Timber Lane Utility District

Information Required by Section 26.18, Texas Tax Code and
Section 2051.202, Texas Government Code

Date: September 24, 2026
(2026 proposed tax rate; notice of hearing)

(1) Name and term of office of each member of the governing body:

Name	Term of Office
Daniel M. Meacham	May 2024 – May 2028
Robert B. Schenck	May 2026 – May 2030
James F. Messer	May 2026 – May 2030
A.F. (Bud) Gessel	May 2024 – May 2028
Eric Langstaff	May 2026 – May 2030

(2) Mailing address, physical address, e-mail address, and telephone number:
2727 Allen Parkway, Suite 1100
Houston, Texas 77019
713-652-6500
94056@smithmur.com

(3) a. Official contact information for each member of the governing body:
Same as Item (2) above.

b. Name of General Manager or Executive Director: Not applicable.

c. Name, mailing address and telephone number of person representing District's utility operator: Mark Ivy, Marlon Ivy & Associates, Inc., P. O. Box 9, Spring, Texas 77373, (281) 651-1618

d. Name, mailing address and telephone number of person representing District's tax assessor-collector: Monica Pena, Utility Tax Service, LLC, 1750 W. 43rd Street, Houston, Texas 77018, (713) 688-3855

(4) District's budget for the preceding two years: See attached.

(5) Proposed or adopted budget for the current year: See attached.

(6) Change in amount of District budget from the preceding year to current year, by dollar amount and percentage:

2026 Budget Revenues	2027 Budget Revenues	$ Amt of Change	% Change
$12,349,000	$12,311,000	-$8,000	-0.3077%

(7) Amount of property tax revenue budgeted for maintenance and operations for the preceding two years and the current year: See attached budgets.

(8) Amount of property tax revenue budgeted for debt service for the preceding two years and the current year: The District does not budget for debt service.

(9) Tax rate for maintenance and operations adopted by the taxing unit for the current and preceding two years:

2025: $0.32
2024: $0.30
2023: $0.31

(10) The tax rate for debt service adopted by the taxing unit for the current and preceding two years:

2025: $0.48
2024: $0.51
2023: $0.51

(11) This information required by Section 26.18 is applicable only to school districts.

(12) Tax rate for maintenance and operations proposed by the taxing unit for the current year:
2026: $0.32

(13) Tax rate for debt service proposed by the taxing unit for the current year:
2026: $0.48

(14) This information required by Section 26.18 is applicable only to school districts.

(15) The most recent financial audit of the District. See attached audit.

(16) Rate of District's ad valorem tax rate, if any: The District's ad valorem tax rate for 2025 is $0.80 per $100 assessed valuation.

(17) Rate of District's sale and use tax, if any: Not applicable.

(18) Notice of tax rate hearing required under Chapter 26, Tax Code or Section 49.236, Water Code: Notice of Tax Rate Hearing will be posted on the website when available.

(19) District's meeting schedule and location: Monthly on the 2nd Thursday at 6:00 p.m. at 1904 Naplechase Crest, Spring, Texas.

(20) Residents of the District have the right to request the designation of a meeting location within the District under Section 49.062(g), Water Code. A description of this process can be found at https://www.tceq.texas.gov/downloads/water-districts/forms/form-20863.pdf.

(21) Meeting notices and approved minutes. Each notice of a meeting and approved minutes for meetings conducted in the current calendar year and the immediately preceding calendar year are posted on this website.

TIMBER LANE U.D.

Approved Budget for Fiscal Year Ending June 30th, 2027

	2027
Revenue :	**Approved Budget**
Water Revenue	2,000,000.00
Sewer Revenue	1,700,000.00
Penalties/ Other water revenues	160,000.00
Tap Fees	25,000.00
Sewer Inspection Fees	20,000.00
N.H.C.R.W.A. fees	2,500,000.00
Interest earned	750,000.00
Maintenance Tax Revenues	4,980,000.00
Sales Tax Revenue (C.O.H.)	175,000.00
Miscellaneous Revenue	1,000.00
	12,311,000.00

Expenses :	**Annual Budget**
Sludge Hauling	240,000.00
Director Fees	36,000.00
Payroll Taxes	20,000.00
Legal Fees	175,000.00
Auditing Fees	25,000.00
Engineering Fees	300,000.00
Engineering Fees (WWTP Permit)	25,000.00
Laboratory Expense	130,000.00
Permit Fees	52,000.00
N.H.C.R.W.A assessment	2,500,000.00
Operators Fees	400,000.00
Bookkeeping Fees	76,800.00
Repairs & Maintenance	2,200,000.00
R/M Detention Ponds (Champions)	800,000.00
Park Maint/ Operations (incl bldg maint)	800,000.00
Membership Fee/ Travel Expenses	35,000.00
Office Expenses	250,000.00
Chemicals	120,000.00
Utilities (all)	550,000.00
Insurance/Bonds	215,000.00
Recon/Discon /Serv Agreements	0.00
Tap Connection Expense	25,000.00
Sewer Inspection Expense	20,000.00
Costs for G.I.S.	9,600.00
Law Enforcement Services	1,800,000.00
Land Purchase	0.00
District Projects	600,000.00
Publication & Legal Notice/Election	2,500.00
Water Conservation Ed	5,000.00
General Manager Parks	46,320.00
Miscellaneous Expenses	25,000.00
	11,483,220.00

TIMBER LANE U.D.

Approved Budget for Fiscal Year Ending June 30th, 2026

May 8, 2025

	2025	11 months		2026
Revenue :	**Adopted Budget**	**Actual YTD**	**Projected yearend**	**Approved Budget**
Water Revenue	1,600,000.00	1,713,095.35	1,868,831.29	2,000,000.00
Sewer Revenue	1,700,000.00	1,494,650.35	1,630,527.65	1,700,000.00
Penalties/ Other water revenues	200,000.00	142,267.79	155,201.23	160,000.00
Tap Fees	200,000.00	1,800.00	1,963.64	25,000.00
Sewer Inspection Fees	50,000.00	8,217.54	8,964.59	9,000.00
N.H.C.R.W.A. fees	2,900,000.00	1,748,008.08	1,906,917.91	2,500,000.00
Interest earned	750,000.00	726,262.10	792,285.93	750,000.00
Maintenance Tax Revenues	4,980,000.00	4,653,484.05	4,980,000.00	4,980,000.00
Sales Tax Revenue (C.O.H.)	175,000.00	163,581.61	178,452.67	175,000.00
Miscellaneous Revenue	50,000.00	20,382.00	22,234.91	50,000.00
	12,605,000.00	**10,671,748.87**	**11,545,379.80**	**12,349,000.00**
Expenses :	**Annual Budget**	Actual YTD	Budget YTD	**Annual Budget**
Sludge Hauling	232,000.00	179,247.03	195,542.21	200,000.00
Director Fees	36,000.00	27,600.01	30,109.10	36,000.00
Payroll Taxes	20,000.00	9,513.46	10,378.32	20,000.00
Legal Fees	175,000.00	87,876.00	95,864.73	175,000.00
Auditing Fees	25,000.00	21,750.00	21,750.00	25,000.00
Engineering Fees	175,000.00	113,839.82	124,188.89	300,000.00
~~Engineering Fees (Park)~~	~~75,000.00~~	~~214,285.96~~	~~257,143.15~~	~~0.00~~
Engineering Fees (WWTP Permit)	25,000.00	5,165.00	5,634.55	25,000.00
Laboratory Expense	130,000.00	104,052.84	113,512.19	130,000.00
Permit Fees	50,000.00	50,833.06	50,833.06	50,000.00
N.H.C.R.W.A assessment	2,900,000.00	1,824,045.20	1,989,867.49	2,500,000.00
Operators Fees	400,000.00	313,179.57	341,650.44	400,000.00
Bookkeeping Fees	72,600.00	61,850.00	67,472.73	72,600.00
Repairs & Maintenance	1,600,000.00	1,530,579.62	1,669,723.22	1,600,000.00
R/M Detention Ponds (Champions)	600,000.00	769,180.76	839,106.28	800,000.00
Park Maint/ Operations (incl bldg maint)	475,000.00	556,550.74	607,146.26	650,000.00
Membership Fee/ Travel Expenses	35,000.00	11,024.85	12,027.11	35,000.00
Office Expenses	180,000.00	236,691.35	258,208.75	250,000.00
Chemicals	40,000.00	60,745.95	66,268.31	50,000.00
Utilities (all)	525,000.00	389,586.34	425,003.28	525,000.00
Insurance/Bonds	175,000.00	179,798.14	179,798.14	200,000.00
Recon/Discon /Serv Agreements	40,000.00	0.00	0.00	40,000.00
Tap Connection Expense	100,000.00	0.00	0.00	25,000.00
Sewer Inspection Expense	14,000.00	14,150.00	15,436.36	14,000.00
Costs for G.I.S.	9,600.00	8,800.00	9,600.00	9,600.00
Law Enforcement Services	1,200,000.00	1,231,030.00	1,342,941.82	1,350,000.00
Land Purchase	0.00	0.00	0.00	0.00
~~Park Projects~~	~~200,000.00~~	~~169,046.74~~	184,414.63	~~0.00~~
District Projects	300,000.00	109,000.00	118,909.09	600,000.00
~~Sink Hole~~	~~0.00~~	~~0.00~~	0.00	~~0.00~~
Publication & Legal Notice/Election	2,500.00	0.00	0.00	2,500.00
Water Conservation Ed	5,000.00	0.00	0.00	5,000.00
General Manager Parks	42,250.00	42,460.00	46,320.00	46,320.00
Miscellaneous Expenses	50,000.00	44,075.46	48,082.32	50,000.00
	9,908,950.00	**8,365,957.90**	**9,126,932.43**	**10,186,020.00**

TIMBER LANE U.D.

Adopted Budget for Fiscal Year Ending June 30th, 2025

June 11, 2024

	2024	11 Months		2025
Revenue :	**Proposed Budget**	**Actual YTD**	**Projected yearend**	**Adopted Budget**
Water Revenue	1,600,000.00	1,771,666.30	2,125,999.56	1,600,000.00
Sewer Revenue	1,700,000.00	1,522,559.52	1,827,071.42	1,700,000.00
Penalties/ Other water revenues	200,000.00	163,006.09	195,607.31	200,000.00
Tap Fees	200,000.00	167,226.00	200,671.20	200,000.00
Sewer Inspection Fees	50,000.00	7,716.00	9,259.20	50,000.00
N.H.C.R.W.A. fees	2,900,000.00	2,346,440.65	2,815,728.78	2,900,000.00
Interest earned	400,000.00	631,594.15	757,912.98	750,000.00
Maintenance Tax Revenues	4,000,000.00	4,979,131.15	5,974,957.38	4,980,000.00
Sales Tax Revenue (C.O.H.)	175,000.00	162,411.15	194,893.38	175,000.00
Miscellaneous Revenue	50,000.00	6,670.00	8,004.00	50,000.00
	11,275,000.00	**11,758,421.01**	**14,110,105.21**	**12,605,000.00**
Expenses :	**Annual Budget**	Actual YTD	Budget YTD	**Annual Budget**
Sludge Hauling	232,000.00	196,923.46	236,308.15	232,000.00
Director Fees	36,000.00	33,600.00	40,320.00	36,000.00
Payroll Taxes	15,000.00	13,032.42	15,638.90	20,000.00
Legal Fees	175,000.00	112,925.00	135,510.00	175,000.00
Auditing Fees	25,000.00	21,300.00	25,560.00	25,000.00
Engineering Fees	175,000.00	169,789.58	203,747.50	175,000.00
Engineering Fees (Park)	75,000.00	347,501.86	417,002.23	75,000.00
Engineering Fees (WWTP Permit)	25,000.00	15,016.71	18,020.05	25,000.00
Laboratory Expense	180,000.00	110,109.40	132,131.28	130,000.00
Permit Fees	50,000.00	51,268.30	61,521.96	50,000.00
N.H.C.R.W.A assessment	2,900,000.00	2,380,482.90	2,856,579.48	2,900,000.00
Operators Fees	418,000.00	313,626.72	376,352.06	400,000.00
Bookkeeping Fees	72,600.00	61,900.00	74,280.00	72,600.00
Repairs & Maintenance	1,750,000.00	1,170,442.31	1,404,530.77	1,600,000.00
R/M Detention Ponds (Champions)	510,000.00	582,426.73	698,912.08	600,000.00
Park Maint/ Operations (incl bldg maint)	475,000.00	443,492.39	532,190.87	475,000.00
Membership Fee/ Travel Expenses	35,000.00	23,939.50	28,727.40	35,000.00
Office Expenses	180,000.00	254,415.92	305,299.10	180,000.00
Chemicals	40,000.00	24,743.25	29,691.90	40,000.00
Utilities (all)	410,000.00	479,520.97	575,425.16	525,000.00
Insurance/Bonds	125,000.00	156,139.52	187,367.42	175,000.00
Recon/Discon /Serv Agreements	40,000.00	0.00	0.00	40,000.00
Tap Connection Expense	100,000.00	56,152.00	67,382.40	100,000.00
Sewer Inspection Expense	25,000.00	12,500.00	15,000.00	14,000.00
Costs for G.I.S.	9,600.00	8,800.00	10,560.00	9,600.00
Law Enforcement Services	1,200,000.00	1,160,548.00	1,392,657.60	1,200,000.00
Land Purchase	0.00	0.00	0.00	0.00
Park Projects	2,100,000.00	154,286.95	185,144.34	200,000.00
District Projects	300,000.00	626,696.54	752,035.85	300,000.00
Sink Hole	0.00	0.00	0.00	0.00
Publication & Legal Notice/Election	2,500.00	0.00	0.00	2,500.00
Water Conservation Ed	5,000.00	4,256.00	5,107.20	5,000.00
General Manager Parks	42,250.00	42,460.00	50,952.00	42,250.00
Miscellaneous Expenses	50,000.00	34,848.58	41,818.30	50,000.00
	11,777,950.00	**9,063,145.01**	**10,875,774.01**	**9,908,950.00**

Approved 06-08-2023

TIMBER LANE U.D.

Proposed Budget for Fiscal Year Ending June 30th, 2024

May 11, 2023

	2023			2024
Revenue :	**Proposed Budget**	**Actual YTD**	**Projected yearend**	**Proposed Budget**
Water Revenue	1,600,000.00	1,516,433.91	1,819,720.69	1,600,000.00
Sewer Revenue	1,700,000.00	1,376,493.35	1,651,792.02	1,700,000.00
Penalties/ Other water revenues	200,000.00	170,175.63	204,210.76	200,000.00
Tap Fees	200,000.00	10,800.00	12,960.00	200,000.00
Sewer Inspection Fees	50,000.00	7,228.40	8,674.08	50,000.00
N.H.C.R.W.A. fees	2,900,000.00	2,490,566.63	2,988,679.96	2,900,000.00
Interest earned	7,500.00	368,230.99	441,877.19	400,000.00
Maintenance Tax Revenues	4,000,000.00	4,497,435.89	4,497,435.89	4,000,000.00
Sales Tax Revenue (C.O.H.)	175,000.00	150,650.32	180,780.38	175,000.00
Miscellaneous Revenue	50,000.00	225,812.56	270,975.07	50,000.00
	10,882,500.00	**10,813,827.68**	**12,077,106.04**	**11,275,000.00**
Expenses :	**Annual Budget**	Actual YTD	Budget YTD	**Annual Budget**
Sludge Hauling	225,000.00	194,106.59	232,927.91	232,000.00
Director Fees	36,000.00	34,100.00	40,920.00	36,000.00
Payroll Taxes	15,000.00	14,734.60	17,681.52	15,000.00
Legal Fees	175,000.00	88,349.00	106,018.80	175,000.00
Electronic Records Management	0.00	0.00	0.00	0.00
Auditing Fees	25,000.00	20,300.00	24,360.00	25,000.00
Engineering Fees	175,000.00	346,126.60	415,351.92	175,000.00
Engineering Fees (Park)	75,000.00	90,034.87	108,041.84	75,000.00
Engineering Fees (WWTP Permit)	25,000.00	14,218.59	17,062.31	25,000.00
Laboratory Expense	180,000.00	135,526.19	162,631.43	180,000.00
Permit Fees	50,000.00	31,734.56	38,081.47	50,000.00
N.H.C.R.W.A assessment	2,900,000.00	2,793,490.10	3,352,188.12	2,900,000.00
Operators Fees	375,000.00	348,527.55	418,233.06	418,000.00
Bookkeeping Fees	60,000.00	51,287.50	61,545.00	72,600.00
Repairs & Maintenance	1,250,000.00	1,844,779.23	2,213,735.08	1,750,000.00
R/M Detention Ponds (Champions)	510,000.00	530,896.13	637,075.36	510,000.00
Park Maint/ Operations (incl bldg maint)	475,000.00	388,944.80	466,733.76	475,000.00
Membership Fee/ Travel Expenses	35,000.00	10,028.54	12,034.25	35,000.00
Office Expenses	125,000.00	151,726.60	182,071.92	180,000.00
Chemicals	30,000.00	33,505.88	40,207.06	40,000.00
Utilities (all)	410,000.00	421,411.89	505,694.27	410,000.00
Insurance/Bonds	125,000.00	106,392.00	127,670.40	125,000.00
Recon/Discon /Serv Agreements	40,000.00	29,446.00	35,335.20	40,000.00
Tap Connection Expense	100,000.00	5,400.00	6,480.00	100,000.00
Sewer Inspection Expense	25,000.00	14,190.00	17,028.00	25,000.00
Costs for G.I.S.	9,600.00	8,930.00	10,716.00	9,600.00
Law Enforcement Services	1,200,000.00	915,565.00	1,098,678.00	1,200,000.00
Land Purchase	0.00	0.00	0.00	0.00
Park Projects	2,100,000.00	191,298.00	229,557.60	2,100,000.00
District Projects	300,000.00	308,822.76	370,587.31	300,000.00
Sink Hole	0.00	0.00	0.00	0.00
Publication & Legal Notice/Election	2,500.00	0.00	0.00	2,500.00
Water Conservation Ed	5,000.00	2,508.00	3,009.60	5,000.00
General Manager Parks	42,250.00	34,856.00	41,827.20	42,250.00
Miscellaneous Expenses	50,000.00	64,337.16	77,204.59	50,000.00
	11,150,350.00	**9,225,574.14**	**11,070,688.97**	**11,777,950.00**

TIMBER LANE UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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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)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Timber Lane Utility District
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Timber Lane Utility District (the "District") as of and for the year ended June 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 each major fund of the District as of June 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.

Board of Directors
Timber Lane Utility District

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

October 9, 2025

TIMBER LANE UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Management's discussion and analysis of Timber Lane Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 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) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes 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 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 three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explains the differences between the two presentations and assists 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 and deferred outflows of resources exceeded liabilities by $41,941,291 as of June 30, 2025.

A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 45,250,087	$ 43,621,423	$ 1,628,664
Capital Assets (Net of Accumulated Depreciation)	88,284,533	87,650,082	634,451
Total Assets	$ 133,534,620	$ 131,271,505	$ 2,263,115
Deferred Outflows of Resources	$ 182,157	$ 255,834	$ (73,677)
Due to Developer	$ 122,245	$ 122,245	$
Bonds Payable	88,734,555	91,096,150	2,361,595
Other Liabilities	2,918,686	3,881,722	963,036
Total Liabilities	$ 91,775,486	$ 95,100,117	$ 3,324,631
Net Position:			
Net Investment in Capital Assets	$ 11,826,456	$ 11,019,888	$ 806,568
Restricted	9,779,764	8,571,763	1,208,001
Unrestricted	20,335,071	16,835,571	3,499,500
Total Net Position	$ 41,941,291	$ 36,427,222	$ 5,514,069

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

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 12,792,763	$ 13,251,876	$ (459,113)
Charges for Services	5,224,049	6,581,055	(1,357,006)
Other Revenues	1,977,166	2,295,686	(318,520)
Total Revenues	$ 19,993,978	$ 22,128,617	$ (2,134,639)
Expenses for Services	14,479,909	16,553,131	2,073,222
Change in Net Position	$ 5,514,069	$ 5,575,486	$ (61,417)
Net Position, Beginning of Year	36,427,222	30,851,736	5,575,486
Net Position, End of Year	$ 41,941,291	$ 36,427,222	$ 5,514,069

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2025, were $42,836,277, an increase of $2,059,707 from the prior year.

The General Fund fund balance increased by $3,502,908, primarily due to tax and service revenues and a transfer from the Capital Projects Fund exceeding operating and capital costs.

The Debt Service Fund fund balance increased by $672,600, primarily due to the structure of the District's outstanding debt requirements.

The Capital Projects Fund fund balance decreased by $2,115,801, primarily due to the transfer to the General Fund for drainage improvements paid in a prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were $1,789,535 less than budgeted revenues. Actual expenditures were $647,313 less than budgeted expenditures. Other financing sources of $1,949,080 were not budgeted for. This resulted in a positive budget variance of $806,858. See the budget to actual comparison on page 34 for further information.

CAPITAL ASSETS

Capital assets as of June 30, 2025, total $88,284,533 (net of accumulated depreciation) and include land, as well as the water, wastewater, drainage and recreational facilities.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 6,660,994	$ 6,660,994	$
Construction in Progress	1,371,731	11,681,666	(10,309,935)
Capital Assets, Net of Accumulated Depreciation:			
Water System	26,340,039	18,955,894	7,384,145
Wastewater System	23,084,916	23,517,416	(432,500)
Drainage System	22,993,792	21,175,047	1,818,745
Parks and Buildings	7,833,061	5,659,065	2,173,996
Total Net Capital Assets	$ 88,284,533	$ 87,650,082	$ 634,451

LONG-TERM DEBT ACTIVITY

As of June 30, 2025, the District had total bond debt payable of $88,305,000. The changes in the debt position of the District during the fiscal year ended June 30, 2025, are summarized as follows:

Bond Debt Payable, July 1, 2024	$	90,655,000
Add: Bond Sale - Series 2024		2,500,000
Less: Bond Principal Paid		4,850,000
Bond Debt Payable, June 30, 2025	$	88,305,000

The District's bonds carry an underlying rating of "A2" from Moody's. The Series 2015 Refunding, 2020A Refunding, Series 2021, Series 2021A and Series 2024 bonds carry an insured rating of "AA" from Standard and Poor's by virtue of bond insurance issued by Assured Guaranty. The Series 2014, 2014A, 2014B Refunding, 2015A, 2018, 2018A, 2019 Refunding, 2020, 2022 and 2023 bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2016 bonds have an insured rating of "Baa3" by virtue of bond insurance issued by National Public Finance Guarantee. The above ratings include all rating changes, if any, through June 30, 2025.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Timber Lane Utility District, c/o Smith Murdaugh Little & Bonham LLP, 2727 Allen Parkway, Suite 1100, Houston, Texas 77019.

TIMBER LANE UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 1,044,153	$ 348,081
Investments	19,425,667	10,620,270
Receivables:		
Property Taxes	192,862	323,983
Penalty and Interest on Delinquent Taxes		
Service Accounts	524,654	
Accrued Interest		2,558
Other	12,604	
Due from Other Funds	620,485	
Prepaid Costs	182,265	
Due from Other Governmental Units	28,626	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 22,031,316	$ 11,294,892
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 22,031,316	$ 11,294,892

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 63,902	$ 1,456,136	$	$ 1,456,136
12,369,815	42,415,752		42,415,752
	516,845		516,845
		100,192	100,192
	524,654		524,654
	2,558		2,558
	12,604		12,604
	620,485	(620,485)	
	182,265	10,455	192,720
	28,626		28,626
		6,660,994	6,660,994
		1,371,731	1,371,731
		80,251,808	80,251,808
$ 12,433,717	$ 45,759,925	$ 87,774,695	$ 133,534,620
$ -0-	$ -0-	$ 182,157	$ 182,157
$ 12,433,717	$ 45,759,925	$ 87,956,852	$ 133,716,777

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

TIMBER LANE UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2025

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 661,240	$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		468,810
Due to Taxpayers		14,142
Security Deposits	1,045,460	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 1,706,700	$ 482,952
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 192,862	$ 323,983
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 182,265	$
Restricted for Authorized Construction		
Restricted for Debt Service		10,487,957
Unassigned	19,949,489	
TOTAL FUND BALANCES	$ 20,131,754	$ 10,487,957
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 22,031,316	$ 11,294,892
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 65,476	$ 726,716	$	$ 726,716
		1,132,368	1,132,368
		122,245	122,245
151,675	620,485	(620,485)	
	14,142		14,142
	1,045,460		1,045,460
		5,135,000	5,135,000
		83,599,555	83,599,555
$ 217,151	$ 2,406,803	$ 89,368,683	$ 91,775,486
$ -0-	$ 516,845	$ (516,845)	$ -0-
$	$ 182,265	$ (182,265)	$
12,216,566	12,216,566	(12,216,566)	
	10,487,957	(10,487,957)	
	19,949,489	(19,949,489)	
$ 12,216,566	$ 42,836,277	$ (42,836,277)	$ -0-
$ 12,433,717	$ 45,759,925		
		$ 11,826,456	$ 11,826,456
		9,779,764	9,779,764
		20,335,071	20,335,071
		$ 41,941,291	$ 41,941,291

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

TIMBER LANE UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balances - Governmental Funds		$ 42,836,277
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Prepaid bond insurance in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		10,455
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		182,157
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		88,284,533
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 revenue in the governmental activities of the District.		617,037
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:		
Due to Developer	$ (122,245)	
Accrued Interest Payable	(1,132,368)	
Bonds Payable	(88,734,555)	(89,989,168)
Total Net Position - Governmental Activities		$ 41,941,291

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

TIMBER LANE UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 4,737,339	$ 8,048,214
Water Service	1,496,640	
Wastewater Service	1,479,487	
Sales Tax Revenues	176,758	
Regional Water Authority Fees	1,784,790	
Penalty and Interest	142,261	145,349
Tap Connection and Inspection Fees	12,482	
Investment Revenues	795,945	319,876
Miscellaneous Revenues	189,763	30
TOTAL REVENUES	$ 10,815,465	$ 8,513,469
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 432,259	$ 48,634
Contracted Services	1,964,642	245,642
Utilities	461,215	
Regional Water Authority Assessment	1,984,834	
Repairs and Maintenance	3,092,603	
Depreciation		
Other	1,049,253	30,212
Capital Outlay	276,831	
Debt Service:		
Bond Principal		4,850,000
Bond Interest		2,666,381
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	$ 9,261,637	$ 7,840,869
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 1,553,828	$ 672,600
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	$ 1,949,080	$
Long-Term Debt Issued		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	$ 1,949,080	$ -0-
NET CHANGE IN FUND BALANCES	$ 3,502,908	$ 672,600
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2024	16,628,846	9,815,357
FUND BALANCES/NET POSITION - JUNE 30, 2025	$ 20,131,754	$ 10,487,957

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 12,785,553	$ 7,210	$ 12,792,763
	1,496,640		1,496,640
	1,479,487		1,479,487
	176,758		176,758
	1,784,790		1,784,790
	287,610	(13,718)	273,892
	12,482		12,482
636,365	1,752,186		1,752,186
35,187	224,980		224,980
$ 671,552	$ 20,000,486	$ (6,508)	$ 19,993,978
$	$ 480,893	$	$ 480,893
	2,210,284		2,210,284
	461,215		461,215
	1,984,834		1,984,834
	3,092,603		3,092,603
		2,751,867	2,751,867
41,186	1,120,651		1,120,651
3,109,487	3,386,318	(3,386,318)	
	4,850,000	(4,850,000)	
	2,666,381	(525,201)	2,141,180
236,382	236,382		236,382
$ 3,387,055	$ 20,489,561	$ (6,009,652)	$ 14,479,909
$ (2,715,503)	$ (489,075)	$ 6,003,144	$ 5,514,069
$ (1,949,080)	$	$	$
2,500,000	2,500,000	(2,500,000)	
48,782	48,782	(48,782)	
$ 599,702	$ 2,548,782	$ (2,548,782)	$ -0-
$ (2,115,801)	$ 2,059,707	$ (2,059,707)	$
		5,514,069	5,514,069
14,332,367	40,776,570	(4,349,348)	36,427,222
$ 12,216,566	$ 42,836,277	$ (894,986)	$ 41,941,291

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

TIMBER LANE UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Governmental Funds	$	2,059,707
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		7,210
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		(13,718)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(2,751,867)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		3,386,318
Governmental funds report bond premiums as an other financing sources in the year received. However, in the Statement of Net Position, bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		(48,782)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		4,850,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		525,201
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		(2,500,000)
Change in Net Position - Governmental Activities	$	5,514,069

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

TIMBER LANE UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. CREATION OF DISTRICT

Timber Lane Utility District, of Harris County, Texas (the "District") was created in 1969 by an Order of the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on October 8, 1969 and sold its first series of bonds on August 9, 1971.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether 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:

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

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

Government-Wide Financial Statements

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

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

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 revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds - The District has three governmental funds and considers each to be a major fund.

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

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

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if it is 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.

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

Capital Assets

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $25,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

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 one full time employee. Payments are made into the social security system for the employee. The Internal Revenue Service has determined that fees of office received by Directors are considered wages subject to federal income tax withholding for payroll tax purposes only. A separate pension plan has not been established for the directors or employee.

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 and liabilities associated with the activities are reported. Fund equity is classified as net position.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

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

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

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

NOTE 3. LONG-TERM DEBT

	Series 2014	Series 2014A	Refunding Series 2014B
Amounts Outstanding – June 30, 2025	$ 1,550,000	$ 700,000	$ 1,290,000
Interest Rates	4.00% - 4.25%	3.00% - 3.75%	3.00%
Maturity Dates – Serially Beginning/Ending	August 1, 2025/2036	August 1, 2025/2030	August 1, 2025/2027
Interest Payment Dates	August 1/ February 1	August 1/ February 1	August 1/ February 1
Callable Dates	August 1, 2021*	August 1, 2021*	August 1, 2023*

	Refunding Series 2015	Series 2015A	Series 2016
Amounts Outstanding – June 30, 2025	$ 7,830,000	$ 4,300,000	$ 4,250,000
Interest Rates	3.00% - 3.25%	2.25% - 3.75%	3.00% - 3.625%
Maturity Dates – Serially Beginning/Ending	August 1, 2025/2034	August 1, 2025/2040	August 1, 2025/2040
Interest Payment Dates	August 1/ February 1	August 1/ February 1	August 1/ February 1
Callable Dates	August 1, 2022*	August 1, 2023*	August 1, 2023*

	Recreational Series 2018	Series 2018A	Refunding Series 2019
Amounts Outstanding – June 30, 2025	$ 2,500,000	$ 5,250,000	$ 6,055,000
Interest Rates	3.00% - 3.50%	3.00% - 3.50%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	August 1, 2025/2040	August 1, 2025/2040	August 1, 2025/2028
Interest Payment Dates	August 1/ February 1	August 1/ February 1	August 1/ February 1
Callable Dates	August 1, 2024*	August 1, 2024*	August 1, 2025*

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2020	Refunding Series 2020A	Series 2021
Amounts Outstanding – June 30, 2025	$ 1,800,000	$ 3,160,000	$ 11,500,000
Interest Rates	2.00% - 3.00%	2.00% - 3.00%	1.00% - 3.50%
Maturity Dates – Serially Beginning/Ending	August 1, 2025/2040	August 1, 2025/2030	August 1, 2025/2043
Interest Payment Dates	August 1/ February 1	August 1/ February 1	August 1/ February 1
Callable Dates	August 1, 2025*	February 1, 2025*	August 1, 2026*

	Series 2021A	Series 2022	Series 2023	Recreational Series 2024
Amounts Outstanding – June 30, 2025	$ 12,870,000	$ 15,150,000	$ 7,600,000	$ 2,500,000
Interest Rates	2.00% - 4.00%	3.00% - 5.00%	3.00% - 5.00%	4.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	August 1, 2025/2045	August 1, 2025/2046	August 1, 2025/2046	August 1, 2026/2046
Interest Payment Dates	August 1/ February 1	August 1/ February 1	August 1/ February 1	August 1/ February 1
Callable Dates	August 1, 2027*	August 1, 2028*	August 1, 2029*	August 1, 2031*

* Or any date thereafter, at a price of par plus accrued interest on the principal amounts called to the date fixed for redemption. The Series 2014 term bonds maturing August 1, 2030, 2032, 2034 and 2036 are subject to mandatory redemption beginning August 1, 2025, 2031, 2033 and 2035, respectively. The Series 2014A term bonds maturing August 1, 2026, 2028 and 2030 are subject to mandatory redemption beginning August 1, 2025, 2027 and 2029, respectively. The Series 2015 term bonds maturing August 1, 2025 and 2027 are subject to mandatory redemption beginning August 1, 2023 and 2026, respectively. The Series 2015A term bonds maturing August 1, 2030, 2032, 2034, 2037 and 2040 are subject to mandatory redemption beginning August 1, 2028, 2031, 2033, 2035 and 2038, respectively. The Series 2016 term bonds maturing August 1, 2025, 2027, 2029, 2034 and 2040 are subject to mandatory redemption beginning August 1, 2024, 2026, 2028, 2033 and 2039, respectively. The Series 2018 term bonds maturing August 1, 2036 and 2040 are subject to mandatory redemption beginning August 1, 2035 and 2037, respectively. The Series 2018A term bonds maturing August 1, 2040 are subject to mandatory redemption beginning August 1, 2036. The Series 2020A term bonds maturing on February 1, 2028 are subject to mandatory redemption beginning February 1, 2026. The Series 2021 term bonds maturing on August 1, 2043 are subject to mandatory redemption beginning August 1, 2042. The Series 2021A term bonds maturing on August 1, 2043 and August 1, 2045 are subject to mandatory redemption beginning August 1, 2042 and August 1, 2044, respectively. The Series 2022 term bonds maturing on August 1, 2046 are subject to mandatory redemption beginning August 1, 2045. The Series 2023 term bonds maturing on August 1, 2042 and August 1, 2046 are subject to mandatory redemption beginning August 1, 2041 and August 1, 2044, respectively. The Series 2024 term bonds maturing on August 1, 2036, 2038, 2040, 2042, 2044 and 2046 are subject to bonds maturing August 1, 2035, 2037, 2039, 2041, 2043 and 2045, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2025:

	July 1, 2024	Additions	Retirements	June 30, 2025
Bonds Payable	$ 90,655,000	$ 2,500,000	$ 4,850,000	$ 88,305,000
Unamortized Discounts	(32,816)		(10,628)	(22,188)
Unamortized Premiums	473,966	48,782	71,005	451,743
Bonds Payable, Net	$ 91,096,150	$ 2,548,782	$ 4,910,377	$ 88,734,555

Amount Due Within One Year	$ 5,135,000
Amount Due After One Year	83,599,555
Bonds Payable, Net	$ 88,734,555

As of June 30, 2025, the District had authorized but unissued bonds in the amount of $26,050,000 for water, sanitary sewer and drainage bonds, $2,500,000 for recreational facilities bonds and $20,410,390 for refunding bonds.

As of June 30, 2025, the debt service requirements on the outstanding bonds were as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 5,135,000	$ 2,603,291	$ 7,738,291
2027	5,325,000	2,398,181	7,723,181
2028	5,405,000	2,213,943	7,618,943
2029	7,040,000	2,039,443	9,079,443
2030	5,565,000	1,866,812	7,431,812
2031-2035	23,660,000	7,277,394	30,937,394
2036-2040	19,960,000	4,129,867	24,089,867
2041-2045	13,215,000	1,471,326	14,686,326
2046-2047	3,000,000	103,894	3,103,894
	$ 88,305,000	$ 24,104,151	$ 112,409,151

The bonds of the District 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.

During the year ended June 30, 2025, the District levied an ad valorem debt service tax rate of $0.51 per $100 of assessed valuation, which resulted in a tax levy of $8,106,441 on the adjusted taxable valuation of $1,589,498,151 for the 2024 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

NOTE 3. LONG-TERM DEBT (Continued)

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

NOTE 4. SIGNIFICANT BOND ORDERS AND LEGAL REQUIREMENTS

The bond orders state that any profits received from the investment of any money in any fund or account created by the resolution shall be placed into such fund or account of the District.

The bond orders state that the District is required to provide continuing disclosure of annual financial information and operating data with respect to the District to the Municipal Securities Rulemaking Board. The information, along with the audited annual financial statements, is of the general type included in the annual audit report, and must be filed within six months after the end of each fiscal year of the District.

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

NOTE 5. 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.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

At fiscal year-end, the carrying amount of the District's deposits was $1,808,689 and the bank balance was $2,124,653. The District was not exposed to custodial credit risk at year-end. The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2025, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 1,044,153	$	$ 1,044,153
DEBT SERVICE FUND	348,081	352,553	700,634
CAPITAL PROJECTS FUND	63,902		63,902
TOTAL DEPOSITS	$ 1,456,136	$ 352,553	$ 1,808,689

Investments

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

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

The District invests in TexPool and TexSTAR, external investment pools that are not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of Texpool. Federated Investors, Inc. manages the daily operations of Texpool under a contract with the Comptroller. J.P. Morgan Investment Management Inc. provides investment

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

management and FirstSouthwest, a division of Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. TexPool and TexSTAR measure their portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool and TexSTAR at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool or TexSTAR. Certificates of deposit are valued at acquisition cost at the date of purchase. As of June 30, 2025, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 3,135,455	$ 3,135,455
TexSTAR	16,290,212	16,290,212
DEBT SERVICE FUND		
TexPool	531,187	531,187
TexSTAR	9,736,530	9,736,530
Certificates of Deposit	352,553	352,553
CAPITAL PROJECTS FUND		
TexPool	12,369,815	12,369,815
TOTAL INVESTMENTS	$ 42,415,752	$ 42,415,752

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2025, the District's investment in TexPool and TexSTAR were rated AAAm by Standard and Poor's. The District also 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 considers the investment in TexPool and TexSTAR to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

All cash and investments of the Debt Service Fund are restricted for payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 is as follows:

	July 1, 2024	Increases	Decreases	June 30, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 6,660,994	$	$	$ 6,660,994
Construction in Progress	11,681,666	3,386,318	13,696,253	1,371,731
Total Capital Assets Not Being Depreciated	$ 18,342,660	$ 3,386,318	$ 13,696,253	$ 8,032,725
Capital Assets Subject to Depreciation				
Water System	$ 31,009,195	$ 8,409,729	$	$ 39,418,924
Wastewater System	39,009,217	343,126		39,352,343
Drainage System	30,730,491	2,526,108		33,256,599
Parks and Buildings	7,565,490	2,417,290		9,982,780
Total Capital Assets Subject to Depreciation	$ 108,314,393	$ 13,696,253	$ - 0 -	$ 122,010,646
Accumulated Depreciation				
Water System	$ 12,053,301	$ 1,025,584	$	$ 13,078,885
Wastewater System	15,491,801	775,626		16,267,427
Drainage System	9,555,444	707,363		10,262,807
Parks and Buildings	1,906,425	243,294		2,149,719
Total Accumulated Depreciation	$ 39,006,971	$ 2,751,867	$ - 0 -	$ 41,758,838
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 69,307,422	$ 10,944,386	$ - 0 -	$ 80,251,808
Total Capital Assets, Net of Accumulated Depreciation	$ 87,650,082	$ 14,330,704	$ 13,696,253	$ 88,284,533

NOTE 7. MAINTENANCE TAX

On August 12, 2000, the voters of the District approved the levy and collection of a maintenance tax not to exceed $0.50 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. During the fiscal year ended June 30, 2025, the District levied an ad valorem maintenance tax rate of $0.30 per $100 of assessed valuation, which resulted in a tax levy of $4,768,494 on the adjusted taxable valuation of $1,589,498,151 for the 2024 tax year.

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 and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9. REGIONAL WATER AUTHORITY FEES

The North Harris County Regional Water Authority was created by House Bill 2965, Acts of the 76th Legislature, Regular Session 1999, and was confirmed by an election held on January 15, 2000. The Authority is a political subdivision of the State of Texas, governed by an elected five-member Board of Directors. The Authority is empowered to, among others 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 corporation, 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." The current fee is $2.60 per 1,000 gallons. The District's well pumpage fees payable to the Authority for the year ended June 30, 2025 were $1,984,834.

NOTE 10. STRATEGIC PARTNERSHIP AGREEMENT

Effective March 8, 2007, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas. The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall annex a tract of land defined as the "Subject Tract" for the limited purposes of applying the City's Planning, Zoning, Health and Safety Ordinances within the tract within the boundaries of the District. The District will continue to develop, to own, and to operate and maintain a water and wastewater system in the District. During the current fiscal year, the District recorded $176,758 of sales tax revenue from the City of Houston, of which $28,626 was recorded as a receivable at year end.

NOTE 11. INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS

As of June 30, 2025, the District recorded interfund payables of $425,959 in the Debt Service Fund for maintenance tax collections due to the General Fund and $42,851 for issuance and arbitrage costs paid by the General Fund and $151,675 in the Capital Projects Fund to reimburse the General Fund for various costs related to construction of assets. During the current fiscal year, the Capital Projects Fund transferred $1,949,080 to the General Fund to reimburse capital costs previously funded by the General Fund.

NOTE 12. DISTRICT PARKS AND RECREATIONAL FACILITIES

The District contracted with the Texas A&M University College of Architecture, Department of Landscape Architecture and Urban Planning, for preparation of master plans in 2005-2007, 2014, 2015 and 2018 for a series of parks and trails that will connect recreational facilities within the District and will become a part of a Master Greenway Project (Cypress Creek Greenway) along Cypress Creek in north Harris County. The District is financing the parks and trails with

NOTE 12. DISTRICT PARKS AND RECREATIONAL FACILITIES (Continued)

proceeds from recreational facilities bonds, surplus operating revenues, and with grants from the Texas Parks & Wildlife Department ("TPWD") and other state and local agencies. During a prior fiscal year, the District received an Indoor Recreation Grant from the TPWD in the amount of $203,217 from the TPWD for construction of the Timber Lane UD Community Center. During the prior fiscal year, the District received grants in aid totaling $197,082 from TPWD for the trails being constructed.

NOTE 13. UNREIMBURSED COSTS

The District has entered into development financing agreements with Developers within the District. These Developers have made expenditures on behalf of the District for various projects for which the District has not sold bonds. As of the balance sheet date, the District has recorded $122,245 for completed projects paid for by Developers related to construction and engineering of utilities within the District.

Due to Developers, beginning of year	$ 122,245
Additions	-0-
Reimbursements	-0-
Due to Developers, end of year	$ 122,245

NOTE 14. USE OF SURPLUS FUNDS

On June 8, 2023, in accordance with Commission rules, the District approved the use of surplus Capital Projects Fund monies in the amount of $1,450,469 for construction and engineering for generators to server water plant no. 3 and lift stations no. 2 and no. 7 ($1,269,706) and for construction and engineering for the lift station no. 5 rehabilitation.($180,763). During the current fiscal year, these costs were paid by the Capital Projects Fund. The lift station no. 5 rehabilitation project was completed in the prior fiscal year. The generator project was completed in current fiscal year.

On October 12, 2023, in accordance with the Commission rules, the District approved the use of surplus Capital Projects Fund monies in the amount of $553,727 for construction and engineering for generators to server lift station no. 1 and stormwater lift station no. 2. This project was completed in current fiscal year.

NOTE 14. USE OF SURPLUS FUNDS (Continued)

On February 8, 2024, in accordance with Commission rules, the District approved the use of surplus Capital Projects Fund monies in the amount of $151,675 to perform major repairs on the District's water main replacement portion of the HCED Treschwig Road, Segment A-1 project. The project was completed in a prior fiscal year. The Capital Projects Fund will reimburse the General Fund for these costs in the 2026 fiscal year.

On June 11, 2024, in accordance with Commission rules, the District approved the use of surplus Capital Projects Fund monies in the amount of $77,022 to perform major repairs needed at water plant no. 1, no. 2 pump at 2955-1/2 Mesquite, electrical work at water plant nos. 2 and 3, level transducer at lift station 11, check valve and well meter repairs at 2611-1/2 Ciderwood and water line offset services at 3602 Hirschfield Road. During the current fiscal year, the Capital Projects Fund reimbursed the General Fund for these costs.

On June 10, 2025, in accordance with Commission rules, the District approved the use of surplus Capital Projects Fund monies in the amount of $475,000 to perform major repairs on sanitary sewer facilities at Cypress Terrace and Timber Lane Utility District Sections 1, 2, 4, 6 and 8 sanitary sewer cleaning and televising. This project is in progress at year end.

NOTE 15. INTERLOCAL JOINT PARTICIPATION AGREEMENTS WITH HARRIS COUNTY

On November 29, 2022, the District entered into an Interlocal Joint Participation Agreement with Harris County (the "County") to fund improvements to storm sewers, inlets, pipes, detention pond and walking trails in and around Sandpiper Village subdivision. The project seeks to reduce flood risk and strengthen resiliency by assisting in the alleviation of structural flood damage to homes in the community. The County is managing the construction of the project. Upon completion, the District will assume responsibility for ongoing maintenance and repairs. The County has estimated the construction and engineering costs of the project to be $5,065,076 and has agreed to fund half of the cost with the District agreeing to also fund half of the cost. The County has agreed to reduce the District's funding share by the appraised cost of the affected parcel of land owned by the District which is currently estimated to be $513,850. Per the Agreement, the District's General Fund paid the County $2,018,688 for their estimated share of the cost of the project in the prior fiscal year. Proceeds from the Series 2023 bonds will be used to reimburse the General Fund. During the current fiscal year, the Capital Projects Fund reimbursed the General Fund for these costs.

On March 9, 2023, the District entered into an Interlocal Joint Participation Agreement with the County to fund the construction of a hike and bike trail in Breckenridge Subdivision. The District is managing the construction of the project and upon completion will assume responsibility for ongoing maintenance and repairs with the exception of storm sewers and inlets located in the County right-of-way. The County agreed to fund $300,000 of the construction costs of the project and contributed this amount to the District in prior year. The project was completed in the current fiscal year.

NOTE 16. BOND SALE

On December 18, 2024, the District issued $2,500,000 of Unlimited Tax Recreational Bonds, Series 2024. Proceeds from the bonds will be used to pay for construction costs for a generator to serve Timber Lane Community Center, Schultz Gulley Bridge, Breckenridge West Trails, Phase II, playground improvements, pickleball courts, and the Park Spring Detention Pond Perimeter Trails. Additional proceeds were used to pay issuance costs of the bonds.

TIMBER LANE UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2025

TIMBER LANE UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 4,980,000	$ 4,737,339	$ (242,661)
Water Service	1,600,000	1,496,640	(103,360)
Wastewater Service	1,700,000	1,479,487	(220,513)
Sales Tax Revenues	175,000	176,758	1,758
Regional Water Authority Fee	2,900,000	1,784,790	(1,115,210)
Penalty and Interest	200,000	142,261	(57,739)
Tap Connection and Inspection Fees	250,000	12,482	(237,518)
Investment Revenues	750,000	795,945	45,945
Miscellaneous Revenues	50,000	189,763	139,763
TOTAL REVENUES	$ 12,605,000	$ 10,815,465	$ (1,789,535)
EXPENDITURES			
Service Operations:			
Professional Fees	$ 475,000	$ 432,259	$ 42,741
Contracted Services	1,714,850	1,964,642	(249,792)
Utilities	525,000	461,215	63,785
Regional Water Authority Assessment	2,900,000	1,984,834	915,166
Repairs and Maintenance	2,675,000	3,092,603	(417,603)
Other	1,119,100	1,049,253	69,847
Capital Outlay	500,000	276,831	223,169
TOTAL EXPENDITURES	$ 9,908,950	$ 9,261,637	$ 647,313
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 2,696,050	$ 1,553,828	$ (1,142,222)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ - 0 -	$ 1,949,080	$ 1,949,080
NET CHANGE IN FUND BALANCE	$ 2,696,050	$ 3,502,908	$ 806,858
FUND BALANCE - JULY 1, 2024	16,628,846	16,628,846	
FUND BALANCE - JUNE 30, 2025	$ 19,324,896	$ 20,131,754	$ 806,858

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2025

TIMBER LANE UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective February 9, 2023.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 13.25	5,000	N	$ 1.85	5,001 to 10,000
				$ 2.25	10,001 to 18,000
				$ 2.60	18,001 and up
WASTEWATER:	$ 14.25	5,000	N	$ 1.50	5,001 to 10,000
				$ 1.70	10,001 and up
SURCHARGE:					
Regional Water Authority Fees				$ 2.99	0001 and up

District employs winter averaging for wastewater usage?

	X
Yes	No

Total monthly charges per 10,000 gallons usage: Water: $22.50 Wastewater: $21.75 Surcharges: $29.90

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	7,495	7,334	x 1.0	7,334
1"	60	53	x 2.5	133
1½"	26	22	x 5.0	110
2"	36	34	x 8.0	272
3"	1	1	x 15.0	15
4"	4	4	x 25.0	100
6"	4	4	x 50.0	200
8"	4	4	x 80.0	320
10"			x 115.0	
Total Water Connections	7,630	7,456		8,484
Total Wastewater Connections	7,596	7,422	x 1.0	7,422

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

Gallons pumped into system:	690,402,000	Water Accountability Ratio: 81.6 % (Gallons billed/Gallons pumped)
Gallons billed to customers:	563,679,000	

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely X Partly _____ Not at all _____

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

PROFESSIONAL FEES:		
Auditing	$	21,750
Engineering		316,313
Legal		94,196
TOTAL PROFESSIONAL FEES	$	432,259
CONTRACTED SERVICES:		
Bookkeeping	$	73,950
Operations and Billing		341,797
Security		1,503,775
Parks General Manager		45,120
TOTAL CONTRACTED SERVICES	$	1,964,642
UTILITIES	$	461,215
REPAIRS AND MAINTENANCE	$	3,092,603
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	32,700
Insurance		166,370
Office Supplies and Postage		263,224
Payroll Taxes		19,077
Travel and Meetings		21,064
TOTAL ADMINISTRATIVE EXPENDITURES	$	502,435

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

CAPITAL OUTLAY	$ 276,831
OTHER EXPENDITURES:	
Chemicals	$ 76,340
Laboratory Fees	107,793
Permit Fees	34,422
Inspection Fees	15,500
Regional Water Authority Assessment	1,984,834
Regulatory Assessment	16,561
Sludge Hauling	219,484
Other	76,718
TOTAL OTHER EXPENDITURES	$ 2,531,652
TOTAL EXPENDITURES	$ 9,261,637

Number of persons employed by the District 1 Full-Time -0- Part-Time

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
INVESTMENTS
JUNE 30, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0002	Varies	Daily	$ 3,135,455	$
TexSTAR	XXXX2220	Varies	Daily	16,290,212	
TOTAL GENERAL FUND				$ 19,425,667	$ - 0 -
DEBT SERVICE FUND					
TexPool	XXXX0003	Varies	Daily	$ 531,187	$
TexSTAR	XXXX3330	Varies	Daily	9,736,530	
Certificate of Deposit	XXXX7961	4.45%	07/17/25	122,553	2,450
Certificate of Deposit	XXXX6914	4.26%	12/26/25	230,000	108
TOTAL DEBT SERVICE FUND				$ 10,620,270	$ 2,558
CAPITAL PROJECTS FUND					
TexPool	XXXX0005	Varies	Daily	$ 12,369,815	$ - 0 -
TOTAL - ALL FUNDS				$ 42,415,752	$ 2,558

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JULY 1, 2024	$ 192,886		$ 316,749	
Adjustments to Beginning Balance	(31,179)	$ 161,707	(50,993)	$ 265,756
Original 2024 Tax Levy	$ 4,427,150		$ 7,526,156	
Adjustment to 2024 Tax Levy	341,344	4,768,494	580,285	8,106,441
TOTAL TO BE ACCOUNTED FOR		$ 4,930,201		$ 8,372,197
TAX COLLECTIONS:				
Prior Years	$ 70,832		$ 115,152	
Current Year	4,666,507	4,737,339	7,933,062	8,048,214
TAXES RECEIVABLE - JUNE 30, 2025		$ 192,862		$ 323,983
TAXES RECEIVABLE BY YEAR:				
2024		$ 101,987		$ 173,379
2023		30,265		49,791
2022		17,459		26,981
2021		11,909		19,264
2020		7,660		10,281
2019		5,815		7,804
2018 and prior		17,767		36,483
TOTAL		$ 192,862		$ 323,983

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

	2024	2023	2022	2021
PROPERTY VALUATIONS:				
Land	$ 364,111,092	$ 363,437,770	$ 285,485,913	$ 182,643,078
Improvements	1,336,171,197	1,321,040,803	1,146,724,078	929,871,181
Personal Property	63,017,428	41,177,672	38,265,159	30,735,287
Exemptions	(173,801,566)	(100,517,736)	(74,697,028)	(56,867,784)
TOTAL PROPERTY VALUATIONS	$ 1,589,498,151	$ 1,625,138,509	$ 1,395,778,122	$ 1,086,381,762
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.51	$ 0.51	$ 0.51	$ 0.55
Maintenance	0.30	0.31	0.33	0.34
TOTAL TAX RATES PER $100 VALUATION	$ 0.81	$ 0.82	$ 0.84	$ 0.89
ADJUSTED TAX LEVY*	$ 12,874,935	$ 13,326,137	$ 11,724,537	$ 9,668,799
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	97.86 %	99.40 %	99.62 %	99.68 %

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

Maintenance Tax – Maximum Tax Rate of $0.50 per $100 of assessed valuation approved by voters on August 12, 2000. See also Note 7.

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2014		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$ 25,000	$ 63,625	$ 88,625
2027	25,000	62,625	87,625
2028	25,000	61,625	86,625
2029	25,000	60,625	85,625
2030	50,000	59,125	109,125
2031	100,000	56,125	156,125
2032	150,000	51,125	201,125
2033	150,000	45,125	195,125
2034	150,000	39,031	189,031
2035	150,000	32,844	182,844
2036	350,000	22,313	372,313
2037	350,000	7,437	357,437
2038			
2039			
2040			
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2047			
	$ 1,550,000	$ 561,625	$ 2,111,625

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2014A		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$ 100,000	$ 23,000	$ 123,000
2027	100,000	19,750	119,750
2028	125,000	15,938	140,938
2029	125,000	11,562	136,562
2030	125,000	7,031	132,031
2031	125,000	2,344	127,344
2032			
2033			
2034			
2035			
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2047			
	$ 700,000	$ 79,625	$ 779,625

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	REFUNDING SERIES-2014B		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$ 440,000	$ 32,100	$ 472,100
2027	430,000	19,050	449,050
2028	420,000	6,300	426,300
2029			
2030			
2031			
2032			
2033			
2034			
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2047			
	$ 1,290,000	$ 57,450	$ 1,347,450

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	REFUNDING SERIES-2015		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$ 130,000	$ 237,743	$ 367,743
2027	180,000	233,094	413,094
2028	230,000	226,943	456,943
2029	780,000	211,794	991,794
2030	815,000	187,869	1,002,869
2031	800,000	163,644	963,644
2032	1,510,000	128,994	1,638,994
2033	1,480,000	83,219	1,563,219
2034	1,455,000	37,359	1,492,359
2035	450,000	7,312	457,312
2036			
2037			
2038			
2039			
2040			
2041			
2042			
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2045			
2046			
2047			
	$ 7,830,000	$ 1,517,971	$ 9,347,971

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2015A		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$ 200,000	$ 142,281	$ 342,281
2027	225,000	136,406	361,406
2028	200,000	130,031	330,031
2029	175,000	124,406	299,406
2030	150,000	119,531	269,531
2031	175,000	114,656	289,656
2032	200,000	108,781	308,781
2033	200,000	102,281	302,281
2034	275,000	94,391	369,391
2035	350,000	83,844	433,844
2036	350,000	71,812	421,812
2037	350,000	59,563	409,563
2038	375,000	46,875	421,875
2039	375,000	33,281	408,281
2040	375,000	19,219	394,219
2041	325,000	6,094	331,094
2042			
2043			
2044			
2045			
2046			
2047			
	$ 4,300,000	$ 1,393,452	$ 5,693,452

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2016		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$ 250,000	$ 129,719	$ 379,719
2027	250,000	122,219	372,219
2028	250,000	114,719	364,719
2029	250,000	107,219	357,219
2030	250,000	99,719	349,719
2031	250,000	92,219	342,219
2032	250,000	84,719	334,719
2033	250,000	77,219	327,219
2034	250,000	69,719	319,719
2035	250,000	62,219	312,219
2036	275,000	54,344	329,344
2037	275,000	45,922	320,922
2038	300,000	36,750	336,750
2039	300,000	26,812	326,812
2040	300,000	16,312	316,312
2041	300,000	5,437	305,437
2042			
2043			
2044			
2045			
2046			
2047			
	$ 4,250,000	$ 1,145,267	$ 5,395,267

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2018 RECREATIONAL		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$ 100,000	$ 81,031	$ 181,031
2027	100,000	78,031	178,031
2028	100,000	75,031	175,031
2029	100,000	72,031	172,031
2030	100,000	69,031	169,031
2031	100,000	66,031	166,031
2032	150,000	62,188	212,188
2033	150,000	57,406	207,406
2034	150,000	52,531	202,531
2035	175,000	47,142	222,142
2036	175,000	41,234	216,234
2037	175,000	35,328	210,328
2038	225,000	28,438	253,438
2039	225,000	20,563	245,563
2040	225,000	12,688	237,688
2041	250,000	4,375	254,375
2042			
2043			
2044			
2045			
2046			
2047			
	$ 2,500,000	$ 803,079	$ 3,303,079

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2018A		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$ 225,000	$ 170,219	$ 395,219
2027	225,000	163,469	388,469
2028	225,000	156,719	381,719
2029	225,000	149,969	374,969
2030	225,000	143,219	368,219
2031	225,000	136,328	361,328
2032	350,000	127,344	477,344
2033	375,000	115,781	490,781
2034	375,000	103,594	478,594
2035	400,000	90,750	490,750
2036	400,000	77,000	477,000
2037	400,000	63,000	463,000
2038	400,000	49,000	449,000
2039	400,000	35,000	435,000
2040	400,000	21,000	421,000
2041	400,000	7,000	407,000
2042			
2043			
2044			
2045			
2046			
2047			
	$ 5,250,000	$ 1,609,392	$ 6,859,392

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2019 REFUNDING		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$ 1,495,000	$ 166,700	$ 1,661,700
2027	1,500,000	114,300	1,614,300
2028	1,540,000	68,700	1,608,700
2029	1,520,000	22,800	1,542,800
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
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2047			
	$ 6,055,000	$ 372,500	$ 6,427,500

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2020		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$ 100,000	$ 39,500	$ 139,500
2027	100,000	37,000	137,000
2028	100,000	35,000	135,000
2029	100,000	33,000	133,000
2030	100,000	31,000	131,000
2031	100,000	29,000	129,000
2032	100,000	26,938	126,938
2033	100,000	24,812	124,812
2034	125,000	22,344	147,344
2035	125,000	19,531	144,531
2036	125,000	16,719	141,719
2037	125,000	13,828	138,828
2038	125,000	10,859	135,859
2039	125,000	7,812	132,812
2040	125,000	4,688	129,688
2041	125,000	1,563	126,563
2042			
2043			
2044			
2045			
2046			
2047			
	$ 1,800,000	$ 353,594	$ 2,153,594

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	REFUNDING SERIES-2020A		
Due During Fiscal Years Ending June 30	Principal Due February 1	Interest Due August 1/ February 1	Total
2026	$ 10,000	$ 63,200	$ 73,200
2027	10,000	63,000	73,000
2028	10,000	62,800	72,800
2029	1,560,000	62,600	1,622,600
2030	1,570,000	31,400	1,601,400
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
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2045			
2046			
2047			
	$ 3,160,000	$ 283,000	$ 3,443,000

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2021		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$ 500,000	$ 166,125	$ 666,125
2027	500,000	148,625	648,625
2028	500,000	137,375	637,375
2029	500,000	132,375	632,375
2030	500,000	127,375	627,375
2031	500,000	122,375	622,375
2032	600,000	116,875	716,875
2033	600,000	110,875	710,875
2034	600,000	104,500	704,500
2035	600,000	97,375	697,375
2036	600,000	89,875	689,875
2037	600,000	82,000	682,000
2038	700,000	73,063	773,063
2039	700,000	63,000	763,000
2040	700,000	52,500	752,500
2041	700,000	41,563	741,563
2042	700,000	30,188	730,188
2043	700,000	18,375	718,375
2044	700,000	6,125	706,125
2045			
2046			
2047			
	$ 11,500,000	$ 1,720,564	$ 13,220,564

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2021A		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$ 615,000	$ 310,231	$ 925,231
2027	615,000	285,631	900,631
2028	615,000	261,031	876,031
2029	615,000	242,581	857,581
2030	615,000	230,281	845,281
2031	615,000	217,981	832,981
2032	615,000	205,681	820,681
2033	615,000	193,381	808,381
2034	615,000	181,081	796,081
2035	615,000	168,781	783,781
2036	615,000	156,097	771,097
2037	615,000	142,644	757,644
2038	610,000	128,863	738,863
2039	610,000	114,756	724,756
2040	610,000	100,269	710,269
2041	610,000	85,400	695,400
2042	610,000	70,150	680,150
2043	610,000	54,900	664,900
2044	610,000	39,650	649,650
2045	610,000	24,019	634,019
2046	610,000	8,006	618,006
2047			
	$ 12,870,000	$ 3,221,414	$ 16,091,414

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2022		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$ 600,000	$ 562,325	$ 1,162,325
2027	600,000	532,325	1,132,325
2028	600,000	502,325	1,102,325
2029	600,000	472,325	1,072,325
2030	600,000	448,325	1,048,325
2031	600,000	430,325	1,030,325
2032	600,000	412,325	1,012,325
2033	730,000	392,375	1,122,375
2034	730,000	370,475	1,100,475
2035	730,000	348,119	1,078,119
2036	730,000	324,850	1,054,850
2037	730,000	300,669	1,030,669
2038	730,000	275,575	1,005,575
2039	730,000	248,200	978,200
2040	730,000	219,000	949,000
2041	730,000	189,800	919,800
2042	730,000	160,600	890,600
2043	730,000	131,400	861,400
2044	730,000	102,200	832,200
2045	730,000	73,000	803,000
2046	730,000	43,800	773,800
2047	730,000	14,600	744,600
	$ 15,150,000	$ 6,554,938	$ 21,704,938

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2023		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$ 345,000	$ 297,531	$ 642,531
2027	345,000	280,281	625,281
2028	345,000	263,031	608,031
2029	345,000	245,781	590,781
2030	345,000	228,531	573,531
2031	345,000	211,281	556,281
2032	345,000	197,481	542,481
2033	345,000	187,131	532,131
2034	345,000	176,781	521,781
2035	345,000	166,431	511,431
2036	345,000	156,081	501,081
2037	345,000	144,653	489,653
2038	345,000	131,500	476,500
2039	345,000	117,700	462,700
2040	345,000	103,900	448,900
2041	345,000	90,100	435,100
2042	345,000	76,300	421,300
2043	345,000	62,500	407,500
2044	345,000	48,700	393,700
2045	345,000	34,900	379,900
2046	350,000	21,000	371,000
2047	350,000	7,000	357,000
	$ 7,600,000	$ 3,248,594	$ 10,848,594

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2024 RECREATIONAL		
Due During Fiscal Years Ending June 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2026	$	$ 117,961	$ 117,961
2027	120,000	102,375	222,375
2028	120,000	96,375	216,375
2029	120,000	90,375	210,375
2030	120,000	84,375	204,375
2031	120,000	78,975	198,975
2032	120,000	74,175	194,175
2033	120,000	69,375	189,375
2034	120,000	64,575	184,575
2035	120,000	59,775	179,775
2036	120,000	54,975	174,975
2037	120,000	50,175	170,175
2038	120,000	45,375	165,375
2039	120,000	40,575	160,575
2040	120,000	35,775	155,775
2041	120,000	30,975	150,975
2042	120,000	26,175	146,175
2043	120,000	21,375	141,375
2044	115,000	16,603	131,603
2045	115,000	11,859	126,859
2046	115,000	7,116	122,116
2047	115,000	2,372	117,372
	$ 2,500,000	$ 1,181,686	$ 3,681,686

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

Due During Fiscal Years Ending June 30	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$ 5,135,000	$ 2,603,291	$ 7,738,291
2027	5,325,000	2,398,181	7,723,181
2028	5,405,000	2,213,943	7,618,943
2029	7,040,000	2,039,443	9,079,443
2030	5,565,000	1,866,812	7,431,812
2031	4,055,000	1,721,284	5,776,284
2032	4,990,000	1,596,626	6,586,626
2033	5,115,000	1,458,980	6,573,980
2034	5,190,000	1,316,381	6,506,381
2035	4,310,000	1,184,123	5,494,123
2036	4,085,000	1,065,300	5,150,300
2037	4,085,000	945,219	5,030,219
2038	3,930,000	826,298	4,756,298
2039	3,930,000	707,699	4,637,699
2040	3,930,000	585,351	4,515,351
2041	3,905,000	462,307	4,367,307
2042	2,505,000	363,413	2,868,413
2043	2,505,000	288,550	2,793,550
2044	2,500,000	213,278	2,713,278
2045	1,800,000	143,778	1,943,778
2046	1,805,000	79,922	1,884,922
2047	1,195,000	23,972	1,218,972
	$ 88,305,000	$ 24,104,151	$ 112,409,151

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2025

Description	Original Bonds Issued	Bonds Outstanding July 1, 2024
Timber Lane Utility District Unlimited Tax Park Bonds - Series 2010	$ 1,200,000	$ 130,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2014	1,800,000	1,575,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2014A	1,700,000	800,000
Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2014B	6,205,000	2,075,000
Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2015	8,965,000	7,930,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2015A	6,100,000	4,500,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2016	6,250,000	4,500,000
Timber Lane Utility District Unlimited Tax Recreational Bonds - Series 2018	3,100,000	2,600,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2018A	6,600,000	5,475,000
Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2019	9,850,000	7,170,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2020	2,200,000	1,900,000
Timber Lane Utility District Unlimited Tax Refunding Bonds - Series 2020A	3,560,000	3,165,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2021	12,500,000	12,000,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2021A	14,100,000	13,485,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding June 30, 2025	
Bonds Sold	Principal	Interest		Paying Agent
$	$ 130,000	$ 2,600	$	Wells Fargo Bank N.A. Houston, TX
	25,000	64,625	1,550,000	Wells Fargo Bank N.A. Minneapolis, MN
	100,000	26,125	700,000	Wells Fargo Bank N.A. Minneapolis, MN
	785,000	50,475	1,290,000	Wells Fargo Bank N.A. Minneapolis, MN
	100,000	241,194	7,830,000	Wells Fargo Bank N.A. Minneapolis, MN
	200,000	147,031	4,300,000	Wells Fargo Bank N.A. Minneapolis, MN
	250,000	137,219	4,250,000	Wells Fargo Bank N.A. Minneapolis, MN
	100,000	84,031	2,500,000	Amegy Bank N.A. Houston, TX
	225,000	176,969	5,250,000	Amegy Bank N.A. Houston, TX
	1,115,000	213,325	6,055,000	Zions Bancorporation N.A. Houston, TX
	100,000	42,500	1,800,000	Zions Bancorporation N.A. Houston, TX
	5,000	63,350	3,160,000	Zions Bancorporation N.A. Houston, TX
	500,000	183,625	11,500,000	Zions Bancorporation N.A. Houston, TX
	615,000	334,831	12,870,000	Zions Bancorporation N.A. Houston, TX

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2025

Description	Original Bonds Issued	Bonds Outstanding July 1, 2024
Timber Lane Utility District Unlimited Tax Bonds - Series 2022	$ 15,750,000	$ 15,750,000
Timber Lane Utility District Unlimited Tax Bonds - Series 2023	7,600,000	7,600,000
Timber Lane Utility District Unlimited Tax Recreational Bonds - Series 2024	2,500,000	
TOTAL	$ 109,980,000	$ 90,655,000

Bond Authority:	Tax Bonds	Refunding Bonds	Recreational Facilities Bonds
Amount Authorized by Voters	$ 162,350,000	$ 35,000,000	$ 11,000,000
Amount Issued	136,300,000	14,589,610	8,500,000
Remaining to be Issued	$ 26,050,000	$ 20,410,390	$ 2,500,000

Debt Service Fund cash and investments balances as of June 30, 2025:	$ 10,968,351
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 5,109,507

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

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding June 30, 2025	Paying Agent
$	$ 600,000	$ 592,325	$ 15,150,000	Zions Bancorporation N.A. Houston, TX
		306,156	7,600,000	Zions Bancorporation N.A. Houston, TX
2,500,000			2,500,000	Zions Bancorporation N.A. Houston, TX
$ 2,500,000	$ 4,850,000	$ 2,666,381	$ 88,305,000	

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 4,737,339	$ 5,028,162	$ 4,598,955
Water & Wastewater Service	2,976,127	3,435,866	3,416,757
Sales Tax Revenues	176,758	183,023	168,009
Regional Water Authority Fees	1,784,790	2,451,120	2,879,610
Penalty and Interest	142,261	168,728	157,317
Tap Connection and Inspection Fees	12,482	155,315	40,276
Investment Revenues	795,945	700,097	470,661
Miscellaneous/Grant/FEMA Revenues	189,763	160,235	313,733
TOTAL REVENUES	$ 10,815,465	$ 12,282,546	$ 12,045,318
EXPENDITURES			
Professional Fees	$ 432,259	$ 736,449	$ 707,669
Contracted Services	1,964,642	1,707,359	1,456,821
Utilities	461,215	574,443	500,373
Regional Water Authority Assessment	1,984,834	2,577,968	3,005,520
Repairs and Maintenance	3,092,603	2,917,934	3,306,646
Other	1,049,253	1,102,555	986,546
Capital Outlay	276,831	810,719	2,315,077
TOTAL EXPENDITURES	$ 9,261,637	$ 10,427,427	$ 12,278,652
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,553,828	$ 1,855,119	$ (233,334)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ 1,949,080	$ 581,565	$
Contributed by Other Governmental Unit		300,000	
TOTAL OTHER FINANCING SOURCES (USES)	$ 1,949,080	$ 881,565	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 3,502,908	$ 2,736,684	$ (233,334)
BEGINNING FUND BALANCE	16,628,846	13,892,162	14,125,496
ENDING FUND BALANCE	$ 20,131,754	$ 16,628,846	$ 13,892,162

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
$ 3,627,731	$ 3,403,505	43.8 %	40.8 %	38.2 %	32.2 %	32.0 %
3,244,015	3,044,846	27.5	28.0	28.4	28.7	28.6
177,035	157,803	1.6	1.5	1.4	1.6	1.5
2,899,861	2,485,194	16.5	20.0	23.9	25.7	23.4
206,696	182,379	1.3	1.4	1.3	1.8	1.7
803,084	1,013,896	0.1	1.3	0.3	7.1	9.5
24,787	12,040	7.4	5.7	3.9	0.2	0.1
301,356	341,578	1.8	1.3	2.6	2.7	3.2
$ 11,284,565	$ 10,641,241	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 508,611	$ 323,616	4.0 %	6.0 %	5.9 %	4.5 %	3.0 %
1,631,818	1,430,943	18.2	13.9	12.1	14.5	13.4
420,976	371,954	4.3	4.7	4.2	3.7	3.5
2,852,727	2,608,594	18.4	21.0	25.0	25.3	24.5
2,408,436	2,312,570	28.6	23.8	27.5	21.3	21.7
1,304,462	1,338,620	9.7	9.0	8.2	11.6	12.6
442,428	1,038,503	2.6	6.6	19.2	3.9	9.8
$ 9,569,458	$ 9,424,800	85.8 %	85.0 %	102.1 %	84.8 %	88.5 %
$ 1,715,107	$ 1,216,441	14.2 %	15.0 %	(2.1) %	15.2 %	11.5 %
$	$					
$ - 0 -	$ - 0 -					
$ 1,715,107	$ 1,216,441					
12,410,389	11,193,948					
$ 14,125,496	$ 12,410,389					

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 8,048,214	$ 8,262,839	$ 7,108,057
Penalty and Interest	145,349	216,542	127,086
Interest on Investments	319,876	307,103	200,343
Miscellaneous Revenues	30	4,054	10,014
TOTAL REVENUES	$ 8,513,469	$ 8,790,538	$ 7,445,500
EXPENDITURES			
Tax Collection Expenditures	$ 316,088	$ 357,963	$ 289,440
Debt Service Principal	4,850,000	4,020,000	3,045,000
Debt Service Interest and Fees	2,674,781	2,685,961	2,400,608
Bond Issuance Costs			
Payment to Refunded Bond Escrow Agent			
TOTAL EXPENDITURES	$ 7,840,869	$ 7,063,924	$ 5,735,048
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 672,600	$ 1,726,614	$ 1,710,452
OTHER FINANCING SOURCES (USES)			
Refunding Bonds	$	$	$
Bond Premium			
Payment to Refunded Bond Escrow Agent			
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 672,600	$ 1,726,614	$ 1,710,452
BEGINNING FUND BALANCE	9,815,357	8,088,743	6,378,291
ENDING FUND BALANCE	$ 10,487,957	$ 9,815,357	$ 8,088,743
TOTAL ACTIVE RETAIL WATER CONNECTIONS	7,456	7,454	7,565
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	7,422	7,420	7,531

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
$ 5,861,522	$ 4,570,304	94.5 %	94.0 %	95.5 %	98.6 %	98.0 %
61,391	72,511	1.7	2.5	1.7	1.0	1.6
11,579	4,935	3.8	3.5	2.7	0.2	0.1
11,085	12,926			0.1	0.2	0.3
$ 5,945,577	$ 4,660,676	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 243,540	$ 253,777	3.7 %	4.1 %	3.9 %	4.1 %	5.4 %
3,195,000	2,855,000	57.0	45.7	40.9	53.7	61.3
1,711,134	1,606,831	31.4	30.6	32.2	28.8	34.5
	148,199					3.2
	30,000					0.6
$ 5,149,674	$ 4,893,807	92.1 %	80.4 %	77.0 %	86.6 %	105.0 %
$ 795,903	$ (233,131)	7.9 %	19.6 %	23.0 %	13.4 %	(5.0) %
$	$ 3,560,000					
	74,432					
	(3,477,592)					
$ - 0 -	$ 156,840					
$ 795,903	$ (76,291)					
5,582,388	5,658,679					
$ 6,378,291	$ 5,582,388					
7,498	7,044					
7,464	6,990					

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025

District Mailing Address - Timber Lane Utility District
c/o Smith, Murdaugh, Little & Bonham LLP
2727 Allen Parkway, Suite 1100
Houston, TX 77019

District Telephone Number - (713) 652-6500

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended June 30, 2025	Expense Reimbursements for the year ended June 30, 2025	Title
Daniel M. Meacham	05/24 05/28 (Elected)	$ 7,200	$ 3,367	President
Robert Schenck	05/22 05/26 (Elected)	$ 6,450	$ 1,501	Vice President
James F. Messer	05/22 05/26 (Elected)	$ 7,350	$ 4,127	Secretary
A. F. (Bud) Gessel	05/24 05/28 (Elected)	$ 4,800	$ 2,712	Assistant Secretary
Eric Langstaff	05/22 05/26 (Elected)	$ 6,900	$ 5,272	Director

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

Submission Date of most recent District Registration Form: December 19, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year. During the current fiscal year, one director was inadvertently overpaid fees in the amounts of $150. The fee will be reimbursed to the District during the fiscal year ending June 30, 2026.

See accompanying independent auditor's report.

TIMBER LANE UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025

Consultants:	Date Hired	Fees for the year ended June 30, 2025	Title
Smith, Murdaugh, Little & Bonham LLP	08/27/03	$ 99,332 $ 90,007 $ 48,634	General Counsel/ Bond Counsel/ Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	06/10/14	$ 21,750 $ 2,500	Audit Bond/AUP Related
Vogler & Spencer Engineering, Inc.	11/24/98	$ 1,020,599	Engineer
Myrtle Cruz, Inc.	08/06/08	$ 85,450	Bookkeeper
Masterson Advisors LLC	05/10/18	$ 56,827	Financial Advisor
Mary Jarmon	05/11/23	$ -0-	Investment Officer
M. Marlon Ivy & Associates	08/01/22	$ 1,889,114	Operator
Utility Tax Service, LLC	04/10/97	$ 159,052	Tax Collector
A. F. (Bud) Gessel	04/01/17	$ 45,120	Parks General Manager

See accompanying independent auditor's report.

Timber Lane Utility District
Notice of Public Hearing on Tax Rate

The **Timber Lane Utility District** will hold a public hearing on a proposed tax rate for the tax year 2026 on **October 8, 2026 at 6:00 p.m.** at 1904 Naplechase Crest Dr., Spring, Texas 77373. Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in txable value of all other property. The change in the taxable value of your property in relation to the change in the taxable value of all other property determines the distribution of the tax burden among all property owners.

FOR the proposal: Daniel M. Meacham, Robert B. Schenck, James F. Messer, A.F. Gessel & Eric Langstaff
AGAINST the proposal: None
PRESENT and not voting: None
ABSENT: None

The following table compares taxes on an average residence homestead in this taxing unit last year to taxes proposed on the average residence homestead this year.

	2025 **Last Year**		2026 **This Year**
Total tax rate (per $100 of value)	$0.80/$100 Adopted		$0.80/$100 Proposed
Difference in rates per $100 of value		$0.00/$100	
Percentage increase/decrease in rates (+/-)		0.00%	
Average appraised residence homestead value	$ 230,961		$ 231,182
General homestead exemptions available (excluding 65 years of age or older or disabled person's exemptions)	5%		10%
Average residence homestead taxable value	$ 219,413		$ 208,064
Tax on average residence homestead	$ 1,755.30		$ 1,664.51
Annual increase/decrease in taxes if proposed tax rate is adopted (+/-)		**($90.79)**	
and percentage of increase (+/-)		**-5.17%**	

NOTICE OF TAXPAYERS' RIGHT TO ELECTION TO REDUCE TAX RATE

If the district adopts a combined debt service, operation and maintenance and contract tax rate that would result in the taxes on the average residence homestead increasing by more than eight percent, the qualified voters of the district by petition may require that an election be held to determine whether to reduce the operation and maintenance tax rate to the voter-approval tax rate under Section 49.23603, Water Code.

Visit Texas.gov/PropertyTaxes to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

The 86th Texas Legislature modified the manner in which the voter-approval rate is calculated to limit the rate of growth of property taxes in the state.

Utility Tax Service, LLC
(877) 688-3855