	1,315,753	0	1,315,753
TOTAL EXPENDITURES	$ 4,301,535	$ 3,470,305	$ 2,559,056	$ 10,330,896

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

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

FOR THE YEAR ENDED APRIL 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues excluding maintenance taxes	$ 4,072,046	$ 3,255,737	$ 13,126	$ 7,340,909
Maintenance tax receipts		1,397,495		1,397,495
Transfer of maintenance taxes	1,413,110			1,413,110
Proceeds from sale of bonds		83,156	2,833,562	2,916,718
Increase in customer and builder deposits	34,985			34,985
Reimbursement from other fund	435,882	5,845		441,727
Overpayments from taxpayers		19,263		19,263
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	5,956,023	4,761,496	2,846,688	13,564,207
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	4,214,786	93,259	724,920	5,032,965
Capital outlay	130,616		2,086,342	2,216,958
Debt service		3,375,753	212,895	3,588,648
Other fund			58,321	58,321
Transfer of maintenance taxes		1,413,110		1,413,110
Reimbursement to other fund			435,882	435,882
Refund of taxpayer overpayments		25,772		25,772
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	4,345,402	4,907,894	3,518,360	12,771,656
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	1,610,621	(146,398)	(671,672)	792,551
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	7,606,436	2,853,258	4,806,809	15,266,503
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	$ 9,217,057	$ 2,706,860	$ 4,135,137	$16,059,054

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS

APRIL 30, 2021

	Interest Rate	Maturity Date	Year End Balance	Accrued Interest Receivable
GENERAL FUND				
Certificates of Deposit				
No. 0015	0.20%	4/17/22	$ 240,000	$ 17
No. 5513	0.70%	11/03/21	240,000	819
No. 1947	0.50%	12/04/21	240,000	483
No. 5347	0.35%	2/10/22	240,000	182
No. 2462	0.99%	5/13/21	240,000	2,285
No. 9357	0.35%	1/14/22	240,000	244
No. 0206	0.45%	10/13/21	240,000	589
No. 3843	0.55%	1/08/22	240,000	405
No. 8883	0.35%	3/16/22	240,000	104
No. 3312	0.75%	6/04/21	240,000	1,622
No. 1574	0.40%	2/05/22	240,000	221
No. 9078	0.45%	9/25/21	240,000	642
			$ 2,880,000	$ 7,613
TexPool				
No. 2559500002	Market	On demand	$ 20,030	$ 0
Texas CLASS				
No. TX-01-0581-0001	Market	On demand	$ 5,978,019	$ 0
DEBT SERVICE FUND				
Certificates of Deposit				
No. 6666	0.48%	3/23/22	$ 240,000	$ 120
No. 2773	0.50%	3/22/22	240,000	135
No. 461	0.48%	3/18/22	240,000	135
No. 9384	0.50%	3/22/22	240,000	132
			$ 960,000	$ 522
TexPool				
No. 2559500005	Market	On demand	$ 26,654	$ 0
Texas CLASS				
No. TX-01-0581-0003	Market	On demand	$ 1,643,129	$ 0
CAPITAL PROJECTS FUND				
Texas CLASS				
No. TX-01-0581-0004	Market	On demand	366,161	0
No. TX-01-0581-0005	Market	On demand	1,218,412	0
No. TX-01-0581-0006	Market	On demand	2,550,264	0
			$ 4,134,837	$ 0
Total – All Funds			$ 15,642,669	$ 8,135

See accompanying independent auditor’s report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED APRIL 30, 2021

	Maintenance Taxes	Debt Service Taxes
RECEIVABLE, BEGINNING OF YEAR	$ 49,475	$ 114,742
Additions and corrections to prior year taxes	(4,373)	(10,283)
Adjusted receivable, beginning of year	45,102	104,459
2020 ADJUSTED TAX ROLL	1,420,981	3,268,257
Total to be accounted for	1,466,083	3,372,716
Tax collections: Current tax year	(1,382,691)	(3,180,189)
Prior tax years	(14,804)	(34,370)
RECEIVABLE, END OF YEAR	$ 68,588	$ 158,157
RECEIVABLE, BY TAX YEAR		
2015	$ 66	$ 169
2016	1,310	3,339
2017	1,168	2,746
2018	1,508	3,469
2019	26,246	60,366
2020	38,290	88,068
RECEIVABLE, END OF YEAR	$ 68,588	$ 158,157

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED APRIL 30, 2021

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	2020	2019	2018	2017
Land	$ 230,643,363	$ 160,433,479	$ 153,297,881	$ 153,296,770
Improvements	580,664,646	607,176,397	570,567,450	543,414,138
Personal property	31,788,150	29,733,279	28,212,968	22,782,955
Less exemptions	(132,605,363)	(124,024,660)	(117,051,921)	(116,559,136)
TOTAL PROPERTY VALUATIONS	$ 710,490,796	$ 673,318,495	$ 635,026,378	$ 602,934,727
TAX RATES PER $100 VALUATION				
Debt service tax rates	$ 0.46000	$ 0.46000	$ 0.46000	$ 0.47000
Maintenance tax rates*	0.20000	0.20000	0.20000	0.20000
TOTAL TAX RATES PER $100 VALUATION	$ 0.66000	$ 0.66000	$ 0.66000	$ 0.67000
TAX ROLLS	$ 4,689,239	$ 4,443,902	$ 4,191,721	$ 4,040,233
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	97.3 %	98.0 %	99.8 %	99.9 %

*Maximum tax rate approved by voters on May 2, 1992: $1.00

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS

APRIL 30, 2021

	Series 2013		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2022	$ 320,000	$ 115,013	$ 435,013
2023	330,000	107,012	437,012
2024	340,000	97,113	437,113
2025	355,000	86,912	441,912
2026	365,000	76,263	441,263
2027	380,000	65,312	445,312
2028	395,000	53,913	448,913
2029	415,000	41,568	456,568
2030	430,000	28,600	458,600
2031	450,000	14,625	464,625
TOTALS	$ 3,780,000	$ 686,331	$ 4,466,331

	Series 2015		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2022	$ 510,000	$ 200,844	$ 710,844
2023	510,000	189,368	699,368
2024	565,000	177,256	742,256
2025	575,000	160,306	735,306
2026	725,000	143,056	868,056
2027	725,000	121,306	846,306
2028	730,000	99,556	829,556
2029	785,000	77,656	862,656
2030	840,000	53,126	893,126
2031	860,000	26,874	886,874
TOTALS	$ 6,825,000	$ 1,249,348	$ 8,074,348

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

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

APRIL 30, 2021

	Series 2015A		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2022	$	$ 136,125	$ 136,125
2023		136,125	136,125
2024		136,125	136,125
2025		136,125	136,125
2026	225,000	136,125	361,125
2027	250,000	129,375	379,375
2028	250,000	121,875	371,875
2029	250,000	114,375	364,375
2030	250,000	106,875	356,875
2031	275,000	99,375	374,375
2032	275,000	90,781	365,781
2033	300,000	82,188	382,188
2034	300,000	72,812	372,812
2035	325,000	63,062	388,062
2036	325,000	51,688	376,688
2037	350,000	40,312	390,312
2038	350,000	27,188	377,188
2039	375,000	14,063	389,063
TOTALS	$ 4,100,000	$ 1,694,594	$ 5,794,594

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

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

APRIL 30, 2021

	Series 2016		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2022	$ 860,000	$ 141,876	$ 1,001,876
2023	895,000	124,675	1,019,675
2024	910,000	105,656	1,015,656
2025	945,000	85,181	1,030,181
2026	295,000	56,831	351,831
2027	300,000	47,981	347,981
2028	310,000	39,731	349,731
2029	325,000	30,431	355,431
2030	330,000	20,682	350,682
2031	345,000	10,781	355,781
TOTALS	$ 5,515,000	$ 663,825	$ 6,178,825

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

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

APRIL 30, 2021

	Series 2016A		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2022	$ 120,000	$ 104,075	$ 224,075
2023	140,000	100,475	240,475
2024	140,000	96,275	236,275
2025	135,000	92,075	227,075
2026	135,000	88,025	223,025
2027	155,000	83,975	238,975
2028	155,000	78,550	233,550
2029	175,000	73,125	248,125
2030	170,000	66,563	236,563
2031	170,000	60,188	230,188
2032	190,000	53,812	243,812
2033	235,000	46,687	281,687
2034	240,000	37,875	277,875
2035	250,000	28,875	278,875
2036	255,000	19,500	274,500
2037	265,000	9,937	274,937
TOTALS	$ 2,930,000	$ 1,040,012	$ 3,970,012

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

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

APRIL 30, 2021

	Series 2017		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2022	$	$ 138,062	$ 138,062
2023		138,062	138,062
2024		138,062	138,062
2025		138,062	138,062
2026	150,000	138,062	288,062
2027	150,000	133,562	283,562
2028	150,000	129,062	279,062
2029	200,000	124,562	324,562
2030	200,000	118,562	318,562
2031	200,000	112,062	312,062
2032	200,000	105,562	305,562
2033	225,000	98,562	323,562
2034	225,000	90,688	315,688
2035	250,000	82,813	332,813
2036	275,000	74,063	349,063
2037	275,000	64,783	339,783
2038	300,000	55,501	355,501
2039	300,000	45,001	345,001
2040	300,000	33,751	333,751
2041	300,000	22,501	322,501
2042	300,000	11,250	311,250
TOTALS	$ 4,000,000	$ 1,992,595	$ 5,992,595

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

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

APRIL 30, 2021

	Series 2018		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2022	$ 150,000	$ 218,125	$ 368,125
2023	150,000	213,625	363,625
2024	150,000	209,125	359,125
2025	200,000	204,625	404,625
2026	200,000	198,625	398,625
2027	200,000	192,625	392,625
2028	200,000	186,625	386,625
2029	200,000	180,625	380,625
2030	250,000	174,625	424,625
2031	250,000	166,812	416,812
2032	300,000	159,000	459,000
2033	300,000	149,250	449,250
2034	350,000	139,500	489,500
2035	350,000	128,125	478,125
2036	375,000	115,875	490,875
2037	400,000	103,219	503,219
2038	450,000	89,219	539,219
2039	475,000	73,469	548,469
2040	500,000	56,844	556,844
2041	525,000	38,718	563,718
2042	525,000	19,688	544,688
TOTALS	$ 6,500,000	$ 3,018,344	$ 9,518,344

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

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

APRIL 30, 2021

	Series 2020		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2022	$ 170,000	$ 122,950	$ 292,950
2023	195,000	119,550	314,550
2024	195,000	115,650	310,650
2025	190,000	109,800	299,800
2026	215,000	104,100	319,100
2027	215,000	97,650	312,650
2028	215,000	91,200	306,200
2029	235,000	84,750	319,750
2030	255,000	77,700	332,700
2031	255,000	70,050	325,050
2032	275,000	62,400	337,400
2033	270,000	54,150	324,150
2034	290,000	46,050	336,050
2035	310,000	37,350	347,350
2036	305,000	28,050	333,050
2037	345,000	18,900	363,900
2038	145,000	8,550	153,550
2039	140,000	4,200	144,200
TOTALS	$ 4,220,000	$ 1,253,050	$ 5,473,050

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

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

APRIL 30, 2021

	Series 2020A		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2022	$ 50,000	$ 83,156	$ 133,156
2023	50,000	80,781	130,781
2024	50,000	78,406	128,406
2025	50,000	76,032	126,032
2026	50,000	73,656	123,656
2027	50,000	72,532	122,532
2028	50,000	71,406	121,406
2029	50,000	70,281	120,281
2030	50,000	69,156	119,156
2031	50,000	68,032	118,032
2032	125,000	66,906	191,906
2033	125,000	64,094	189,094
2034	150,000	61,282	211,282
2035	150,000	57,718	207,718
2036	175,000	54,156	229,156
2037	175,000	49,782	224,782
2038	200,000	45,406	245,406
2039	200,000	40,406	240,406
2040	225,000	35,156	260,156
2041	225,000	29,250	254,250
2042	250,000	22,500	272,500
2043	250,000	15,000	265,000
2044	250,000	7,500	257,500
TOTALS	$ 3,000,000	$ 1,292,594	$ 4,292,594

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

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

APRIL 30, 2021

	Annual Requirements for All Series		
Due During Fiscal Years Ending April 30	Total Principal Due	Total Interest Due	Total
2022	$ 2,180,000	$ 1,260,226	$ 3,440,226
2023	2,270,000	1,209,673	3,479,673
2024	2,350,000	1,153,668	3,503,668
2025	2,450,000	1,089,118	3,539,118
2026	2,360,000	1,014,743	3,374,743
2027	2,425,000	944,318	3,369,318
2028	2,455,000	871,918	3,326,918
2029	2,635,000	797,373	3,432,373
2030	2,775,000	715,889	3,490,889
2031	2,855,000	628,799	3,483,799
2032	1,365,000	538,461	1,903,461
2033	1,455,000	494,931	1,949,931
2034	1,555,000	448,207	2,003,207
2035	1,635,000	397,943	2,032,943
2036	1,710,000	343,332	2,053,332
2037	1,810,000	286,933	2,096,933
2038	1,445,000	225,864	1,670,864
2039	1,490,000	177,139	1,667,139
2040	1,025,000	125,751	1,150,751
2041	1,050,000	90,469	1,140,469
2042	1,075,000	53,438	1,128,438
2043	250,000	15,000	265,000
2044	250,000	7,500	257,500
TOTALS	$ 40,870,000	$ 12,890,693	$ 53,760,693

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT

FOR THE YEAR ENDED APRIL 30, 2021

	(1)	(2)	(3)
Bond Series:	2013	2015	2015A
Interest Rate:	2.50% to 3.25%	2.25% to 3.125%	3.00% to 3.75%
Dates Interest Payable:	October 1/ April 1	October 1/ April 1	October 1/ April 1
Maturity Dates:	April 1, 2022/2031	April 1, 2022/2031	April 1, 2026/2039
Bonds Outstanding at Beginning of Current Year	$ 4,085,000	$ 7,335,000	$ 4,100,000
Less Retirements	(305,000)	(510,000)	0
Bonds Outstanding at End of Current Year	$ 3,780,000	$ 6,825,000	$ 4,100,000
Current Year Interest Paid	$ 121,875	$ 211,044	$ 136,125

Bond Descriptions and Original Amount of Issue

(1) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Refunding Bonds, Series 2013 ($5,555,000)

(2) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Refunding Bonds, Series 2015 ($9,225,000)

(3) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Bonds, Series 2015A ($4,100,000)

Paying Agent/Registrar

(1) (2) (3) Amegy Bank, National Association, Houston, Texas

Net Debt Service Fund deposits and investments balances as of April 30, 2021:	$2,695,688
Average annual debt service payment for remaining term of all debt:	2,337,421

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

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

FOR THE YEAR ENDED APRIL 30, 2021

	(4)	(5)	(6)	(7)
Bond Series:	2016	2016A	2017	2018
Interest Rate:	2.00% to 3.125%	3.00% to 3.75%	3.00% to 3.75%	3.00% to 3.75%
Dates Interest Payable:	October 1/ April 1	October 1/ April 1	October 1/ April 1	October 1/ April 1
Maturity Dates:	April 1, 2022/2031	April 1, 2022/2037	April 1, 2026/2042	April 1, 2022/2042
Bonds Outstanding at Beginning of Current Year	$ 6,365,000	$ 3,050,000	$ 4,000,000	$ 6,600,000
Less Retirements	(850,000)	(120,000)	(800,000)	(100,000)
Bonds Outstanding at End of Current Year	$ 5,515,000	$ 2,930,000	$ 3,200,000	$ 6,500,000
Current Year Interest Paid	$ 158,875	$ 107,675	$ 138,062	$ 221,125

Bond Descriptions and Original Amount of Issue

(4) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Refunding Bonds, Series 2016 ($9,265,000)

(5) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Refunding Bonds, Series 2016A ($3,510,000)

(6) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Refunding Bonds, Series 2017 (4,000,000)

(7) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Bonds, Series 2018 ($6,600,000)

Paying Agent/Registrar

(4) (5) (6) (7) Amegy Bank, National Association, Houston, Texas

ANALYSIS OF CHANGES IN LONG-TERM DEBT (Continued)

FOR THE YEAR ENDED APRIL 30, 2021

	(8)	(9)	Totals
Bond Series:	2020	2020A	
Interest Rate:	2.00% to 3.00%	2.25% to 4.75%	
Dates Interest Payable:	October 1/ April 1	October 1/ April 1	
Maturity Dates:	April 1, 2022/2039	April 1, 2022/2044	
Bonds Outstanding at Beginning of Current Year	$ 4,395,000	$ 0	$ 39,930,000
Add Bonds Sold		3,000,000	3,000,000
Less Retirements	(175,000)	0	(2,060,000)
Bonds Outstanding at End of Current Year	$ 4,220,000	$ 3,000,000	$ 40,870,000
Current Year Interest Paid	$ 147,525	$ 69,297	$ 1,311,603

Bond Descriptions and Original Amount of Issue

(8) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Refunding Bonds, Series 2020 ($4,395,000)

(9) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Bonds, Series 2020A ($3,000,000)

Paying Agent/Registrar

(8) (9) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond Authority	Tax Bonds	Other Bonds	Refunding Bonds
Amount Authorized by Voters:	$ 97,900,000	$ 0	$ 36,850,000
Amount Issued:	59,365,000		3,889,084*
Remaining to be Issued:	38,535,000		32,960,916

*The District may issue refunding bonds in a principal amount not greater than the principal amount of refunded bonds, including the issuance of bonds sold at a substantial premium, without additional voted authority.

See accompanying independent auditor's report.

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND

FOR YEARS ENDED APRIL 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
REVENUES										
Property taxes	$ 1,397,495	$ 1,324,047	$ 1,266,650	$ 1,197,035	$ 1,122,162	25.4 %	24.7 %	26.1 %	25.7 %	25.0 %
Water service	898,464	935,312	813,970	865,030	792,913	16.3	17.5	16.7	18.6	17.7
Sewer service	811,358	817,908	807,432	806,148	792,317	14.8	15.3	16.6	17.3	17.7
Surface water fees	1,854,465	1,706,592	1,317,591	1,314,099	955,339	33.8	31.8	27.0	28.1	21.3
Water sales to other districts	0	0	38,016	50,369	44,880	0.0	0.0	0.8	1.1	1.0
Sales and Use Taxes	269,626	230,892	207,750	184,896	165,259	4.9	4.3	4.3	4.0	3.7
Penalty	90,455	88,984	87,397	101,199	93,406	1.6	1.7	1.8	2.2	2.1
Tap connection and inspection fees	85,800	63,065	164,500	14,730	454,295	1.6	1.2	3.4	0.3	10.1
Interest and other revenues	88,030	187,058	158,778	121,750	63,261	1.6	3.5	3.3	2.7	1.4
TOTAL REVENUES	5,495,693	5,353,858	4,862,084	4,655,256	4,483,832	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Professional fees	161,285	221,936	186,637	260,661	180,296	2.9	4.1	3.8	5.6	4.0
Contracted services	264,687	244,180	216,758	216,662	217,910	4.8	4.6	4.5	4.7	4.9
Utilities	194,876	198,280	215,318	224,163	216,266	3.5	3.7	4.4	4.8	4.8
Groundwater pumpage fees	1,820,804	1,691,694	1,295,943	1,278,546	981,409	33.2	31.5	26.7	27.5	21.8
Repairs and maintenance	644,443	657,286	694,017	590,457	666,183	11.8	12.3	14.3	12.7	14.9
Other operating expenditures	202,730	201,485	198,782	189,582	179,729	3.7	3.8	4.1	4.1	4.0
Security services	292,023	277,789	276,660	270,168	268,600	5.3	5.2	5.7	5.8	6.0
Garbage disposal	473,988	469,536	454,045	434,531	422,933	8.6	8.8	9.3	9.3	9.4
Administrative expenditures	139,349	123,847	136,182	126,063	137,077	2.5	2.3	2.8	2.7	3.1
Capital outlay	107,350	346,464	371,559	33,589	554,401	2.0	6.5	7.6	0.7	12.4
TOTAL EXPENDITURES	4,301,535	4,432,497	4,045,901	3,624,422	3,824,804	78.3	82.8	83.2	77.9	85.3
EXCESS REVENUES	$ 1,194,158	$ 921,361	$ 816,183	$ 1,030,834	$ 659,028	21.7 %	17.2 %	16.8 %	22.1 %	14.7 %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,316	2,308	2,303	2,304	2,283					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	2,239	2,238	2,238	2,230	2,217					

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND

FOR YEARS ENDED APRIL 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
REVENUES										
Property taxes	$ 3,214,559	$ 3,045,998	$ 2,914,698	$ 2,813,960	$ 2,861,682	98.8 %	96.8 %	97.1 %	97.3 %	98.6 %
Penalty and interest	23,309	24,070	22,673	31,097	19,484	0.7	0.8	0.8	1.1	0.7
Accrued interest on bonds received at date of sale	693	8,430	0	15,356	3,069	0.0	0.3	0.0	0.5	0.1
Interest on deposits and investments	16,226	65,778	64,530	31,089	18,555	0.5	2.1	2.1	1.1	0.6
TOTAL REVENUES	3,254,787	3,144,276	3,001,901	2,891,502	2,902,790	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Professional fees	3,509	7,883	5,366	4,661	7,196	0.1	0.3	0.2	0.2	0.2
Contracted services	79,824	73,938	71,749	69,581	67,575	2.5	2.4	2.4	2.4	2.3
Other expenditures	11,219	11,027	10,972	8,698	1,099	0.3	0.4	0.4	0.3	0.0
Debt service:										
Principal retirement	2,060,000	1,805,000	1,755,000	1,750,000	1,710,000	63.3	57.3	58.4	60.5	59.0
Refunding contribution	0	69,155	0	0	0	0.0	2.2	0.0	0.0	0.0
Interest and fees	1,315,753	1,233,489	1,365,618	1,205,616	1,146,572	40.4	39.2	45.5	41.7	39.5
TOTAL EXPENDITURES	3,470,305	3,200,492	3,208,705	3,038,556	2,932,442	106.6	101.8	106.9	105.1	101.0
EXCESS REVENUES (EXPENDITURES)	$ (215,518)	$ (56,216)	$ (206,804)	$ (147,054)	$ (29,652)	(6.6) %	(1.8) %	(6.9) %	(5.1) %	(1.0) %

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

APRIL 30, 2021

Complete District Mailing Address: Northwest Harris County Municipal Utility District No. 10
c/o Smith, Murdaugh, Little & Bonham, L.L.P.
2727 Allen Parkway, Suite 1100
Houston, Texas 77019

District Business Telephone No.: 713-652-6500

Submission date of the most recent District Registration Form: September 2, 2020

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

BOARD MEMBERS

Name and Address	Term of Office (Elected/ Appointed)	Fees of Office Paid	Expense Reimb.	Title at Year End
Gloria L. Malek 21718 W. Yaupon Circle Tomball, Texas 77377	Elected 5/05/18- 5/07/22	$ 3,000	$ 1,067	President
Wenslado “Junior” Yharte 14518 Golden Cypress Lane Cypress, Texas 77429	Elected 5/02/20- 5/04/24	5,400	1,027	Vice President
T. Taylor Broun, III 15819 Ellendale Court Cypress, Texas 77429	Elected 5/05/18- 5/07/22	3,750	302	Secretary
Bill Ney 23730 Nichols Sawmill Road Hockley, Texas 77447	Elected 5/05/18- 5/07/22	6,750	805	Treasurer
Kenneth Dinges 16735 Creek View Lane Cypress, Texas 77429	Elected 5/02/20- 5/04/24	3,450	91	Director/ Asst. Treasurer

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

APRIL 30, 2021

CONSULTANTS

Name and Address	Date Hired	Fees and Expense Reimbursements	Title at Year End
Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	4/22/77	$ 95,271 81,235 Bonds	Attorney
Municipal Accounts & Consulting, L.P. 1300 Post Oak Blvd, Suite 1600 Houston, Texas 77056	4/04/05	33,494 3,250 Bonds	Bookkeeper
Mark Burton 1300 Post Oak Blvd, Suite 1600 Houston, Texas 77056	1/07/10	0	Investment Officer
EDP Water Utility Services 17495 Village Green Drive Houston, Texas 77040	4/01/15	779,131	Operator
Vogler & Spencer Engineering, Inc. 777 North Eldridge Parkway, Suite 500 Houston, Texas 77079	1/04/91	397,285 32,146 Bonds	Engineer
Equi-Tax, Inc. P.O. Box 73109 Houston, Texas 77273	7/02/09	53,150 1,500 SPA	Tax Assessor-Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	33,925	Central Appraisal District
The GMS Group, Inc. 5075 Westheimer, Suite 1175 Houston, Texas 77056	9/09/99	800 62,570 Bonds	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	10,950	Independent Auditor

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________________

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)