

WEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 14
HARRIS COUNTY, TEXAS
ANNUAL AUDIT REPORT
SEPTEMBER 30, 2025

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January 13, 2026

INDEPENDENT AUDITOR'S REPORT

Board of Directors
West Harris County Municipal
Utility District No. 14
Harris County, Texas

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the West Harris County Municipal Utility District No. 14 as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise West Harris County Municipal Utility District No. 14's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the West Harris County Municipal Utility District No. 14, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of West Harris County Municipal Utility District No. 14, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Harris County Municipal Utility District No. 14's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Harris County Municipal Utility District No. 14's internal control. Accordingly, no such opinion is expressed. I evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. I conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Harris County Municipal Utility District No. 14's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Harris County Municipal Utility District No. 14's basic financial statements. The supplementary information on Pages 21 to 32 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

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

Management's Discussion and Analysis

Using this Annual Report

Within this section of the West Harris County Municipal Utility District No. 14 (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 September 30, 2025.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. Other activities, such as security services and street lighting, 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

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Current and other assets	\$ 3,302,833	\$ 2,994,355	\$ 308,478
Capital assets	2,787,740	2,580,912	206,828
Total assets	<u>6,090,573</u>	<u>5,575,267</u>	<u>515,306</u>
Long-term liabilities	323,414	348,286	(24,872)
Other liabilities	292,888	239,667	53,221
Total liabilities	<u>616,302</u>	<u>587,953</u>	<u>28,349</u>
Net position:			
Invested in capital assets, net of related debt	2,459,682	2,227,982	231,700
Restricted	4,908	3,869	1,039
Unrestricted	3,009,681	2,755,463	254,218
Total net position	<u>\$ 5,474,271</u>	<u>\$ 4,987,314</u>	<u>\$ 486,957</u>

Summary of Changes in Net Position

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Revenues:			
Property taxes	\$ 1,232,491	\$ 1,207,504	\$ 24,987
Charges for services	820,207	867,042	(46,835)
Other revenues	136,367	138,406	(2,039)
Total revenues	<u>2,189,065</u>	<u>2,212,952</u>	<u>(23,887)</u>
Expenses:			
Service operations	1,702,108	1,721,695	(19,587)
Debt service	0	0	0
Total expenses	<u>1,702,108</u>	<u>1,721,695</u>	<u>(19,587)</u>
Change in net position	486,957	491,257	(4,300)
Net position, beginning of year	<u>4,987,314</u>	<u>4,496,057</u>	<u>491,257</u>
Net position, end of year	<u>\$ 5,474,271</u>	<u>\$ 4,987,314</u>	<u>\$ 486,957</u>

Financial Analysis of the District's Funds

The District's General Fund balance as of the end of the fiscal year ended September 30, 2025, was \$3,002,441. The General Fund balance increased by \$251,304, in accordance with the District's financial plan.

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 20 of this report. The budgetary fund balance as of September 30, 2025, was expected to be \$1,947,167 and the actual end of year fund balance was \$3,002,441.

Capital Asset and Debt Administration

Capital Assets

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2025</u>	<u>2024</u>	<u>Change</u>
Land	\$ 28,656	\$ 28,656	\$ 0
Construction in progress	171,151	39,067	132,084
Water facilities	1,238,810	1,111,589	127,221
Sewer facilities	1,349,123	1,401,600	(52,477)
Totals	<u>\$ 2,787,740</u>	<u>\$ 2,580,912</u>	<u>\$ 206,828</u>

Changes to capital assets during the fiscal year ended September 30, 2025, are summarized as follows:

Additions:

Sewer system improvements	\$ 143,155
Joint wastewater treatment plant improvements	<u>184,737</u>
Total additions to capital assets	327,892

Decreases:

Depreciation	<u>(121,064)</u>
Net change to capital assets	<u>\$ 206,828</u>

Debt

At September 30, 2025, the District had no bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District has entered into a contract with an adjacent district for the development of improvements to land which straddles both district. Under the terms of the agreement, the District will receive all tax revenues from the land and improvements which lies within the boundaries of the District and the other district will service the customers within that land. The other district has constructed underground facilities to serve the land and the District has agreed to reimburse the other district for the cost of facilities within the boundaries of the District. The cost of the facilities within the boundaries of the District has been determined to be \$116,122 and the districts have agreed that the District will repay this amount by 24 annual payments of \$4,644 each and one final payment of \$4,666. At September 30, 2025, the unpaid balance of the amount due to the other district was \$23,242.

On September 16, 2010, the District entered into a contract with a landowner within the district for the development of improvements within the boundaries of the landowner's property. The landowner has constructed underground facilities to serve the land and the District has agreed to reimburse the landowner for the cost of facilities. The cost of the facilities has been determined to be \$395,299 and the parties have agreed that the District will repay this amount in annual installments equal to the amount of maintenance tax revenues generated by the property each year until the earlier of such time as the cost has been repaid in full, or twenty years from September 16, 2010. At September 30, 2025, the unpaid balance of the amount due to the landowner was \$304,816.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$18,400,000 for the 2024 tax year (approximately 6%), primarily due to the increase of average assessed valuations on existing property.

Relationship to the City of Houston

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

The District is authorized to enter into a strategic partnership agreement with the City of Houston to provide the terms and conditions under which services would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District would be annexed for limited purposes by the City. The terms of any such agreement would be determined by the City and the District.

The District is not aware of any plans regarding annexation or a strategic partnership with the City of Houston.

Water Supply Issues

The District is within the Harris-Galveston Subsidence District (the "Subsidence District") Regulatory Area No. 3. The Subsidence District regulates the withdrawal of groundwater within its jurisdiction. The District's authority to pump ground water from its well is subject to annual permits issued by the Subsidence District. The Subsidence District has ordered certain areas of suburban Houston to convert most of their water supply to surface water under various schedules. Beginning in January 2003, the District was required to have a groundwater reduction plan ("GRP"), approved by the Subsidence District and by January 2005, the District must have provided evidence to the Subsidence District that construction of the infrastructure defined within the District's certified groundwater reduction plan has started. The Subsidence District has designated January 2010, as the date required for the District to restrict the withdrawal of ground water and convert 30% of its total water use to surface water; January 2025, as the date required for the District to restrict the withdrawal of ground water and convert 60% of its total water use to surface water and January 2035, as the date required for the District to restrict the withdrawal of ground water and convert 80% of its total water use to surface water. If the District does not meet the requirements of the Subsidence District, the District may be required to pay the disincentive fees adopted by the Subsidence District.

In May, 2001, the Texas Legislature created the West Harris County Regional Water Authority (the "Authority") and included the District within the boundaries of the Authority. The Authority was created to provide a regional entity to build the necessary facilities to meet the subsidence District's requirements for conversion from ground water to surface water of all permit holders within its boundaries, including the District. Accordingly, the District is required to pay groundwater reduction plan fees to the Authority, and in turn is entitled to rely upon the Authority's GRP to achieve compliance with the subsidence District's requirements. In accordance with the GRP, the Authority has negotiated a water supply contract with the City of Houston and has issued revenue bonds to finance the surface water supply system. The Authority may establish such fees, charges, or tolls as necessary to accomplish its purposes. At September 30, 2025, the Authority's ground water pumpage fee was equal to \$3.95 per 1,000 gallons pumped. At September 30, 2025, the Authority's surface water usage fee was equal to \$4.35 per 1,000 gallons purchased.

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

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

SEPTEMBER 30, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
ASSETS						
Cash, including interest-bearing accounts, Note 7	\$ 119,932	\$	\$	\$ 119,932	\$	\$ 119,932
Certificates of deposit, at cost, Note 7	472,331			472,331		472,331
Temporary investments, at cost, Note 7	2,558,177			2,558,177		2,558,177
Receivables:						
Property taxes	7,240			7,240		7,240
Accrued penalty and interest on property taxes				0	4,908	4,908
Service accounts	62,554			62,554		62,554
Accrued interest	7,091			7,091		7,091
Deposits at joint venture, Note 9	70,600			70,600		70,600
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	199,807	199,807
Depreciable capital assets				0	2,587,933	2,587,933
Total assets	<u>\$3,297,925</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,297,925</u>	<u>2,792,648</u>	<u>6,090,573</u>
LIABILITIES						
Accounts payable	\$ 235,220	\$	\$	\$ 235,220		235,220
Construction contracts payable	6,074			6,074		6,074
Customer deposits	46,950			46,950		46,950
Long-term liabilities, Note 5:						
Due within one year				0	4,644	4,644
Due in more than one year				0	323,414	323,414
Total liabilities	<u>288,244</u>	<u>0</u>	<u>0</u>	<u>288,244</u>	<u>328,058</u>	<u>616,302</u>
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	7,240	0	0	7,240	(7,240)	0
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable:						
Reserve at joint venture, Note 9	70,600			70,600	(70,600)	0
Committed to construction contracts in progress	623,704			623,704	(623,704)	0
Unassigned	2,308,137			2,308,137	(2,308,137)	0
Total fund balances	<u>3,002,441</u>	<u>0</u>	<u>0</u>	<u>3,002,441</u>	<u>(3,002,441)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$3,297,925</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,297,925</u>		
Net position:						
Invested in capital assets, net of related debt					2,464,590	2,464,590
Unrestricted					3,009,681	3,009,681
Total net position					<u>\$ 5,474,271</u>	<u>\$ 5,474,271</u>

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

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	\$ 1,228,538	\$	\$	\$ 1,228,538	\$ 2,914	\$ 1,231,452
Water service	224,625			224,625		224,625
Sewer service	124,722			124,722		124,722
Surface water fees, Note 10	438,845			438,845		438,845
Penalty, interest and other	32,015			32,015	1,039	33,054
Interest on deposits and investments	136,367			136,367		136,367
Total revenues	2,185,112	0	0	2,185,112	3,953	2,189,065
EXPENDITURES / EXPENSES						
Service operations:						
Purchased services, Note 9	758,630			758,630		758,630
Professional fees	200,260			200,260		200,260
Contracted services	137,846			137,846		137,846
Repairs, maintenance and other operating expenditures	354,050			354,050		354,050
Security service and street lighting	63,344			63,344		63,344
Administrative expenditures	66,914			66,914		66,914
Depreciation				0	121,064	121,064
Capital outlay / non-capital outlay	352,764			352,764	(352,764)	0
Total expenditures / expenses	1,933,808	0	0	1,933,808	(231,700)	1,702,108
Excess (deficiency) of revenues over expenditures	251,304	0	0	251,304	235,653	486,957
Net change in fund balances / net position	251,304	0	0	251,304	235,653	486,957
Beginning of year	2,751,137	0	0	2,751,137	2,236,177	4,987,314
End of year	\$ 3,002,441	\$ 0	\$ 0	\$ 3,002,441	\$ 2,471,830	\$ 5,474,271

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

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14NOTES TO THE FINANCIAL STATEMENTSSEPTEMBER 30, 2025

NOTE 1: REPORTING ENTITY

West Harris County Municipal Utility District No. 14 (the "District") was created by the Texas Water Commission (now the Texas Commission on Environmental Quality) on July 8, 1980, 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 July 14, 1980 and the first bonds were sold on November 21, 1994. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

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

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

The District is a participant in the Aberdeen Regional Sewage Treatment Plant and the West Harris County Municipal Utility District No. 15 Joint Water Plant Facilities. Oversight of these joint facilities is exercised by the Board of Directors of West Harris County Municipal Utility District No. 15. Based upon the application of the criteria described above, the joint facilities financial activity has not been included in the District's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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

Basic Financial Statements

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

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

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

Interfund Activity

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

Receivables

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

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

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

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

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 3,002,441
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		2,787,740
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Due to landowner	\$ (304,816)	
Due to other district	<u>(23,242)</u>	(328,058)
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	4,908	
Uncollected property taxes	<u>7,240</u>	<u>12,148</u>
Net position, end of year		<u>\$ 5,474,271</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Total net change in fund balances		\$ 251,304
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$ 352,764	
Depreciation	<u>(121,064)</u>	231,700
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Accrued penalty and interest on property taxes receivable	1,039	
Uncollected property taxes	<u>2,914</u>	<u>3,953</u>
Change in net position		<u>\$ 486,957</u>

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 28,656	\$	\$	\$ 28,656
Construction in progress	<u>39,067</u>	<u>321,276</u>	<u>189,192</u>	<u>171,151</u>
Total capital assets not being depreciated	<u>67,723</u>	<u>321,276</u>	<u>189,192</u>	<u>199,807</u>
Depreciable capital assets:				
Water system	2,750,176	193,116		2,943,292
Sewer system	<u>3,680,632</u>	<u>2,692</u>		<u>3,683,324</u>
Total depreciable capital assets	<u>6,430,808</u>	<u>195,808</u>	<u>0</u>	<u>6,626,616</u>
Less accumulated depreciation for:				
Water system	(1,638,587)	(65,895)		(1,704,482)
Sewer system	<u>(2,279,032)</u>	<u>(55,169)</u>		<u>(2,334,201)</u>
Total accumulated depreciation	<u>(3,917,619)</u>	<u>(121,064)</u>	<u>0</u>	<u>(4,038,683)</u>
Total depreciable capital assets, net	<u>2,513,189</u>	<u>74,744</u>	<u>0</u>	<u>2,587,933</u>
Total capital assets, net	<u>\$ 2,580,912</u>	<u>\$ 396,020</u>	<u>\$ 189,192</u>	<u>\$ 2,787,740</u>
Changes to capital assets:				
Capital outlay		\$ 352,764	\$	
Assets transferred to depreciable assets		189,192	189,192	
Decrease in liability to landowner and other district		(24,872)		
Depreciation expense for the fiscal year		<u>(121,064)</u>		
Net increases / decreases to capital assets		<u>\$ 396,020</u>	<u>\$ 189,192</u>	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Due to other district (see below)	\$ 27,886	\$	\$ 4,644	\$ 23,242	\$ 4,644
Due to landowner (see below)	325,044		20,228	304,816	-----
Total long-term liabilities	\$ 352,930	\$ 0	\$ 24,872	\$ 328,058	\$ 4,644

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.

Bonds voted	\$ 11,750,000
Bonds approved for sale and sold	11,750,000
Bonds voted and not issued	0

Contractual Liability to Other District

The District has entered into a contract with an adjacent district for the development of improvements to land which straddles both districts. Under the terms of the agreement, the District will receive all tax revenues from the land and improvements which lies within the boundaries of the District and the other district will service the customers within that land. The other district has constructed underground facilities to serve the land and the District has agreed to reimburse the other district for the cost of facilities within the boundaries of the District. The cost of the facilities within the boundaries of the District has been determined to be \$116,122 and the districts have agreed that the District will repay this amount by 24 annual payments of \$4,644 each and one final payment of \$4,666. At September 30, 2025, the unpaid balance of the amount due to the other district was \$23,242.

Landowner Construction Commitments and Liabilities

On September 16, 2010, the District entered into a contract with a landowner within the district for the development of improvements within the boundaries of the landowner’s property. The landowner has constructed underground facilities to serve the land and the District has agreed to reimburse the landowner for the cost of facilities. The cost of the facilities has been determined to be \$395,299 and the parties have agreed that the District will repay this amount in annual installments equal to the amount of maintenance tax revenues generated by the property each year until the earlier of such time as the cost has been repaid in full, or twenty years from September 16, 2010. At September 30, 2025, the unpaid balance of the amount due to the landowner was \$304,816.

NOTE 6: PROPERTY TAXES

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At an election held November 3, 1981, the voters within the District authorized a maintenance tax not to exceed \$1.50 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 14, 2024, the District levied the following ad valorem taxes for the 2024 tax year on the adjusted taxable valuation of \$320,581,671:

	<u>Rate</u>	<u>Amount</u>
Maintenance	\$ 0.3850	\$ 1,234,240

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

2024 tax year total property tax levy	\$ 1,234,240
Appraisal district adjustments to prior year taxes	<u>(2,788)</u>
Statement of Activities property tax revenues	<u>\$ 1,231,452</u>

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

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

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

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the District's deposits were covered by federal insurance.

At the balance sheet date the carrying value and market value of the investments in TexPool was \$2,558,177.

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 September 30, 2025, the District had physical damage and boiler and machinery coverage of \$1,000,000, comprehensive general liability coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate, pollution coverage of \$1,000,000, automobile liability coverage of \$1,000,000, consultant's crime coverage of \$100,000 and a tax assessor-collector bond of \$10,000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 9: CONTRACTS WITH OTHER DISTRICT

Regional Wastewater Treatment Contract

On July 7, 1983, the District and West Harris County Municipal Utility District No. 15 ("No. 15") entered into the Aberdeen Regional Sewage Treatment Agreement. This agreement is for a term of forty years and provides for the ownership and operation of the Aberdeen Regional Sewage Treatment Plant (the "Plant"). Under the terms of the agreement, No. 15 is the "Administrator District" of the Plant and, as such, has full and complete management of the Plant. Expansion costs of the Plant are to be funded by the contribution of funds from each participating district. The Plant issues no debt.

On May 11, 2021, the participants entered into the Second Amended and Restated Memorandum of Agreement for capacity in the Plant. Under the Second Amended and Restated Memorandum Agreement, the District owns 41.67% and No. 15 owns 58.33% of the total capacity in the Plant. Participants are billed a monthly amount which is equal to the actual costs incurred during the prior month divided according to percentage of ownership in the Plant. During the fiscal year ended September 30, 2025, the District accrued \$187,429 for its share of Plant expenditures and \$2,692 for its share of capital outlay. At this date the District had contributed \$15,000 of the Plant's \$30,000 operating reserve.

Water Supply Agreements

On August 19, 1998, the District entered into a Lease Agreement for Capacity in the Aberdeen Regional Water Plant (the "Plant"). The term of the agreement was forty years. On March 13, 2002, the participants entered into a Third Amended Lease Agreement for Capacity in the Aberdeen Regional Water Plant. Under the Third Amended Agreement, the District owns or leases 59.00% of the capacity in the Plant.

On July 8, 1998, the District and No. 15 entered into an Amended Agreement for Construction, Operation and Ownership of Water Plant Facilities. On June 1, 2010, the District and No. 15 entered into the Second Amended Agreement for Construction, Operation and Ownership of Water Plant Facilities which superseded the prior agreement. The agreements provided for the construction of a second water plant to serve both districts and described the method of billing expenditures between the districts. The District owns 27.70% of the capacity in the second water plant and No. 15 owns 72.30% of the capacity.

No. 15 operates and accounts for the operations of all the joint water plant facilities. Operation and maintenance costs are divided according to the percentage of ownership of each plant, except for surface water expenditures, which are to be divided according to the percentage of water delivered to customers by each district. During the fiscal year ended September 30, 2025, the District accrued \$571,201 for its cost for water purchased from the joint water plant facilities and \$182,045 for its share of capital outlay. At this date the District had contributed \$55,600 of the joint water plant facilities' \$136,250 operating reserve.

NOTE 10: REGIONAL WATER AUTHORITY

The West Harris County Regional Water Authority (the "Authority") was created by House Bill 1842, Acts of the 77th Legislature, Regular Session 2001. The Authority is a political subdivision of the State of Texas, governed by an elected nine member Board of Directors. The Authority is empowered to, among other powers, "acquire or develop surface water and groundwater supplies from sources inside of or outside of the boundaries of the authority and may conserve, store, transport, treat, purify, distribute, sell and deliver water to persons, corporations, municipal corporations, political subdivisions of the state, and others, inside of and outside of the boundaries of the authority." The Authority is also empowered to "establish fees and charges as necessary to enable the authority to fulfill the authority's regulatory obligations." In accordance with this provision, as of September 30, 2025, the Authority had established a ground water pumpage fee of \$3.95 per 1,000 gallons of water pumped from each regulated well and a surface water usage fee of \$4.35 per 1,000 gallons of water purchased. The District's share of the \$936,732 surface water fees payable by the Joint Water Plant Facilities to the Authority for the fiscal year ended September 30, 2025, was \$474,498. The District billed its customers \$438,845 during the fiscal year to pay for the fees charged by the Authority.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUNDFOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,228,538	\$ 28,538
Water service	255,000	255,000	224,625	(30,375)
Sewer service	122,000	122,000	124,722	2,722
Surface water fees	475,000	475,000	438,845	(36,155)
Penalty and other	10,500	10,500	32,015	21,515
Interest on deposits and investments	90,000	90,000	136,367	46,367
TOTAL REVENUES	2,152,500	2,152,500	2,185,112	32,612
EXPENDITURES				
Service operations:				
Purchased services	820,000	820,000	758,630	(61,370)
Professional fees	234,500	234,500	200,260	(34,240)
Contracted services	113,200	113,200	137,846	24,646
Repairs, maintenance and other operating expenditures	261,000	261,000	354,050	93,050
Security service and street lighting	55,000	55,000	63,344	8,344
Administrative expenditures	71,685	71,685	66,914	(4,771)
Capital outlay	1,401,085	1,401,085	352,764	(1,048,321)
TOTAL EXPENDITURES	2,956,470	2,956,470	1,933,808	(1,022,662)
EXCESS REVENUES (EXPENDITURES)	(803,970)	(803,970)	251,304	1,055,274
FUND BALANCE, BEGINNING OF YEAR	2,751,137	2,751,137	2,751,137	0
FUND BALANCE, END OF YEAR	\$ 1,947,167	\$ 1,947,167	\$ 3,002,441	\$ 1,055,274

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.

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
SEPTEMBER 30, 2025

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

- TSI-1. Services and Rates
- TSI-2. General Fund Expenditures
- TSI-3. Temporary Investments
- TSI-4. Taxes Levied and Receivable
- TSI-5. Long-Term Debt Service Requirements by Years
None at September 30, 2025.
- TSI-6. Changes in Long-Term Bonded Debt
None at September 30, 2025.
- TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- TSI-8. Board Members, Key Personnel and Consultants

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14

SCHEDULE OF SERVICES AND RATES

SEPTEMBER 30, 2025

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

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

2. Retail Service Providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$15.00	5,000	N	\$1.00	5,001 to 15,000
				1.25	15,001 to 25,000
				1.50	25,001 to 35,000
				1.75	Over 35,000
WASTEWATER:	\$11.00	25,000	N	\$0.75	Over 25,000
SURCHARGE:	\$4.35 per 1,000 gallons of water used. – WHCRWA surface water fees.				

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$20.00 Wastewater: \$11.00 Surcharge: \$43.50

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14

SCHEDULE OF SERVICES AND RATES (Continued)

SEPTEMBER 30, 2025

b. Water and Wastewater Retail Connections (unaudited):

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC* Factor</u>	<u>Active ESFCs</u>
Unmetered	0	0	1.0	0
< or = 3/4"	869	866	1.0	866
1"	22	22	2.5	55
1-1/2"	4	4	5.0	20
2"	12	12	8.0	96
3"	0	0	15.0	0
4"	1	1	25.0	25
6"	0	0	50.0	0
8"	0	0	80.0	0
10"	0	0	115.0	0
Total Water	<u>908</u>	<u>905</u>		<u>1,062</u>
Total Wastewater	<u>896</u>	<u>896</u>	1.0	<u>896</u>

*Single family equivalents

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

Gallons pumped into system (unaudited):	<u>224,115</u>
Gallons billed to No. 15 customers (unaudited):	<u>99,489</u>
Gallons billed to No. 14 customers (unaudited):	<u>101,100</u>
Total gallons billed to customers (unaudited):	<u>200,589</u>

Water Accountability Ratio
(Gallons billed/ gallons pumped): 90%

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

Does the District have Debt Service standby fees? Yes No

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

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

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

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14

EXPENDITURES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Purchased services:				
Water	\$ 571,201	\$	\$	\$ 571,201
Sewer	187,429			187,429
	<u>758,630</u>	<u>0</u>	<u>0</u>	<u>758,630</u>
Professional fees:				
Auditing	13,950			13,950
Legal	162,024			162,024
Engineering	24,286			24,286
	<u>200,260</u>	<u>0</u>	<u>0</u>	<u>200,260</u>
Contracted services:				
Bookkeeping	29,356			29,356
Operation and billing	81,112			81,112
Tax assessor-collector	18,534			18,534
Central appraisal district	8,844			8,844
	<u>137,846</u>	<u>0</u>	<u>0</u>	<u>137,846</u>
Repairs, maintenance and other operating expenditures:				
Repairs and maintenance	326,690			326,690
Sludge hauling	2,735			2,735
Laboratory costs	14,293			14,293
Sewer inspection costs	3,349			3,349
Reconnection costs	1,380			1,380
Utilities	3,888			3,888
TCEQ assessment	1,715			1,715
	<u>354,050</u>	<u>0</u>	<u>0</u>	<u>354,050</u>
Security service and street lighting	<u>63,344</u>	<u>0</u>	<u>0</u>	<u>63,344</u>
Administrative expenditures:				
Director's fees	11,271			11,271
Office supplies and postage	40,116			40,116
Insurance	10,146			10,146
Permit fees	2,227			2,227
Other	3,154			3,154
	<u>66,914</u>	<u>0</u>	<u>0</u>	<u>66,914</u>
CAPITAL OUTLAY				
Authorized expenditures	<u>352,764</u>	<u>0</u>	<u>0</u>	<u>352,764</u>
TOTAL EXPENDITURES	<u><u>\$ 1,933,808</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,933,808</u></u>

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14
ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues	\$ 2,208,312	\$	\$	\$ 2,208,312
Increase in customer deposits	1,750			1,750
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	2,210,062	0	0	2,210,062
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	1,540,291			1,540,291
Capital outlay	342,046			342,046
Increase in operating reserve	21,675			21,675
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	1,904,012	0	0	1,904,012
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	306,050	0	0	306,050
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	2,844,390	0	0	2,844,390
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	\$ 3,150,440	\$ 0	\$ 0	\$ 3,150,440

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14
SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS
SEPTEMBER 30, 2025

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Certificates of Deposit				
No. 9009005111	4.40%	12/09/25	\$ 230,000	\$ 3,133
No. 6550126630	4.32%	11/15/25	<u>242,331</u>	<u>3,958</u>
			<u>\$ 472,331</u>	<u>\$ 7,091</u>
TexPool				
No. 2572900003	Market	On demand	<u>\$ 2,558,177</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 3,030,508</u>	<u>\$ 7,091</u>

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Maintenance Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 4,326
Additions and corrections to prior year taxes	<u>(2,788)</u>
Adjusted receivable, beginning of year	1,538
2024 ADJUSTED TAX ROLL	<u>1,234,240</u>
Total to be accounted for	1,235,778
Refund of prior year taxes collected in prior years	<u>2,856</u>
Tax collections: Current tax year	(1,231,325)
Prior tax years	<u>(69)</u>
RECEIVABLE, END OF YEAR	<u>\$ 7,240</u>
RECEIVABLE, BY TAX YEAR	
2015	\$ 67
2016	64
2017	106
2018	56
2019	923
2020	789
2021	464
2022	1,320
2023	536
2024	<u>2,915</u>
RECEIVABLE, END OF YEAR	<u>\$ 7,240</u>

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2025

ADJUSTED PROPERTY VALUATIONS
AS OF JANUARY 1 OF TAX YEAR

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land	\$ 70,560,625	\$ 70,624,226	\$ 54,850,708	\$ 54,750,114
Improvements	260,988,199	270,457,155	240,375,443	190,896,610
Personal property	13,296,752	10,188,710	9,273,215	8,466,997
Less exemptions	<u>(24,263,905)</u>	<u>(49,091,411)</u>	<u>(33,141,645)</u>	<u>(11,385,944)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 320,581,671</u>	<u>\$ 302,178,680</u>	<u>\$ 271,357,721</u>	<u>\$ 242,727,777</u>

TAX RATES PER \$100 VALUATION

Debt service tax rates	\$ 0.00000	\$ 0.00000	\$ 0.00000	\$ 0.00000
Maintenance tax rates*	<u>0.38500</u>	<u>0.40000</u>	<u>0.46000</u>	<u>0.50000</u>

TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.38500</u>	<u>\$ 0.40000</u>	<u>\$ 0.46000</u>	<u>\$ 0.50000</u>
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	<u>\$ 1,234,240</u>	<u>\$ 1,208,715</u>	<u>\$ 1,248,246</u>	<u>\$ 1,213,641</u>
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PERCENT OF TAXES COLLECTED
TO TAXES LEVIED

	<u>99.8 %</u>	<u>99.9 %</u>	<u>99.9 %</u>	<u>99.9 %</u>
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*Maximum tax rate approved by voters on November 3, 1981: \$1.50

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND
FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
REVENUES										
Property taxes	\$ 1,228,538	\$ 1,206,387	\$ 1,251,506	\$ 1,217,243	\$ 901,289	56.2 %	54.6 %	56.0 %	59.9 %	56.4 %
Water service	224,625	233,226	247,229	229,192	212,634	10.3	10.5	11.1	11.3	13.3
Sewer service	124,722	125,513	128,936	122,428	120,392	5.7	5.7	5.8	6.0	7.5
Surface water fees	438,845	452,191	495,381	439,514	347,386	20.1	20.4	22.2	21.6	21.7
Penalty and other	32,015	25,252	25,953	17,160	15,739	1.5	1.1	1.2	0.8	1.0
Tap connection and inspection fees	0	30,860	0	0	0	0.0	1.4	0.0	0.0	0.0
Interest on deposits and temporary investments	136,367	138,406	83,550	8,854	1,423	6.2	6.3	3.7	0.4	0.1
TOTAL REVENUES	2,185,112	2,211,835	2,232,555	2,034,391	1,598,863	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Service operations:										
Purchased services	758,630	764,038	866,886	738,048	668,779	34.6	34.6	38.8	36.3	41.8
Professional fees	200,260	281,389	209,397	188,540	171,799	9.2	12.7	9.4	9.3	10.7
Contracted services	137,846	131,516	134,713	95,485	97,965	6.3	5.9	6.0	4.7	6.1
Repairs, maintenance and other operating expenditures	354,050	221,512	151,982	150,948	89,684	16.3	10.0	6.8	7.4	5.6
Security service and street lighting	63,344	53,000	73,500	49,500	49,000	2.9	2.4	3.3	2.4	3.1
Administrative expenditures	66,914	91,432	69,330	59,932	44,913	3.1	4.1	3.1	2.9	2.8
Capital outlay	352,764	105,162	26,387	117,714	217,817	16.1	4.8	1.2	5.8	13.6
TOTAL EXPENDITURES	1,933,808	1,648,049	1,532,195	1,400,167	1,339,957	88.5	74.5	68.6	68.8	83.7
EXCESS REVENUES (EXPENDITURES)	\$ 251,304	\$ 563,786	\$ 700,360	\$ 634,224	\$ 258,906	11.5 %	25.5 %	31.4 %	31.2 %	16.3 %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	905	904	904	905	896					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	896	893	893	894	885					

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2025	2024	2023	2022*	2021	2025	2024	2023	2022	2021
REVENUES										
Property taxes	\$	\$	\$	\$ 2,380	\$ 355,127	%	%	%	19.9 %	96.2 %
Penalty and interest				9,581	12,917				80.0	3.5
Interest on deposits and investments				14	1,118				0.1	0.3
TOTAL REVENUES	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,975</u>	<u>369,162</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>0.</u>	<u>0.</u>
EXPENDITURES										
Current:										
Professional fees				12,160	10,555				101.5	2.9
Contracted services				23,416	22,918				195.5	6.2
Other expenditures				6,353	5,744				53.1	1.6
Debt service:										
Principal retirement				680,000	710,000				5678.5	192.2
Interest and fees				13,600	43,525				113.6	11.8
TOTAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>	<u>735,529</u>	<u>792,742</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>6142.2</u>	<u>214.7</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (723,554)</u>	<u>\$ (423,580)</u>	<u>N/A %</u>	<u>N/A %</u>	<u>N/A %</u>	<u>(6,142. %)</u>	<u>(214.7) %</u>

*Last year of financial activity.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSSEPTEMBER 30, 2025

Complete District Mailing Address: West Harris County Municipal Utility District No. 14
c/o Young & Brooks
10000 Memorial Drive, Suite 260
Houston, Texas 77024

District Business Telephone No.: 713-651-0800

Submission date of the most recent District Registration Form: June 12, 2024

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

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Martin Narendorf, Jr. 8931 Apple Mill Houston, Texas 77095	Elected 5/07/22- 5/02/26	\$ 2,431	\$ 0	President
Oscar Dominguez 8811 Aberdeen Oaks Drive Houston, Texas 77095	Elected 5/04/24- 5/06/28	2,652	0	V.P./ Investment Officer
James N. Purdue 4202 Rice Boulevard Houston, Texas 77005	Elected 5/07/22- 5/02/26	1,326	0	Secretary
Jack Schulze 8811 Aberdeen Oaks Drive Magnolia, Texas 77095	Elected 5/04/24- 5/06/28	2,652	0	Assistant Secretary
Joel Frost 15826 Sweet Rose Place Houston, Texas 77095	Appointed 7/11/24- 5/02/26	2,210	0	Director

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 14BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)SEPTEMBER 30, 2025CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Young & Brooks 10000 Memorial Drive, Suite 260 Houston, Texas 77024	7/15/80	\$ 162,023	Attorney
Myrtle Cruz, Inc. 3401 Louisiana, Suite 400 Houston, Texas 77002	12/09/80	31,412	Bookkeeper
Municipal Operations & Consulting, Inc. 27316 Spectrum Way Oak Ridge, Texas 77385	12/17/03	246,135	Operator
R. G. Miller Engineers, Inc. 16340 Park Ten Place, Suite 350 Houston, Texas 77084	11/20/96	106,705	Engineer
Bob Leared 11111 Katy Freeway, Suite 725 Houston, Texas 77079	7/15/80	22,858	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	8,844	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	6/11/18	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	13,950	Independent Auditor

See accompanying independent auditor's report.