

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**HARRIS COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2025**

**McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC**  
Certified Public Accountants

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# ***McCall Gibson Swedlund Barfoot Ellis PLLC***

*Certified Public Accountants*

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Harris County Emergency  
Services District No. 14  
Harris County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 14 (the "District") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

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

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

*McCall Gibson Swedlund Barfoot Ellis PLLC*

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

February 23, 2026

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Management’s discussion and analysis of Harris County Emergency Services District No. 14’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for resources not accounted for in another fund, property tax revenues, sales tax revenues, costs of assessing and collecting taxes, service provider costs and general expenditures.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets exceeded liabilities by \$4,021,602 as of September 30, 2025.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

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

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 3,723,233	\$ 3,834,045	\$ (110,812)
Capital Assets (Net of Accumulated Depreciation)	2,013,601	-	2,013,601
Total Assets	\$ 5,736,834	\$ 3,834,045	\$ 1,902,789
Long -Term Liabilities	\$ 1,019,003	\$	\$ (1,019,003)
Current and Other Liabilities	696,229	189,657	(506,572)
Total Liabilities	\$ 1,715,232	\$ 189,657	\$ (1,525,575)
Net Position:			
Net Investment in Capital Assets	\$ 513,601	\$	\$ 513,601
Unrestricted	3,508,001	3,644,388	(136,387)
Total Net Position	\$ 4,021,602	\$ 3,644,388	\$ 377,214

The following table provides a summary of the District's operations for the years ended September 30, 2025, and September 30, 2024.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 719,681	\$ 561,883	\$ 157,798
Sales Tax Receipts	2,910,469	2,506,605	403,864
Other Revenues	173,111	177,029	(3,918)
Total Revenues	\$ 3,803,261	\$ 3,245,517	\$ 557,744
Expenses for Services	3,426,047	2,706,901	(719,146)
Change in Net Position	\$ 377,214	\$ 538,616	\$ (161,402)
Net Position, Beginning of Year	3,644,388	3,105,772	538,616
Net Position, End of Year	\$ 4,021,602	\$ 3,644,388	\$ 377,214

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

The District’s General Fund fund balance as of the fiscal year ended September 30, 2025, was \$3,402,860, a decrease of \$148,498 from the prior year. This decrease was primarily due to service operations exceeding property taxes.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Commissioners did not amend the budget during the fiscal year. Actual revenues were \$599,386 more than budgeted revenues. Actual expenditures were \$2,315,903 more than budgeted expenditures and a loan proceeds of \$1,500,000 were unbudgeted.

**CAPITAL ASSETS**

The District’s capital assets consist of land purchase with a value totaling \$2,013,601.

**LONG-TERM DEBT ACTIVITY**

As of September 30, 2025, the District had debt payable of \$1,500,000. The changes in the debt position of the District during the current year ended September 30, 2025, are summarized as follows:

Long-Term Debt Payable, October 1, 2024	\$ - 0 -
Add: Loan Proceeds	<u>1,500,000</u>
Long-Term Debt Payable, September 30, 2025	<u><u>\$ 1,500,000</u></u>

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Emergency Services District No. 14, P.O. Box 96, Highland, Texas 77562.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**SEPTEMBER 30, 2025**

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 985,791	\$	\$ 985,791
Investments	2,586,948		2,586,948
Receivables:			
Property Taxes	75,907		75,907
Penalty and Interest on Delinquent Taxes		37,729	37,729
Accrued Interest	36,858		36,858
Land		2,013,601	2,013,601
<b>TOTAL ASSETS</b>	<b>\$ 3,685,504</b>	<b>\$ 2,051,330</b>	<b>\$ 5,736,834</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 206,737	\$	\$ 206,737
Accrued Interest Payable		8,495	8,495
Loan Payable:			
Due Within One Year		480,997	480,997
Due After One Year		1,019,003	1,019,003
<b>TOTAL LIABILITIES</b>	<b>\$ 206,737</b>	<b>\$ 1,508,495</b>	<b>\$ 1,715,232</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	\$ 75,907	\$ (75,907)	\$ - 0 -
<b>FUND BALANCE</b>			
Unassigned	<b>\$ 3,402,860</b>	<b>\$ (3,402,860)</b>	<b>\$ - 0 -</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
	<b>\$ 3,685,504</b>		
<b>NET POSITION</b>			
Net Investment in Capital Assets		\$ 513,601	\$ 513,601
Unrestricted		3,508,001	3,508,001
<b>TOTAL NET POSITION</b>		<b>\$ 4,021,602</b>	<b>\$ 4,021,602</b>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

Total Fund Balance - Governmental Fund	\$	3,402,860
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Land used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		2,013,601
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2024 and prior tax levies became part of recognized revenues in the governmental activities of the District.		113,636
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Accrued Interest Payable	\$ (8,495)	
Loan Payable Within One Year	(480,997)	
Net Pension Liability	<u>(1,019,003)</u>	<u>(1,508,495)</u>
Total Net Position - Governmental Activities	\$	<u><u>4,021,602</u></u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	General Fund	Adjustments	Statement of Activities
<b>REVENUES</b>			
Property Taxes	\$ 704,345	\$ 15,336	\$ 719,681
Sales Tax Receipts	2,910,469		2,910,469
Penalty and Interest	24,603	5,270	29,873
Investment Revenues	141,673		141,673
Miscellaneous Revenues	1,565		1,565
<b>TOTAL REVENUES</b>	<b>\$ 3,782,655</b>	<b>\$ 20,606</b>	<b>\$ 3,803,261</b>
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
District Services - Highland			
Volunteer Fire Department			
General Operations	\$ 180,000	\$	\$ 180,000
Emergency Services	2,708,056		2,708,056
Insurance	232,827		232,827
Other	11,871		11,871
Accounting and Auditing	18,301		18,301
Appraisal District Fees	5,062		5,062
Dispatch	103,880		103,880
Insurance	106,121		106,121
Legal Fees - General	24,022		24,022
Legal Fees - Delinquent Tax Collections	8,092		8,092
Sales Tax Consultant	6,000		6,000
Tax Assessor/Collector Fees	10,612		10,612
Other	2,708		2,708
Capital Outlay	2,013,601	(2,013,601)	
Debt Service:			
Loan Interest		8,495	8,495
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 5,431,153</b>	<b>\$ (2,005,106)</b>	<b>\$ 3,426,047</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>OVER EXPENDITURES</b>	<b>\$ (1,648,498)</b>	<b>\$ 2,025,712</b>	<b>\$ 377,214</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan Proceeds	\$ 1,500,000	\$ (1,500,000)	\$ -0-
<b>NET CHANGE IN FUND BALANCE</b>	\$ (148,498)	\$ 148,498	\$
<b>CHANGE IN NET POSITION</b>		377,214	377,214
<b>FUND BALANCE/NET POSITION -</b>			
<b>    OCTOBER 1, 2024</b>	3,551,358	93,030	3,644,388
<b>FUND BALANCE/NET POSITION -</b>			
<b>    SEPTEMBER 30, 2025</b>	<b>\$ 3,402,860</b>	<b>\$ 618,742</b>	<b>\$ 4,021,602</b>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Net Change in Fund Balance - Governmental Fund	\$	(148,498)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.		15,336
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Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.		5,270
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Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.		2,013,601
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Governmental funds report interest expenditures on long-term liabilities as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the long-term liabilities through fiscal year-end.		(8,495)
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Governmental funds report loan proceeds as other financing sources. Issued loans increase long-term liabilities in the Statement of Net Position.		<u>(1,500,000)</u>
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Change in Net Position - Governmental Activities	\$	<u>377,214</u>
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The accompanying notes to the financial statements are an integral part of this report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 1. CREATION OF DISTRICT**

Harris County Emergency Services District No. 14 (the “District”) was created by a special election held August 14, 1999, with the results submitted to the Harris County Commissioners Court on August 18, 1999. Until September 22, 2003, the District was known as Harris County Rural Fire Prevention District #14. The purpose of the District is to provide the residents of Highlands, Texas, and the surrounding area with fire protection and emergency services. The District has entered into a contract with the Highlands Volunteer Fire Department (the “Department”) to provide these services. The District first collected tax revenues in November, 2000, and made the initial disbursement to the Department in January, 2001. The management of the District is entrusted to an elected Board of Commissioners consisting of five members.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”).

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

Financial Statement Presentation

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

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

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Fund

The District has one governmental fund; therefore, it is a major fund.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

General Fund - To account for resources not required to be accounted for in another fund, property tax revenues, sales tax revenues, costs of assessing and collecting taxes, service provider costs and general expenditures.

Basis of Accounting

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

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

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

Measurement Focus (Continued)

liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

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

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

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

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

*Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District does not have any assigned fund balances.

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

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

Accounting Estimates

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 3. TAX LEVY**

During the year ended September 30, 2025, the District levied an ad valorem tax at the rate of \$0.046998 per \$100 of assessed valuation, which resulted in a tax levy of \$698,150 on the adjusted taxable valuation of \$1,475,607,189 for the 2024 tax year.

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

**NOTE 4. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$3,572,739 and the bank balance was \$3,574,240. The District was not exposed to custodial credit risk at year-end.

Investments

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

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

Investments (Continued)

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

Certificates of deposit are valued at acquisition costs at the date of purchase.

As of September 30, 2025, the District had the following investments and maturities.

Fund and Investment Type	Fair Value	Maturities Less Than 1 Year
<u>GENERAL FUND</u>		
Certificates of Deposit	<u>\$2,586,948</u>	<u>\$ 2,586,948</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District currently manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District currently manages interest risk by investing in certificates of deposit with maturities of approximately one year or less.

**NOTE 5. CAPITAL ASSETS**

The District’s capital assets consist of land purchase with a value totaling \$2,013,601.

**NOTE 6. RISK MANAGEMENT**

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

**NOTE 7. SERVICE PROVIDER AGREEMENT**

The District has entered into a contract with Highland Volunteer Fire Department (the “Department”) to provide fire suppression and emergency services. The original term of this

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 7. SERVICE PROVIDER AGREEMENT (Continued)**

contract was October 1, 2000 to September 30, 2001, and will be automatically renewed for successive annual periods. The Department will provide all manpower and equipment for fire protection, extinguishment and prevention services within the District. The Department agreed to obtain all necessary licenses, permits and approvals required to provide services to the service area. The parties agreed the District shall not be responsible or liable for operating, repairing, and insuring any facilities.

The Department agreed to insure all its facilities and property against loss or damage of kinds usually insured by entities similarly situated and to carry public liability insurance with respect to the facilities. The Department shall indemnify and hold harmless the District and its officers, members, employees, and agents against all losses, costs, damages, expenses, and liabilities of whatever nature.

The Department agreed to prepare by the District's August meeting of each year a capital expenditure and operating budget for the next fiscal year. The District agreed to provide reimbursements monthly. Ownership of all assets of the Department shall remain with the Department during the term of this contract. The District will be a lien holder on those capital assets purchased in whole or in part with District appropriated funds.

During the current year, the District paid \$180,000 for operations, \$2,708,056 for emergency services and \$244,698 for other costs.

**NOTE 8 DISPATCH SERVICE FEE AGREEMENT**

On June 24, 2019, effective August 5, 2019 the District entered into an agreement with East Harris County Emergency Services (ECOM) to receive dispatch and communication services. The term of the agreement is two-years and will renew for additional one-year periods unless otherwise terminated by either party. Under the agreement, the District will pay an annual base fee of \$35,000 and annual dispatch service fee of \$36,000, all payable in monthly installments. At the end of the two-year term these fees may increase by no more than ten percent, unless call volume increases more than ten percent from the prior two years of service. During the current year, the District recorded \$103,880 for dispatch service costs.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 9. LOAN PAYABLE**

On August 8, 2025, the District entered into a \$1,500,000 bank loan with Flagstar Bank to fund the purchase of a property. Annual installments of \$539,497 are due every August 8, beginning August 8, 2026, and ending August 8, 2028. The interest rate is 3.90%.

The following is a summary of transaction regarding loan payable for the year ended September 30, 2025:

	October 1, 2024	Additions	Retirements	September 30, 2025
Loan Payable	<u>\$ - 0 -</u>	<u>\$ 1,500,000</u>	<u>\$ - 0 -</u>	<u>\$ 1,500,000</u>
		Amount Due Within One Year		\$ 480,997
		Amount Due After One Year		<u>1,019,003</u>
		Loan Payable		<u>\$ 1,500,000</u>

As of September 30, 2025, the debt service requirements on the loan payable were as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 480,997	\$ 58,500	\$ 539,497
2027	499,756	39,741	539,497
2028	<u>519,247</u>	<u>20,251</u>	<u>539,498</u>
	<u>\$ 1,500,000</u>	<u>\$ 118,492</u>	<u>\$ 1,618,492</u>

The assets acquired with this loan are operated and maintained by the District.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2025**

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 683,269	\$ 704,345	\$ 21,076
Sales Tax Receipts	2,500,000	2,910,469	410,469
Penalty and Interest		24,603	24,603
Investment Revenues		141,673	141,673
Miscellaneous Revenues		1,565	1,565
<b>TOTAL REVENUES</b>	<b>\$ 3,183,269</b>	<b>\$ 3,782,655</b>	<b>\$ 599,386</b>
<b>EXPENDITURES</b>			
Service Operations:			
District Services - Highland			
Volunteer Fire Department	\$ 3,000,000	\$ 3,132,754	\$ (132,754)
Accounting and Auditing	14,000	18,301	(4,301)
Appraisal District Fees	9,000	5,062	3,938
Dispatch		103,880	(103,880)
Insurance	9,000	106,121	(97,121)
Legal Fees - General	32,500	24,022	8,478
Legal Fees - Delinquent Tax Collections		8,092	(8,092)
Sales Tax Consultant	8,000	6,000	2,000
Tax Assessor/Collector Fees		10,612	(10,612)
Other	42,750	2,708	40,042
Capital Outlay		2,013,601	(2,013,601)
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,115,250</b>	<b>\$ 5,431,153</b>	<b>\$ (2,315,903)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 68,019</b>	<b>\$ (1,648,498)</b>	<b>\$ (1,716,517)</b>
<b>OTHER FINANCING SOURCES(USES)</b>			
Loan Proceeds	\$ - 0 -	\$ 1,500,000	\$ 1,500,000
<b>NET CHANGE IN FUND BALANCE</b>	\$ 68,019	\$ (148,498)	\$ (216,517)
<b>FUND BALANCE - OCTOBER 1, 2024</b>	3,551,358	3,551,358	
<b>FUND BALANCE - SEPTEMBER 30, 2025</b>	<b>\$ 3,619,377</b>	<b>\$ 3,402,860</b>	<b>\$ (216,517)</b>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**

**SUPPLEMENTARY INFORMATION**

**REQUIRED BY HARRIS COUNTY**

**SEPTEMBER 30, 2025**

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**LISTING OF THE NUMBER OF EMERGENCY**  
**RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**  
**(UNAUDITED)**

Number of emergency responses made within the District	3,849
Number of emergency responses made outside of the District	<u>172</u>
Total emergency responses	<u>4,021</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**SCHEDULE OF INSURANCE AND BONDING COVERAGE**  
**SEPTEMBER 30, 2025**

Type of Coverage	From To	Amount of Coverage	Insurer/Name
GENERAL LIABILITY General Aggregate Per Occurrence	07/11/25 07/11/26	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
MANAGEMENT LIABILITY General Aggregate Per Occurrence	07/11/25 07/11/26	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
EXCESS LIABILITY General Aggregate Per Occurrence	07/11/25 07/11/26	\$ 20,000,000 10,000,000	National Union Fire Insurance Company
PUBLIC EMPLOYEE DISHONESTY BOND Blanket Per Employee	07/11/25 07/11/26	\$ 200,000	National Union Fire Insurance Company
POSITION SCHEDULE BOND- TREASURER	07/11/25 07/11/26	\$ 300,000	National Union Fire Insurance Company
CRIME Computer and Funds Transfer Fraud Fraudulent Impersonation Identity Fraud Expense	07/11/25 07/11/26	\$ 100,000 100,000 25,000	National Union Fire Insurance Company
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit Per Accident	07/11/25 07/11/26	\$ 1,000,000	National Union Fire Insurance Company
CYBER LIABILITY Each Event Limit Aggregate	07/11/25 07/11/26	\$ 1,000,000 3,000,000	National Union Fire Insurance Company
PRIVACY CRISIS MANAGEMENT Each Event Limit CYBER EXTORTION EXPENSE Each Event Limit AGGREGATE LIMIT	07/11/25 07/11/26	\$ 50,000  20,000 50,000	National Union Fire Insurance Company
ABUSE OR MOLESTATION Each Event Limit Aggregate	07/11/25 07/11/26	\$ 5,000,000 5,000,000	National Union Fire Insurance Company

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**  
**STATEMENT OF ACTIVITIES**  
**HIGHLAND VOLUNTEER FIRE DEPARTMENT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**  
**(UNAUDITED)**

	<u>General Fund</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>	
Harris County Emergency Services District No. 14	
Property Tax	\$ 180,000
Sales Tax	<u>3,030,131</u>
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<u>\$ 3,210,131</u>
<b>EXPENSES</b>	
<b>PROGRAM COSTS</b>	
Administration Dues and Salaries	\$ 2,184,959
Education and Training	28,343
Fire Fighter Incentives	175,988
Insurance	210,037
Medical Supplies and Maintenance	108,363
Uniforms	61,835
Utilities	52,251
Contingency	41,907
Vehicle Fuel	32,086
Repair and Maintenance	<u>56,019</u>
<b>TOTAL PROGRAM COSTS</b>	<u>\$ 2,951,788</u>
<b>CHANGE IN NET ASSETS</b>	<u>258,343</u>
<b>NET ASSETS - OCTOBER 1, 2024</b>	<u>(211,038)</u>
<b>NET ASSETS - SEPTEMBER 30, 2025</b>	<u>\$ 47,305</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14**

**OTHER SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2025**

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Maintenance Taxes	
TAXES RECEIVABLE - OCTOBER 1, 2024	\$ 60,571	
Adjustments to Beginning Balance	21,531	\$ 82,102
Original 2024 Tax Levy	\$ 634,485	
Adjustment to 2024 Tax Levy	63,665	698,150
TOTAL TO BE ACCOUNTED FOR		\$ 780,252
TAX COLLECTIONS:		
Prior Years	\$ 37,694	
Current Year	666,651	704,345
TAXES RECEIVABLE - SEPTEMBER 30, 2025		\$ 75,907
TAXES RECEIVABLE BY YEAR:		
2024		\$ 31,499
2023		15,153
2022		6,889
2021		4,565
2020		3,712
2019		2,816
2018		2,072
2017		1,662
2016		1,216
2015		979
2014		650
2013		737
2012 and prior		3,957
TOTAL		\$ 75,907

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS	<u>\$ 1,475,607,189</u>	<u>\$ 1,248,715,047</u>	<u>\$ 1,010,217,320</u>	<u>\$ 843,601,171</u>
TAX RATES PER \$100 VALUATION	<u>\$ 0.046998</u>	<u>\$ 0.045173</u>	<u>\$ 0.0500</u>	<u>\$ 0.0500</u>
ADJUSTED TAX LEVY*	<u>\$ 698,150</u>	<u>\$ 561,233</u>	<u>\$ 509,564</u>	<u>\$ 429,018</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>95.49 %</u>	<u>97.30 %</u>	<u>98.65 %</u>	<u>98.94 %</u>

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

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND – FIVE YEARS**

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Property Taxes	\$ 704,345	\$ 560,634	\$ 500,562
Sales Tax Receipts	2,910,469	2,506,605	2,672,070
Penalty and Interest	24,603	22,786	21,994
Investment Revenues	141,673	151,366	32,961
Miscellaneous Revenues	1,565	454	2,313
<b>TOTAL REVENUES</b>	<b>\$ 3,782,655</b>	<b>\$ 3,241,845</b>	<b>\$ 3,229,900</b>
<b>EXPENDITURES</b>			
District Services - Highland			
Highlands VFD	\$ 3,132,754	\$ 2,539,033	\$ 2,397,852
Accounting, Auditing and Legal	50,415	42,525	19,150
Appraisal District Fees	5,062	4,830	3,682
Dispatch	103,880	94,040	94,040
Dues and Fees			3,972
Insurance	106,121	6,541	6,616
Sales Tax Consultant	6,000	6,000	6,606
Tax Assessor/Collector Fees	10,612	9,229	8,466
Other	2,708	4,703	46,585
Capital Outlay	2,013,601		
Debt Service:			
Note Principal			
Loan Interest			
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,431,153</b>	<b>\$ 2,706,901</b>	<b>\$ 2,586,969</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (1,648,498)</b>	<b>\$ 534,944</b>	<b>\$ 642,931</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan Proceeds	\$ 1,500,000	\$ - 0 -	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (148,498)</b>	<b>\$ 534,944</b>	<b>\$ 642,931</b>
<b>BEGINNING FUND BALANCE</b>	<b>3,551,358</b>	<b>3,016,414</b>	<b>2,373,483</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 3,402,860</b>	<b>\$ 3,551,358</b>	<b>\$ 3,016,414</b>

\* Information provided by prior auditor

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2022</u>	<u>2021</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
\$ 424,007	\$ 396,655	18.7 %	17.3 %	15.5 %	14.8 %	17.0 %
2,434,192	1,921,286	76.9	77.3	82.7	84.7	82.3
13,050	14,235	0.7	0.7	0.7	0.5	0.6
1,062	905	3.7	4.7	1.0		
261	2,713			0.1		0.1
<u>\$ 2,872,572</u>	<u>\$ 2,335,794</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 1,894,528	\$ 1,941,491	82.8 %	78.3 %	74.2 %	66.0 %	83.1 %
13,360	11,441	1.3	1.3	0.6	0.5	0.5
3,166	2,868	0.2	0.2	0.1	0.1	0.1
88,281	71,004	2.7	2.9	2.9	3.1	3.0
2,452	550			0.1	0.1	
6,616	6,616	2.8	0.2	0.2	0.2	0.3
6,000	6,000	0.2	0.2	0.2	0.2	0.3
7,957	7,675	0.3	0.3	0.3	0.3	0.3
13,854	1,783	0.1	0.1	1.4	0.5	0.1
		53.2				
	237,007					10.1
	38,457					1.6
<u>\$ 2,036,214</u>	<u>\$ 2,324,892</u>	<u>143.6 %</u>	<u>83.5 %</u>	<u>80.0 %</u>	<u>71.0 %</u>	<u>99.4 %</u>
<u>\$ 836,358</u>	<u>10,902</u>	<u>(43.6) %</u>	<u>16.5 %</u>	<u>20.0 %</u>	<u>29.0 %</u>	<u>0.6 %</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 836,358	\$ 10,902					
1,537,125	1,526,223					
<u>\$ 2,373,483</u>	<u>\$ 1,537,125</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14  
BOARD OF COMMISSIONERS AND CONSULTANTS  
SEPTEMBER 30, 2025**

District Mailing Address - P.O. Box 96  
Highland, Texas 77562

District Telephone Number - (281) 843-2466

<u>Commissioners</u>	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of Office for the year ended September 30, 2025</u>	<u>Expense Reimbursement for the year ended September 30, 2025</u>	<u>Title</u>
J.R. Strouhal	11/24 11/28 (Elected)	\$ -0-	\$ -0-	President
Mark Taylor	11/24 11/28 (Elected)	\$ -0-	\$ -0-	Vice President
Johnny Gaeke	11/22 11/26 (Elected)	\$ -0-	\$ -0-	Treasurer
Jerry Ickes	11/22 11/26 (Elected)	\$ -0-	\$ -0-	Secretary
Elaine Marshall	11/22 11/26 (Elected)	\$ -0-	\$ -0-	Assistant Treasurer/ Secretary

The limit on fees of office that a Commissioner may receive during a year is set by the Health and Safety Code-Chapter 775. Effective September 1, 2017, a Commissioner is entitled to receive compensation in the same manner and amount as are provided by Section 49.060 of the Texas Water Code, currently \$7,200 per fiscal year. The above fees of office and expense reimbursements are the amounts paid to a Commissioner during the District's current fiscal year.

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14  
BOARD OF COMMISSIONERS AND CONSULTANTS  
SEPTEMBER 30, 2025**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2025*</u>	<u>Title</u>
Coveler & Peeler, P.C.	11/07/23	\$ 24,022	Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	11/22/21	\$ 12,000	Auditor
Dawn Muth – San Jacinto Tax Service Co		\$ 5,845	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP		\$ 8,092	Delinquent Tax Attorney
HdL Companies		\$ 6,000	Sales Tax Consultant
Harris County Tax Assessor/Collector	Legislative Action	\$ 10,612	Tax Assessor/ Collector
Mark Taylor		\$ -0-	Investment Officer

\* Accrual basis

See accompanying independent auditor's report.



# *McCall Gibson Swedlund Barfoot Ellis PLLC*

*Certified Public Accountants*

*Chris Swedlund  
Noel W. Barfoot  
Joseph Ellis  
Ashlee Martin*

*Mike M. McCall  
(retired)  
Debbie Gibson  
(retired)*

February 23, 2026

Board of Directors  
Harris County Emergency  
Service District No. 14

We have audited the financial statements of the governmental activities and each major fund of Harris County Emergency Services District No. 14 (the “District”) for the year ended September 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our audit continuance letter to you dated September 22, 2025. Professional standards also require that we communicate to you the following information related to our audit. For the purposes of this letter, the term “management” refers to the Board of Directors and/or District consultants.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. Significant accounting policies used by the District, including new accounting policies, if any, that have been adopted and implemented during the current fiscal year, are discussed in Note 2. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent, and clear.

Accounting estimates are an integral part of the financial statements and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The District’s Bookkeeper and Board of Directors will be provided with all such adjustments.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 23, 2026.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to perform the following non-attest services for the District: (1) preparation of financial statements and related notes and schedules in conformity with accounting principles generally accepted in the United States of America. These services were performed based on information provided by you. We performed these services in accordance with applicable professional standards. The non-attest services we performed are limited to those specifically defined and did not result in assuming management responsibilities.

We applied certain limited procedures to the Management's Discussion and Analysis and the budgetary comparison schedule for the General Fund, which are required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information required by Harris County, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*McCall Gibson Swedlund Barfoot Ellis PLLC*

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

Harris County Emergency Services District No 14  
 Trial Balance Worksheet - Grouped by Type

-GENERAL OPERATING FUND

Account	Type	Description	09/30/24 Adjusted Balance	09/30/25 Unadjusted Balance	Adjusting JE Adjustments	09/30/25 Adjusted Balance	09/30/25 WP Reference
1-1010	A	Woodforest National Bank: Sales Tax Revenue	2,418,860.01	2,162,177.36		2,162,177.36	B-1
1-1012	A	Woodforest National Bank: Tax Revenue	1,147,543.94	1,598,357.84		1,598,357.84	B-1
1-1013	A	Woodforest National Bank- Other	(2,767,167.84)	(2,774,743.55)		(2,774,743.55)	B-1
1-1020	A	CD - #2 (was 13wk)	690,588.12	718,799.48		718,799.48	C-1
1-1021	A	CD - #3 26 weeks	1,061,908.04	1,106,503.22		1,106,503.22	C-1
1-1022	A	CD - #1 4wk	424,300.34	0.00		0.00	C-1
1-1024	A	CD - #4 52 Weeks	764,982.32	798,503.37		798,503.37	C-1
1-1113	A	ACCOUNTS RECEIVABLE - TAX	60,571.00	60,571.00		75,907.48	D-1
		GOF AJE 3 To adjust per review of tax analysis			15,336.48		
		<b>Total Assets</b>	<u>3,801,585.93</u>	<u>3,670,168.72</u>	<u>15,336.48</u>	<u>3,685,505.20</u>	
1-2010	L	Accounts Payable	(189,657.38)	(189,657.38)		(206,736.62)	N-1
		GOF AJE 1 To reverse PY payable			189,657.38		
		GOF AJE 2 To accrue CY payable			(206,736.62)		
1-2500	L	DEFERRED TAX	(60,571.00)	(60,571.00)		(75,907.48)	D-1
		GOF AJE 3 To adjust per review of tax analysis			(15,336.48)		
		<b>Total Liabilities</b>	<u>(250,228.38)</u>	<u>(250,228.38)</u>	<u>(32,415.72)</u>	<u>(282,644.10)</u>	
1-2200	Q	Loan Land New Station	0.00	(1,500,000.00)		(1,500,000.00)	M-1
1-3010	Q	Opening Bal Equity	30,220.00	30,220.00		30,220.00	~
1-3011	Q	Retained Earnings	(3,046,633.76)	(3,581,577.55)		(3,581,577.55)	~
		<b>Total Equity</b>	<u>(3,016,413.76)</u>	<u>(5,051,357.55)</u>	<u>0.00</u>	<u>(5,051,357.55)</u>	
		<b>Total Liabilities &amp; Equity</b>	<u>(3,266,642.14)</u>	<u>(5,301,585.93)</u>	<u>(32,415.72)</u>	<u>(5,334,001.65)</u>	
1-4010	R	Sales Tax	(2,506,605.05)	(2,910,469.22)		(2,910,469.22)	V-1
1-4020	R	Tax Received	(560,631.39)	(704,345.30)		(704,345.30)	D-1
1-4030	R	Penalty & Interest	(12,757.46)	(15,453.82)		(15,453.82)	D-2
1-4035	R	Rendition Penalty	(1,480.20)	(14.29)		(14.29)	D-2
1-4040	R	Del Attorney Fees	(7,450.37)	(8,092.25)		(8,092.25)	D-2
1-4050	R	Bank Interest	(99.74)	(307.61)		(307.61)	pass
1-4051	R	HC Tax Office Interest	(1,101.28)	(1,043.39)		(1,043.39)	pass
1-4055	R	Intrafi Interest	(33,284.32)	(21,732.34)		(21,732.34)	B-4
1-4056	R	CD #1 Interest 4wk	(19,728.96)	(13,306.00)		(13,306.00)	C-1
1-4057	R	CD #2 Interest (was 13 wks)	(33,109.21)	(28,211.36)		(28,211.36)	C-1
1-4058	R	CD #3 Interest 26 wks	(50,160.91)	(44,595.18)		(44,595.18)	C-1
1-4059	R	CD#4 Interest	(14,982.32)	(33,521.05)		(33,521.05)	C-1
1-4060	R	Miscellaneous Income	(453.54)	(1,564.98)		(1,564.98)	pass
		<b>Total Revenue</b>	<u>(3,241,844.75)</u>	<u>(3,782,656.79)</u>	<u>0.00</u>	<u>(3,782,656.79)</u>	
1-6010	E	A/C Fees	9,228.88	10,611.71		10,611.71	D-2
1-6015	E	Bank Service Charges	460.22	531.26		531.26	pass
1-6020	E	Communications	94,040.04	103,880.01		103,880.01	W-4

**Harris County Emergency Services District No 14  
Trial Balance Worksheet - Grouped by Type**

**-GENERAL OPERATING FUND**

Account	Type	Description	09/30/24 Adjusted Balance	09/30/25 Unadjusted Balance	Adjusting JE Adjustments	09/30/25 Adjusted Balance	09/30/25 WP Reference
1-6025	E	Consultant Sales Tax Compliant	6,000.00	6,000.00		6,000.00	pass
1-6030	E	Del Att Fee Paid	7,450.37	8,092.25		8,092.25	D-2
1-6032	E	Dues and Subscriptions	1,805.00	295.00		295.00	pass
1-6035	E	E M S: Conference Expenses	3,876.43	2,316.64		2,316.64	pass
1-6038	E	E M S: EMS Paid Crew	1,322,501.08	1,591,928.66		1,603,603.60	W-4
		GOF AJE 1 To reverse PY payable			(124,765.06)		
		GOF AJE 2 To accrue CY payable			136,440.00		
1-6040	E	E M S: Equipment	135,405.21	152,795.99		150,085.40	W-1-1
		GOF AJE 1 To reverse PY payable			(8,109.83)		
		GOF AJE 2 To accrue CY payable			5,399.24		
1-6041	E	LP35 Monitors	0.00	249,444.88		249,444.88	W-4
1-6042	E	E M S: Firefighter Incentive	213,409.68	175,867.50		170,053.92	W-4
		GOF AJE 1 To reverse PY payable			(16,114.42)		
		GOF AJE 2 To accrue CY payable			10,300.84		
1-6043	E	Workers Comp	13,984.00	157,521.00		157,521.00	W-4-2
1-6045	E	EMS - Personnel Health Insurance	63,632.68	72,966.37		75,305.93	W-4-2
		GOF AJE 1 To reverse PY payable			(5,359.14)		
		GOF AJE 2 To accrue CY payable			7,698.70		
1-6048	E	HCAD	4,830.00	5,062.00		5,062.00	W-4
1-6055	E	Insurance: V F D Insurance	6,541.00	106,121.00		106,121.00	W-4-2
1-6057	E	Legal Notice Posting	1,540.00	1,565.00		1,565.00	pass
1-6060	E	Miscellaneous	382.79	104.81		104.81	pass
1-6062	E	Miscellaneous: Office Supplies - Checks	322.96	0.00		0.00	pass
1-6067	E	Postage and Delivery	192.40	213.37		213.37	pass
1-6070	E	Professional Fees: Accounting	17,425.00	5,823.12		6,301.24	W-4
		GOF AJE 2 To accrue CY payable			478.12		
1-6071	E	Audit	0.00	12,000.00		12,000.00	W-4
1-6072	E	Website Expense	0.00	2,696.60		2,696.60	pass
1-6075	E	Professional Fees: Legal Fees	17,649.97	24,609.12		24,022.23	W-2
		GOF AJE 1 To reverse PY payable			(2,500.00)		
		GOF AJE 2 To accrue CY payable			1,913.11		
1-6084	E	Warranty Contract	7,846.02	0.00		0.00	W-1
1-6280	E	Building Repairs & Maintenance	34,313.98	0.00		0.00	W-1
1-6285	E	PropertyPurchase	0.00	2,013,601.25		2,013,601.25	I-2
1-7010	E	Transfer to Fire Dept	340,000.00	180,000.00		180,000.00	W-4
1-7011	E	Transfer to Fire Dept: FF Crew	393,887.71	439,549.84		451,247.52	W-4
		GOF AJE 1 To reverse PY payable			(32,808.93)		
		GOF AJE 2 To accrue CY payable			44,506.61		
1-7012	E	Transfer to Fire Dept: Radios	0.00	83,619.62		83,619.62	W-1-1
1-7026	E	Transfer to Fire Dept - Equipment Repairs & Testing	8,680.54	6,857.00		6,857.00	W-1-1
1-7027	E	Transfer to Fire Dept - ESO Solutions	1,495.00	0.00		0.00	pass
		<b>Total Expense</b>	<u>2,706,900.96</u>	<u>5,414,074.00</u>	<u>17,079.24</u>	<u>5,431,153.24</u>	

**A-1-1**

**Harris County Emergency Services District No 14  
Trial Balance Worksheet - Grouped by Type**

**-GENERAL OPERATING FUND**

Account	Type	Description	09/30/24 Adjusted Balance	09/30/25 Unadjusted Balance	Adjusting JE Adjustments	09/30/25 Adjusted Balance	09/30/25 WP Reference
		<b>Totals</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	
		<b>Net Profit/(Loss)</b>	<u>534,943.79</u>	<u>(1,631,417.21)</u>	<u>(17,079.24)</u>	<u>(1,648,496.45)</u>	

## Harris County Emergency Services District No 14

### Adjusting Journal Entries

October 1, 2024 - September 30, 2025

Date	Reference	Account	Description	WP Reference	Debit	Credit	Net Income Effect
<b>Adjusting Journal Entries</b>							
01/17/26	GOF AJE 1		To reverse PY payable	A-1			189,657.38
		1-7011	Transfer to Fire Dept: FF Crew			32,808.93	
		1-6075	Professional Fees: Legal Fees			2,500.00	
		1-6045	EMS - Personnel Health Insurance			5,359.14	
		1-6042	E M S: Firefighter Incentive			16,114.42	
		1-6040	E M S: Equipment			8,109.83	
		1-6038	E M S: EMS Paid Crew			124,765.06	
		1-2010	Accounts Payable		189,657.38		
01/17/26	GOF AJE 2		To accrue CY payable	A-1			(206,736.62)
		1-7011	Transfer to Fire Dept: FF Crew		44,506.61		
		1-6075	Professional Fees: Legal Fees		1,913.11		
		1-6070	Professional Fees: Accounting		478.12		
		1-6045	EMS - Personnel Health Insurance		7,698.70		
		1-6042	E M S: Firefighter Incentive		10,300.84		
		1-6040	E M S: Equipment		5,399.24		
		1-6038	E M S: EMS Paid Crew		136,440.00		
		1-2010	Accounts Payable			206,736.62	
01/17/26	GOF AJE 3		To adjust per review of tax analysis	A-1			0.00
		1-1113	ACCOUNTS RECEIVABLE - TAX		15,336.48		
		1-2500	DEFERRED TAX			15,336.48	
<b>Totals for Adjusting Journal Entries</b>					<u>411,730.48</u>	<u>411,730.48</u>	<u>(17,079.24)</u>
<b>Report Totals</b>					<u>411,730.48</u>	<u>411,730.48</u>	<u>(17,079.24)</u>

Journal Entry count = 3

# *McCall Gibson Swedlund Barfoot Ellis PLLC*

*Certified Public Accountants*

*Chris Swedlund  
Noel W. Barfoot  
Joseph Ellis  
Ashlee Martin*

*Mike M. McCall  
(retired)  
Debbie Gibson  
(retired)*

February 23, 2026

Board of Directors  
Harris County Emergency  
Service District No. 14  
Harris County, Texas

In planning and performing our audit of the financial statements of Harris County Emergency Service District No. 14 (the “District”) as of and for the year ended September 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the District’s financial statements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## **Material Weaknesses**

Last year and again this year, we observed the following deficiencies in the District’s internal control that we consider to be material weaknesses.

The District’s management consists of an elected Board of Directors (the “Directors”). In most cases the day-to-day operations are performed by private companies (“Consultants”) under contract with the District. The Directors of the District supervise the performance of the Consultants; however, although the Consultants can be part of the District’s system of internal control, the Consultants are not members of management. Ultimately, the Directors of the District are responsible for the design and implementation of the system of internal control.

As is common within the system of internal control of most small organizations, the accounting function of the District does not include preparation of the financial statements complete with footnotes in accordance with accounting principles generally accepted in the United States of America. Accordingly, the District has not established internal controls over the preparation of its financial statements. This condition is considered to be a material weakness of the District’s system of internal control over financial reporting.

**Material Weaknesses (Continued)**

During the course of performing an audit, we prepared various entries to present the financial statements on the government-wide basis of accounting. Management's reliance upon the auditor to detect and make these necessary adjustments is considered to be a material weakness in internal control. Auditing standards do not make exceptions for reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive.

We agree with the objective to inform an organization of all the conditions in its internal control that interfere with its ability to record financial data reliably and issue financial statements free of material misstatement. Communication of the material weaknesses above helps to emphasize that the responsibility for financial reporting rests entirely with the organization and not the auditor.

**Management's Response**

The Commissioners are elected by the Commissioner's Court and are not required to have governmental accounting expertise. The Board engages consultants who possess industry knowledge and expertise to provide financial and legal services. Based on the auditor's unmodified opinion and after reading the financial statements, the Commissioners believe the financial statements to be materially correct. The Commissioners do not feel that the addition of an employee or another consultant to oversee the annual financial reporting process is necessary nor would it be cost effective.

**Conclusion**

Management's written response to the material weaknesses identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Board of Directors and the Texas Commission on Environmental Quality and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*McCall Gibson Swedlund Barfoot Ellis PLLC*

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