

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2024

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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 Commissioners
Harris County Emergency
Services District No. 4
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 4 (the "District") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of December 31, 2024, 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 – Emergency Service District 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by Harris County 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

August 11, 2025

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Management’s discussion and analysis of Harris County Emergency Services District No. 4’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended December 31, 2024. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes 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 portion of these statements provides 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 first of the government-wide statements is the Statement of Net Position. This information is found in the Statement of Net Position column. The Statement of Net Position is the district-wide statement of its financial position presenting information that includes all of the District’s assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for sales tax revenues, property tax revenues, operating costs, EMS services and general expenditures.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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 Fund Balance Sheet to the Statement of Net Position, and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$6,882,712 as of December 31, 2024.

A portion of the District’s net position reflects its net investment in capital assets (land, buildings, vehicles and equipment less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide for firefighting and emergency services. The following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 6,355,542	\$ 5,356,997	\$ 998,545
Right-of-Use Assets and Capital Assets	3,144,703	3,186,178	(41,475)
Total Assets	\$ 9,500,245	\$ 8,543,175	\$ 957,070
Deferred Outflows of Resources	\$ 257,841	\$ -0-	\$ 257,841
Long-Term Liabilities	\$ 661,386	\$ 819,435	\$ 158,049
Other Liabilities	399,772	262,929	(136,843)
Total Liabilities	\$ 1,061,158	\$ 1,082,364	\$ 21,206
Deferred Inflows of Resources	\$ 1,814,216	\$ 1,682,602	\$ (131,614)
Net Position:			
Net Investment in Capital Assets	\$ 2,325,269	\$ 2,171,789	\$ 153,480
Unrestricted	4,557,443	3,606,420	951,023
Total Net Position	\$ 6,882,712	\$ 5,778,209	\$ 1,104,503

The following table provides a summary of the District's operations for the years ended December 31, 2024, and December 31, 2023. The District's net position increased by \$1,104,503.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,675,505	\$ 1,461,914	\$ 213,591
Sales Tax Receipts	2,578,569	2,126,426	452,143
EMS Services	528,934	263,845	265,089
Other Revenues	902,557	267,171	635,386
Total Revenues	\$ 5,685,565	\$ 4,119,356	\$ 1,566,209
Expenses for Services	4,581,062	3,739,844	(841,218)
Change in Net Position	\$ 1,104,503	\$ 379,512	\$ 724,991
Net Position, Beginning of Year	5,778,209	5,398,697	379,512
Net Position, End of Year	\$ 6,882,712	\$ 5,778,209	\$ 1,104,503

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's General Fund fund balance as of December 31, 2024, was \$4,141,662, an increase of \$674,127 from the prior year. The increase was primarily due to property and sales tax revenue exceeding operating, capital and debt service costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners did not amend the Emergency Services District budget during the current fiscal year to reflect more accurately anticipated activity. Actual revenues were \$1,180,322 more than budgeted primarily due to higher than expected sales tax revenues, EMS revenues and investment revenues. Actual expenditures were \$506,748 more than budgeted primarily due to capital activity which was not budgeted.

CAPITAL ASSETS

Capital assets as of December 31, 2024, total \$2,655,938 (net of accumulated depreciation) and includes land, buildings, vehicles and equipment.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 431,663	\$ 431,663	\$
Construction in Progress	169,213	67,500	101,713
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	1,397,942	1,445,636	(47,694)
Vehicles	407,000	432,698	(25,698)
Equipment	250,120	236,637	13,483
Total Net Capital Assets	\$ 2,655,938	\$ 2,614,134	\$ 41,804

Additional information on the District's capital assets can be found in Note 5 of this report.

RIGHT-OF-USE ASSETS

In accordance with the requirements of GASB Statement No. 87, the District reclassified certain capital assets to right-of-use assets. Right-of-use assets consisted of emergency vehicles which totaled \$1,309,093, had current year amortization expense of \$83,279, and had an accumulated amortization balance of \$820,328 as of December 31, 2024.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

LONG-TERM DEBT ACTIVITY

At year-end, the District had total debt payable of \$819,434. The changes in the debt position of the District during the fiscal year ended December 31, 2024, are summarized as follows:

Leases Payable, January 1, 2024	\$ 524,954
Less: Lease Principal Paid	<u>163,361</u>
Leases Payable, December 31, 2024	<u>\$ 361,593</u>
Note Payable, January 1, 2024	\$ 489,434
Less: Note Principal Paid	<u>31,593</u>
Note Payable, December 31, 2024	<u>\$ 457,841</u>

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Emergency Services District No. 4, c/o Coveler & Peeler, P.C., 820 Gessner, Suite 1710, Houston, TX 77024.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2024

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 517,068	\$	\$ 517,068
Investments	3,032,431		3,032,431
Due From Harris County Tax Assessor/Collector	626,383		626,383
Receivables:			
Property Taxes	1,054,187		1,054,187
Sales Tax Receipts	537,137		537,137
Penalty and Interest on Delinquent Taxes		58,087	58,087
Other	465,000		465,000
Prepaid Costs	49,621		49,621
Net Pension Asset		15,628	15,628
Land		431,663	431,663
Construction in Progress		169,213	169,213
Right-to-Use Assets (Net of Accumulated Amortization)		488,765	488,765
Capital Assets (Net of Accumulated Depreciation)		<u>2,055,062</u>	<u>2,055,062</u>
TOTAL ASSETS	<u>\$ 6,281,827</u>	<u>\$ 3,218,418</u>	<u>\$ 9,500,245</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	\$	\$ 254,922	\$ 254,922
Deferred Other Postemployment Benefits Plan Charges		2,919	2,919
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ - 0 -</u>	<u>\$ 257,841</u>	<u>\$ 257,841</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OR RESOURCES	<u>\$ 6,281,827</u>	<u>\$ 3,476,259</u>	<u>\$ 9,758,086</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2024

	General Fund	Adjustments	Statement of Net Position
LIABILITIES			
Accounts Payable	\$ 219,497	\$	\$ 219,497
Accrued Compensated Absences		17,659	17,659
Net Other Postemployment Benefits Liability		1,580	1,580
Accrued Interest Payable		2,988	2,988
Long Term Liabilities:			
Leases Payable Within One Year		125,549	125,549
Leases Payable After One Year		236,044	236,044
Note Payable Within One Year		32,499	32,499
Note Payable After One Year		425,342	425,342
TOTAL LIABILITIES	\$ 219,497	\$ 841,661	\$ 1,061,158
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 1,920,668	\$ (106,452)	\$ 1,814,216
FUND BALANCE			
Nonspendable: Prepaid Costs	\$ 49,621	\$ (49,621)	\$
Unassigned	4,092,041	(4,092,041)	
TOTAL FUND BALANCE	\$ 4,141,662	\$ (4,141,662)	\$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 6,281,827		
NET POSITION			
Net Investment in Capital Assets		\$ 2,325,269	\$ 2,325,269
Unrestricted		4,557,443	4,557,443
TOTAL NET POSITION		\$ 6,882,712	\$ 6,882,712

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024**

Total Fund Balance - Governmental Fund	\$	4,141,662
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets and right-of-use assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		3,144,703
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Deferred pension plan charges that are not immediately recognized as pension expense are recorded as deferred outflows or inflows of resources.		273,469
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Deferred inflows of resources related to property tax revenues and penalty and interest receivables on delinquent taxes for the 2023 and prior tax levies became part of recognized revenues in the governmental activities of the District.		164,539
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$	(2,988)	
Net Pension Liability		(1,580)	
Compensated Absences		(17,659)	
Leases Payable Within One Year		(125,549)	
Leases Payable After One Year		(236,044)	
Note Payable Within One Year		(32,499)	
Note Payable After One Year		(425,342)	
			(841,661)

Total Net Position - Governmental Activities	\$	6,882,712
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The accompanying notes to the financial statements are an integral part of this report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	\$ 1,671,486	\$ 4,019	\$ 1,675,505
Sales Tax Receipts	2,578,569		2,578,569
EMS Revenues	528,934		528,934
Penalty and Interest	48,510	1,224	49,734
Investment and Miscellaneous Revenues	852,823		852,823
TOTAL REVENUES	\$ 5,680,322	\$ 5,243	\$ 5,685,565
EXPENDITURES/EXPENSES			
Service Operations:			
Accounting and Auditing Fees	\$ 60,500	\$	\$ 60,500
Appraisal District Fees	20,765		20,765
Commissioner Fees	36,000		36,000
Facilities	41,853		41,853
Insurance	83,749		83,749
Legal Fees-General	52,131		52,131
Legal Fees-Delinquent Tax Collections	16,140		16,140
Maintenance-Building and Vehicles	327,054		327,054
Operations	476,198		476,198
Salaries and Benefits	3,219,996	(270,137)	2,949,859
Sales Tax Consultant	18,649		18,649
Tax Collector Fees	10,458		10,458
Utilities	56,162		56,162
Depreciation/Amortization		273,281	273,281
Other	137,131		137,131
Capital Outlay	231,806	(231,806)	
Debt Service:			
Lease Principal	163,361	(163,361)	
Note Principal	31,593	(31,593)	
Lease Interest	8,602	(1,492)	7,110
Note Interest	14,047	(25)	14,022
TOTAL EXPENDITURES/EXPENSES	\$ 5,006,195	\$ (425,133)	\$ 4,581,062
NET CHANGE IN FUND BALANCE	\$ 674,127	\$ (674,127)	\$
CHANGE IN NET POSITION		1,104,503	1,104,503
FUND BALANCE/NET POSITION -			
JANUARY 1, 2024	<u>3,467,535</u>	<u>2,310,674</u>	<u>5,778,209</u>
FUND BALANCE/NET POSITION -			
DECEMBER 31, 2024	<u>\$ 4,141,662</u>	<u>\$ 2,741,050</u>	<u>\$ 6,882,712</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balance - Governmental Fund \$ 674,127

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, revenues are recorded in the accounting period for which the taxes are levied. 4,019

Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the Statement of Activities, revenues are recorded when penalty and interest are assessed. 1,224

Compensated absences previously reported as a liability in the Statement of Net Position are recorded as a reduction in expenses in the Statement of Activities. 270,137

Governmental funds do not account for depreciation and amortization. However, in the Statement of Net Position, capital assets/right-of-use assets are depreciated/amortized and expense is recorded in the Statement of Activities. (273,281)

Governmental funds report capital asset purchases as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities. 231,806

Governmental funds report lease and note principal payments as expenditures. However, in the Statement of Net Position, lease and note principal payments decrease long-term liabilities and the Statement of Activities is not affected. 194,954

Governmental funds report interest payments on leases and notes as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on leases and notes through fiscal year-end. 1,517

Change in Net Position - Governmental Activities \$ 1,104,503

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1. CREATION OF DISTRICT

Harris County Emergency Services District No. 4 (the “District”) was created on January 28, 1984, as a Rural Fire Prevention District and converted to an Emergency Services District on March 9, 1994, in accordance with Article III, Section 48-e, of the Texas Constitution. The District operates under the Chapter 775 of the Health and Safety Code. The District was established to provide operating funds for the contracting of fire prevention and provide emergency medical services within the boundaries of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

Governmental Funds

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

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

Basis of Accounting

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

Property taxes considered available by the District and recorded as revenue include the 2023 tax levy collections during the period October 1, 2023, to December 31, 2024, and taxes collected from January 1, 2024, to December 31, 2024, for all prior tax levies. The 2024 tax levy has been fully deferred to fund 2025 costs.

Sales tax receipts considered available by the District and included in revenue include sales taxes collected during the period of January 1, 2024, to December 31, 2024.

Capital Assets and Right-of-Use Assets

Capital assets and right-of-use assets, which include land, buildings, vehicles and equipment, 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 an expenditure 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.

All personal tangible assets (computers, office machines, office furniture, etc.) with a total cost of \$500 or more (including installation costs and professional fees) and a useful life of at least two years are capitalized. All other capital assets are capitalized if they have a total cost of \$5,000 or more (including installation costs and professional fees) and a useful life of two years.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Right-of-Use Assets (Continued)

Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings and Improvements	15-40
Vehicles	3-10
Equipment	3-20

In accordance with GASB Statement No. 87, at December 31, 2024, the District recorded three vehicles as right-to-use assets (see Note 6). The right-to-use assets are being amortized over the estimated useful life using the straight-line method of amortization.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Commissioners. The budget is prepared using the same method of accounting as for financial reporting. The original 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 and revised budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has employees and the District District participates in the Texas County and District Retirement System and a deferred compensation plan for its employees. See Notes 11 and 12. The Internal Revenue Service has determined that fees of office received by Commissioners are considered wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 Governmental Funds 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. The District does not have any restricted fund balances.

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3. TAX LEVY

During the year ended December 31, 2024, the District levied an ad valorem tax rate of \$0.10 per \$100 of assessed valuation, which resulted in a tax levy of \$1,814,216 on the adjusted taxable valuation of \$1,836,147,057 for the 2024 tax year.

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

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$517,068 and the bank balance was \$538,612. The District was exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Fund Balance Sheet and the Statement of Net Position at December 31, 2024, as listed below:

	<u>Cash</u>
GENERAL FUND	<u>\$ 517,068</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Commissioners.

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 Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

As of December 31, 2024, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	<u>\$ 3,032,431</u>	<u>\$ 3,032,431</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2024, the District’s investment in Texas CLASS was rated “AAAm” by Standard and Poor’s.

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 Texas CLASS 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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2024:

	January 1, 2024	Increases	Decreases	December 31, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 431,663	\$	\$	\$ 431,663
Construction in Progress	<u>67,500</u>	<u>231,806</u>	<u>130,093</u>	<u>169,213</u>
Total Capital Assets Not Being Depreciated	<u>\$ 499,163</u>	<u>\$ 231,806</u>	<u>\$ 130,093</u>	<u>\$ 600,876</u>
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 1,873,271	\$	\$	\$ 1,873,271
Vehicles	1,617,814	50,000	474,559	1,193,255
Equipment	<u>802,967</u>	<u>80,093</u>	<u></u>	<u>883,060</u>
Total Capital Assets Subject to Depreciation	<u>\$ 4,294,052</u>	<u>\$ 130,093</u>	<u>\$ 474,559</u>	<u>\$ 3,949,586</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ 427,635	\$ 47,694	\$	\$ 475,329
Vehicles	1,185,116	75,698	474,559	786,255
Equipment	<u>566,330</u>	<u>66,610</u>	<u></u>	<u>632,940</u>
Total Accumulated Depreciation	<u>\$ 2,179,081</u>	<u>\$ 190,002</u>	<u>\$ 474,559</u>	<u>\$ 1,894,524</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,114,971</u>	<u>\$ (59,909)</u>	<u>\$ - 0 -</u>	<u>\$ 2,055,062</u>
Total Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 2,614,134</u></u>	<u><u>\$ 171,897</u></u>	<u><u>\$ 130,093</u></u>	<u><u>\$ 2,655,938</u></u>

NOTE 6. LEASE AGREEMENTS

On July 29, 2013, the District entered into a lease agreement with Leasing 2, Inc. for partial funding of a 2013 Darley 3500 Pumper tanker in the amount of \$350,000. Assets under this lease total \$478,580 and accumulated depreciation totals \$478,580 through December 31, 2024. Lease payments and related interest are due each April 15 in the amount of \$34,423. The District's incremental borrowing rate is 2.743% and the balance payable at year end is \$33,492.

On September 12, 2019, the District entered into a lease agreement with Branch Banking and Trust Company ("BB&T") to finance the purchase of a new ambulance in the amount of \$190,490. Assets under this lease total \$190,480 and accumulated depreciation totals \$91,174 through December 31, 2024. Lease payments and related interest are due each September 12 in the amount of \$41,059. The District's incremental borrowing rate is 2.55% and the balance was paid off in current year.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6. LEASE AGREEMENTS (Continued)

On February 1, 2021, the District entered into a lease agreement with U.S. Baking Equipment Finance to finance the purchase of a new fire apparatus in the amount of \$640,023. Assets under this capital lease total \$640,023 and accumulated depreciation totals \$250,574 through December 31, 2024. Lease payments and related interest are due each February 1 and August 1 in the amount of \$48,241. The District's incremental borrowing rate is 1.45% and the balance payable at year end is \$328,101.

The following is a summary of transactions regarding leases payable for the year ended December 31, 2024:

Leases Payable, January 1, 2024	\$	524,954
Less: Capital Lease Principal Paid		<u>163,361</u>
Leases Payable, December 31, 2024		<u>\$ 361,593</u>
Due Within One Year	\$	125,549
Due After One Year		<u>236,044</u>
Leases Payable, December 31, 2024		<u>\$ 361,593</u>

The following is a schedule of future minimum lease payments as of December 31, 2024.

Fiscal Year	Principal	Interest	Total
2025	\$ 125,549	\$ 5,355	\$ 130,904
2026	93,396	3,085	96,481
2027	94,755	1,726	96,481
2028	<u>47,893</u>	<u>347</u>	<u>48,240</u>
	<u>\$ 361,593</u>	<u>\$ 10,513</u>	<u>\$ 372,106</u>

In accordance with the requirements of GASB Statement No. 87, the District reclassified the three remaining lease related capital assets above to right-of-use assets. Right-of-use assets, current year amortization expense, and accumulated amortization is summarized below:

	January 1, 2024	Increases	Decreases	December 31, 2024
Right-of-Use Assets Subject to Amortized				
Vehicles	\$ 1,309,093	\$ - 0 -	\$ - 0 -	\$ 1,309,093
Less Accumulated Amortization				
Vehicles	\$ 737,049	\$ 83,279	\$ - 0 -	\$ 820,328
Total Depreciable Right-of-Use Assets, Net of Accumulated Amortization	<u>\$ 572,044</u>	<u>\$ (83,279)</u>	<u>\$ - 0 -</u>	<u>\$ 488,765</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7. SALES AND USE TAX

In accordance with Chapter 775 of the Health and Safety Code, the District is authorized to adopt and impose a sale and use tax if authorized by a majority of the qualified voters of the District. The election to adopt sales and use tax is governed by the provisions of Subchapter E, Chapter 323 of the Tax Code.

On May 10, 2008, the voters of the District approved the establishment and adoption of a sales and use tax of up to a maximum of one percent. On May 19, 2008, the Board set a local sales and use tax of one percent on all applicable sales and uses within the boundaries of the District, excluding any territory in the District where sales and use tax is currently two percent, effective October 1, 2008. On May 11, 2013, the voters of the District approved increasing the rate to two percent. During the current year, the District recorded \$2,578,569 in sales tax receipts, of which \$537,137 was due from the State Comptroller at December 31, 2024.

NOTE 8. RISK MANAGEMENT

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

NOTE 9. COMPENSATED ABSENCES

The liability for compensated absences reported in the government-wide fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees. As of December 31, 2024, this balance was \$17,659.

NOTE 10. PROMISSORY NOTE

On December 21, 2022, the District entered into a note with First Financial Bank, N.A. in the amount of \$550,000 with an interest rate of 2.87%. Annual note payments are due December 21st of each year, starting on December 21, 2022, in the amount of \$45,640 through December 21, 2036.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 10. PROMISSORY NOTE (Continued)

The following is a schedule of future note payments as of December 31, 2024:

Fiscal Year	Principal	Interest	Total
2025	\$ 32,499	\$ 13,140	\$ 45,639
2026	33,432	12,207	45,639
2027	34,392	11,248	45,640
2028	35,379	10,261	45,640
2029	36,394	9,245	45,639
2030-2034	198,250	29,946	228,196
2035-2036	87,495	3,786	91,281
	<u>\$ 457,841</u>	<u>\$ 89,833</u>	<u>\$ 547,674</u>

The following is a summary of transactions regarding notes payable for the year ended December 31, 2024:

Note Payable, January 1, 2024	\$ 489,434
Less: Note Principal Paid	<u>31,593</u>
Note Payable, December 31, 2024	<u>\$ 457,841</u>
Due Within One Year	\$ 32,499
Due After One Year	<u>425,342</u>
Note Payable, December 31, 2024	<u>\$ 457,841</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11. TCDRS RETIREMENT PLAN

Plan Description

The District provides retirement, disability, and death benefits for all its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over 850 non-traditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report (ACFR) which includes financial statements, notes and required supplementary information which can be obtained at TCDRS, Finance Division, Barton Oaks Plaza IV Suite 500, 901 S. MoPac Expressway, Austin, Texas 78746 or at www.TCDRS.org.

Benefits Provided

Benefit provisions are adopted by the District, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the District.

Benefit amounts are determined by the sum of the employee’s deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled but not yet receiving benefits	0
Active employees	64

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11. TCDRS RETIREMENT PLAN (Continued)

Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 9.72% for the months of the 2024 accounting year. The deposit rate payable by the employee members for calendar year 2024 is 7% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

For the District’s accounting year ended December 31, 2024, the annual pension cost for the TCDRS plan for its employees was \$246,291; the actual contributions were \$246,291. The employees contributed \$176,845 to the plan for the 2024 fiscal year.

Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumption:

Actuarial valuation date	12/31/23
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	17.2 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return ¹	7.50%
Projected salary increases ¹	4.70%
Inflation	2.50%
Cost-of-living adjustments	0.00%

¹ Includes inflation at the stated rate

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2023. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11. TCDRS RETIREMENT PLAN (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the following:

Depositing members – 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service retirees, beneficiaries and non-depositing members – 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Disabled retirees – 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Discount Rate

The discount rate used to measure the total pension liability was 7.6%. The discount rate did not change from the previous year.

In order to determine the discount rate to be used, the actuary used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- 2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- 3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11. TCDRS RETIREMENT PLAN (Continued)

Discount Rate (Continued)

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, the actuary has used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11. TCDRS RETIREMENT PLAN (Continued)

Discount Rate (Continued)

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	11.50%	4.75%
Global Equities	2.50%	4.75%
International Equities-Development	5.00%	4.75%
International Equities-Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	2.35%
Strategic Credit	9.00%	3.65%
Direct Lending	16.00%	7.25%
Distressed Debt	4.00%	6.90%
REIT Equities	2.00%	4.10%
Master Limited Partnerships (MLPs)	2.00%	5.20%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.75%
Hedge Funds	6.00%	3.25%
Cash Equivalents	2.00%	0.60%

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11. TCDRS RETIREMENT PLAN (Continued)

Changes in Net Pension Liability/(Asset)

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2023 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2022	\$ -0-	\$ -0-	\$ -0-
Changes for the year:			
Service Costs	216,291		216,291
Interest on the Total Pension Liability	16,320		16,320
Effect of Plan Changes			
Effect of Economic/Demographic			
Gains or Losses	3,427		3,427
Refund of Contributions	(3,164)	(3,164)	
Benefit Payments			
Administrative Expenses		(130)	130
Member Contributions		99,366	(99,366)
Net investment income		2,321	(2,321)
Employer Contributions		138,367	(138,367)
Other		11,742	(11,742)
Balances of December 31, 2023	<u>\$ 232,874</u>	<u>\$ 248,502</u>	<u>\$ (15,628)</u>

Sensitivity Analysis

The following presents the net pension liability/(asset) of the District, calculated using the discount rate of 7.60%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 284,402	\$ 232,874	\$ 192,507
Piduciary net position	<u>248,502</u>	<u>248,502</u>	<u>248,502</u>
Net pension liability/(asset)	<u>\$ 35,900</u>	<u>\$ (15,628)</u>	<u>\$ (55,995)</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11. TCDRS RETIREMENT PLAN (Continued)

Deferred Inflows/Outflows of Resources

As of December 31, 2024, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of resources	Deferred Outflows of resources
Differences between expected and actual experience	\$ -0-	\$ 3,141
Changes in assumptions		
Net difference between projected and actual earnings		5,490
Contributions paid to TCDRS subsequent to the measurement date		246,291
Total	\$ -0-	\$ 254,922

\$246,291 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2024 (i.e. recognized in the District's financial statements for the year ending December 31, 2025). Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2024	\$ 1,659
2025	1,659
2026	1,659
2027	1,657
2028	286
Thereafter	1,711

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS

The District participates in a cost-sharing multiple-employer defined benefit group term life insurance plan operated by the TCDRS. This plan is referred to as the Group Term Life Fund (GTL). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. Contributions made to the retiree GTL Program are held in the GTL fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$5,000. The GTL covers both active and retiree benefits with no segregation of assets, and therefore doesn’t meet the definition of a trust under GASB No. 75 and as such the GTL is considered an unfunded OPEB plan. TCDRS issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information. This report is available at TCDRS’ website at www.TCDRS.org.

The District contributes to the GTL fund at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the GTL fund program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during the employee’s entire career.

Each participating employer contributes to the GTL fund at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The District’s actuarially determined contributions for the year ending December 31, 2024 were \$2,750 and the District’s actual contributions for the year ending December 31, 2024 were \$2,750. The following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled but not yet receiving benefits	0
Active employees	64

Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2023 were based on the results of an actuarial experience study for the period January 1, 2017 - December 31, 2020, except where required to be different by GASB 75.

Valuation Timing - Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Actuarial Cost – Entry Age Level Percent of Salary

Amortization Method - Straight-line amortization over expected working life

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Recognition of assumptions changes or inputs - Straight-line amortization over expected working life

Asset Valuation Method - Does not apply

Inflation, Salary Increases, and Cost of Living Adjustment - Does not apply

Investment Rate of Return (Discount Rate) – 3.26% based on 20 Year Bond GO Index published by bondbuyer.com as of December 28, 2023

Mortality rates were based on the following:

Depositing members – 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service retirees, beneficiaries and non-depositing members – 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Disabled retirees – 160% of the Pub-2010 Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Discount Rate

The total OPEB liability was determined by an actuarial valuation as of the measurement date, calculated based on the discount rate and actuarial assumptions discussed below. The discount rate reflects the long-term rate of return funding valuation assumption of 3.26%. The TCDRS GTLF is treated as an unfunded OPEB plan because the GTLF covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.26% based on the 20 year Bond GO Index by bondbuyer.com is used as of the measurement date of December 31, 2023. As of December 31, 2023, the discount rate used in the development of the Total OPEB Liability was 3.26% compared to 3.72% as of December 31, 2022.

Changes in Total OPEB Liability for the measurement year ended December 31, 2023, are summarized in the following table:

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

	Changes in Total OPEB Liability
Balances of December 31, 2022	\$ -0-
Changes for the year:	
Service Costs	1,346
Interest on total OPEB liability	50
Effect of economic/demographic gains or losses	
Effect of assumption changes or inputs	184
Benefit payments	-
Balances of December 31, 2023	\$ 1,580

Sensitivity Analysis – The following presents the net OPEB liability of the District, calculated using the discount rate of 3.26%, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.26%) or 1 percentage point higher (4.26%) than the current rate.

	1% Decrease 2.26%	Current Discount Rate 3.26%	1% Increase 4.26%
Total OPEB liability	\$ 2,082	\$ 1,580	\$ 1,212

As of December 31, 2024, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions		169
Contributions subsequent to the measurement date		2,750
Total	\$ - 0 -	\$ 2,919

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

\$2,750 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the liability for the measurement year ending December 31, 2024 (i.e. recognized in the District's financial statements for the year ending December 31, 2025). Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB expense will be recognized in OPEB expense as follows:

Year ended December 31:		
2024	\$	15
2025		15
2026		15
2027		15
2028		15
Thereafter		94

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL – EMERGENCY SERVICE DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,730,000	\$ 1,671,486	\$ (58,514)
Sales Tax Receipts	2,475,000	2,578,569	103,569
EMS Revenues	200,500	528,934	328,434
Penalty and Interest	35,000	48,510	13,510
Investment and Miscellaneous Revenues	59,500	852,823	793,323
TOTAL REVENUES	\$ 4,500,000	\$ 5,680,322	\$ 1,180,322
EXPENDITURES			
Service Operations:			
Accounting and Auditing Fees	\$ 59,000	\$ 60,500	\$ (1,500)
Appraisal District Fees	13,000	20,765	(7,765)
Commissioner Fees	36,000	36,000	
Facilities	69,800	41,853	27,947
Insurance	120,000	83,749	36,251
Legal Fees-General	55,000	52,131	2,869
Legal Fees-Delinquent Tax Collections	3,500	16,140	(12,640)
Maintenance-Building and Vehicles	176,000	327,054	(151,054)
Operations	354,600	476,198	(121,598)
Salaries and Benefits	3,237,550	3,219,996	17,554
Sales Tax Consultant		18,649	(18,649)
State Collection Fees	61,400		61,400
Tax Collector Fees	5,000	10,458	(5,458)
Utilities	37,170	56,162	(18,992)
Other	102,065	137,131	(35,066)
Capital Outlay		231,806	(231,806)
Debt Service:			
Lease Principal and Interest	123,722	171,963	(48,241)
Note Principal and Interest	45,640	45,640	
TOTAL EXPENDITURES	\$ 4,499,447	\$ 5,006,195	\$ (506,748)
NET CHANGE IN FUND BALANCE	553	\$ 674,127	\$ 673,574
FUND BALANCE - JANUARY 1, 2024	3,467,535	3,467,535	
FUND BALANCE - DECEMBER 31, 2024	\$ 3,468,088	\$ 4,141,662	\$ 673,574

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
SCHEDULE CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Year Ended December 31, 2023
Total Pension Liability	
Service Cost	\$ 216,291
Interest (on the Total Pension Liability)	16,320
Effect of economic/demographic gains or losses	3,427
Benefit payments, including refunds of employee contributions	<u>(3,164)</u>
Net change in total pension liability	\$ 232,874
Total pension liability, beginning	<u> </u>
Total pension liability, ending (a)	<u>\$ 232,874</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 138,367
Contributions - employee	99,366
Net investment income	2,321
Benefit payments, including refunds of employee contributions	(3,164)
Administrative Expense	(130)
Other	<u>11,742</u>
Net Change in plan fiduciary net position	\$ 248,502
Plan Fiduciary net position, beginning	<u> </u>
Plan Fiduciary net position, ending (b)	<u>\$ 248,502</u>
Net Pension Liability/(Asset), Ending = (a) - (b)	<u><u>\$ (15,628)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	106.71%
Covered-employee payroll	\$ 1,419,507
Net pension liability as a percentage of covered employee payroll	-1.10%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2024**

Fiscal Year Ending December 31	Actuarially Determined Contribution ⁽¹⁾	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽²⁾	Actual Contribution as a Percentage of Covered Payroll
2023	\$ 138,367	\$ 138,367	\$ -0-	\$ 1,419,507	9.75%
2024	\$ 246,291	\$ 246,291	\$ -0-	\$ 2,526,357	9.75%

⁽¹⁾ TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

⁽²⁾ Payroll is calculated based on contributions as reported to TCDRS.

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTE TO SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2024**

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	17.2 years (based on contribution rate calculated in 12/31/23 valuation)
Asset Valuation Method	5-year, smoothed market
Inflation	2.50%
Salary Increases	4.7%, average over career including inflation, varies by age and service
Investment Rate of Return	7.50%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Change in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015-2022: Not applicable, prior to TCDRS participation. 2023: No changes in plan provisions were reflected in the Schedule.

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
SCHEDULE OF CHANGES IN TOTAL POSTEMPLOYMENT BENEFITS
LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Measurement Date <u>12/31/2023</u>
Total OPEB Liability	
Service Cost	\$ 1,346
Interest (on the Total OPEB Liability)	50
Economic/demographic gains or losses	0
Changes of assumptions or other inputs	184
Benefit payments	<u> </u>
Net change in total OPEB liability	\$ 1,580
Total OPEB liability, beginning	<u> </u>
Total OPEB liability, ending	<u>\$ 1,580</u>
 OPEB Covered-employee payroll	 1,419,507
 Net OPEB liability as a percentage of covered employee payroll	 0.11%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/76, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
SCHEDULE OF DISTRICT CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2024

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	OPEB Covered Payroll ⁽¹⁾	Actual Contribution as a Percentage of Covered Payroll
2024	\$ 2,750	\$ 2,750	\$ - 0 -	\$2,526,357	0.11%

⁽¹⁾ Payroll is calculated based on contributions as reported to TCDRS.

All actuarial methods and assumptions used for this analysis were the same as those used in the December 31, 2023, funding valuation. Following are the key assumptions and methods used in this analysis.

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	Straight-line method over expected working life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return	3.26%; 20-year Bond GO Index published by bondbuyer.com as of December 28, 2023
Cost-of-Living Adjustments	Does not apply
Retirement, Disability, Termination	Same as funding valuation
Mortality	Same as funding valuation, See Note 12

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4

SUPPLEMENTARY INFORMATION

REQUIRED BY HARRIS COUNTY

DECEMBER 31, 2024

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
COMPUTATION OF NET LONG-TERM DEBT PER CAPITA
DECEMBER 31, 2024
(UNAUDITED)

Long-Term Debt at December 31, 2024	\$ 819,435
Less: Amount in Debt Service Fund	<u>-0-</u>
Net Long-Term Debt at December 31, 2024	\$ 819,435
Estimated District Population	<u>12,500</u>
Net Long-Term Debt Per Capita at December 31, 2024	<u>\$ 65.55</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
LISTING OF THE NUMBER OF EMERGENCY
RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT –
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

Huffman VFD

Number of Emergency Responses made Within the District	435
Number of Emergency Responses made Outside the District	<u>178</u>
Total Emergency Responses	<u><u>613</u></u>

Ambulance

Number of Emergency Responses made Within the District	1,341
Number of Emergency Responses made Outside the District	<u>81</u>
Total Emergency Responses	<u><u>1,422</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2024

Type of Coverage	From To	Amount of Coverage	Insurer/Name
PUBLIC OFFICIAL BOND Treasurer	06/28/22 06/08/25	\$ 100,000	Hartford Casualty Insurance Company
PUBLIC EMPLOYEE BLANKET BOND Crime Limit	01/01/24 01/01/25	\$ 100,000	National Union Fire Insurance Company
GENERAL LIABILITY General Aggregate Each Occurrence	01/01/24 01/01/25	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
MANAGEMENT LIABILITY Aggregate Each Occurrence	01/01/24 01/01/25	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
EXCESS LIABILITY Aggregate Each	01/01/24 01/01/25	\$ 2,000,000 1,000,000	National Union Fire Insurance Company
PROPERTY LIABILITY Buildings Contents	01/01/24 01/01/25	\$ 1,938,880 219,225	National Union Fire Insurance Company
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit	01/01/24 01/01/25	\$ 1,000,000	National Union Fire Insurance Company
PORTABLE EQUIPMENT	01/01/24 01/01/25	Guaranteed Replacement Costs	National Union Fire Insurance Company
WORKERS COMPENSATION Bodily Injury by Accident Bodily Injury by Disease Disease Policy Limit	01/01/24 01/01/25	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company
ACCIDENT AND SICKNESS POLICY AD&D Medical Disability	01/01/24 01/01/25	\$ 20,000 50,000 20,000	National Union Fire Insurance Company

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Property Taxes	
TAXES RECEIVABLE - JANUARY 1, 2024	\$ 952,750	
Adjustments to Beginning Balance	(7,097)	\$ 945,653
Original 2024 Tax Levy	\$ 1,795,230	
Adjustment to 2024 Tax Levy	18,986	1,814,216
TOTAL TO BE ACCOUNTED FOR		\$ 2,759,869
TAX COLLECTIONS:		
Prior Years	\$ 839,201	
Current Year	866,481	1,705,682
TAXES RECEIVABLE - DECEMBER 31, 2024		\$ 1,054,187
TAXES RECEIVABLE BY YEAR:		
2024		\$ 947,735
2023		45,584
2022		19,812
2021		8,950
2020		6,373
2019		4,370
2018		3,068
2017		2,774
2016		2,604
2015 and prior		12,917
TOTAL TAXES RECEIVABLE BY YEAR		\$ 1,054,187

See accompanying independent auditor's reports.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 1,836,147,057</u>	<u>\$ 1,689,119,169</u>	<u>\$ 1,450,148,106</u>	<u>\$ 1,274,898,182</u>
TAX RATE PER \$100 VALUATION	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
ADJUSTED TAX LEVY*	<u>\$ 1,814,216</u>	<u>\$ 1,682,602</u>	<u>\$ 1,433,487</u>	<u>\$ 1,275,936</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>47.76 %</u>	<u>97.29 %</u>	<u>98.62 %</u>	<u>99.30 %</u>

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

See accompanying independent auditor's reports.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 1,671,486	\$ 1,434,041	\$ 1,277,825
Sales Tax Receipts	2,578,569	2,126,426	1,931,300
EMS Revenues	528,934	263,845	214,354
Penalty and Interest	48,510	39,834	35,407
Investment and Miscellaneous Revenues	852,823	216,876	54,675
TOTAL REVENUES	\$ 5,680,322	\$ 4,081,022	\$ 3,513,561
EXPENDITURES			
Service Operations:			
District Services - Huffman VFD	\$	\$	\$
Accounting and Auditing Fees	60,500	63,000	58,552
Appraisal District Fees	20,765	8,788	9,520
Commissioner Fees	36,000	36,000	36,750
Facilities	41,853	40,129	47,027
Insurance	83,749	83,911	86,247
Legal Fees-General	52,131	52,858	45,780
Legal Fees-Delinquent Tax Collections	16,140	9,194	11,438
Maintenance-Building and Vehicles	327,054	176,890	124,256
Operations/Medical Supplies	476,198	333,153	273,645
Salaries and Benefits	3,219,996	2,370,409	1,461,762
Sales Tax Consultant	18,649	140,598	
Tax Collector Fees/State Collection Fees	10,458	52,577	45,539
Utilities	56,162	34,574	34,711
Other	137,131	71,429	97,127
Capital Outlay	231,806	421,458	738,666
Debt Service:			
Lease Principal	163,361	160,184	246,664
Note Principal	31,593	60,566	
Lease Interest	8,602	11,778	16,465
Note Interest	14,047	30,713	
TOTAL EXPENDITURES	\$ 5,006,195	\$ 4,158,209	\$ 3,334,149
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	\$ 674,127	\$ (77,187)	\$ 179,412
OTHER FINANCING SOURCES (USES)			
Capital Lease Financing	\$	\$	\$
Note Proceeds			
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCES	\$ 674,127	\$ (77,187)	\$ 179,412
BEGINNING FUND BALANCES	3,467,535	3,544,722	3,365,310
ENDING FUND BALANCES	\$ 4,141,662	\$ 3,467,535	\$ 3,544,722

See accompanying independent auditor's reports.

		Percentage of Total Revenues										
		2024		2023		2022		2021		2020		
	2021	2020										
\$	1,186,421	\$ 1,105,263	29.4	%	35.1	%	36.3	%	39.9	%	39.4	%
	1,530,018	1,380,664	45.4		52.1		55.0		51.6		49.3	
	191,461	219,601	9.3		6.5		6.1		6.5		7.8	
	29,075	21,984	0.9		1.0		1.0		1.0		0.8	
	29,078	75,504	15.0		5.3		1.6		1.0		2.7	
\$	<u>2,966,053</u>	<u>\$ 2,803,016</u>	<u>100.0</u>	%	<u>100.0</u>	%	<u>100.0</u>	%	<u>100.0</u>	%	<u>100.0</u>	%
\$	756,010	\$ 628,449		%		%		%	25.5	%	22.4	%
	49,714	52,301	1.1		1.5		1.7		1.7		1.9	
	8,832	8,394	0.4		0.2		0.3		0.3		0.3	
	36,000	36,000	0.6		0.9		1.0		1.2		1.3	
	65,258	105,804	0.7		1.0		1.3		2.2		3.8	
	99,459	60,695	1.5		2.1		2.5		3.4		2.2	
	47,968	38,068	0.9		1.3		1.3		1.6		1.4	
	9,222	6,952	0.3		0.2		0.3		0.3		0.2	
	168,122	99,849	5.8		4.3		3.5		5.7		3.6	
	41,786	26,502	8.4		8.2		7.8		1.4		0.9	
	740,662	664,890	56.7		58.1		41.6		25.0		23.7	
			0.3		3.4							
	14,069	6,169	0.2		1.3		1.3		0.5		0.2	
	44,243	33,908	1.0		0.8		1.0		1.5		1.2	
	88,081	120,335	2.4		1.8		2.8		3.0		4.3	
	743,805	190,489	4.1		10.3		21.0		25.1		6.8	
	198,785	224,336	2.9		3.9		7.0		6.7		8.0	
			0.6		1.5							
	47,376	16,994	0.2		0.3		0.5		1.6		0.6	
			0.2		0.8							
\$	<u>3,159,392</u>	<u>\$ 2,320,135</u>	<u>88.3</u>	%	<u>101.9</u>	%	<u>94.9</u>	%	<u>106.7</u>	%	<u>82.8</u>	%
\$	<u>(193,339)</u>	<u>\$ 482,881</u>	<u>11.7</u>	%	<u>(1.9)</u>	%	<u>5.1</u>	%	<u>(6.7)</u>	%	<u>17.2</u>	%
\$	640,023	\$										
	550,000											
\$	<u>1,190,023</u>	<u>\$ - 0 -</u>										
\$	996,684	\$ 482,881										
	2,368,626	1,885,745										
\$	<u>3,365,310</u>	<u>\$ 2,368,626</u>										

See accompanying independent auditor's reports.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2024

District Mailing Address - Harris County Emergency Services District No. 4
c/o Coveler & Peeler, P.C.
820 Gessner, Suite 1710
Houston, TX 77024

District Telephone Number - (713) 984-8222

<u>Commissioners</u>	<u>Term of Office (Appointed – Elected)</u>	<u>Fees of Office for the year ended December 31, 2024</u>	<u>Expense Reimbursements for the year ended December 31, 2024</u>	<u>Title</u>
Ray Jones	06/24 – 05/28 (Elected)	\$ 7,200	\$ -0-	President
Christy Graves	06/22 – 05/26 (Elected)	\$ 7,200	\$ -0-	Vice President
Robin May-Lutz	06/24 – 05/28 (Elected)	\$ 7,200	\$ -0-	Secretary
Shareen Redus	06/22 – 05/26 (Elected)	\$ 7,200	\$ -0-	Treasurer/ Investment Officer
Wyatt Watkins	06/22 – 05/26 (Elected)	\$ 7,200	\$ -0-	Assistant Treasurer/ Secretary

The limit on fees of office that a Commissioner may receive during a year was \$3,000 as set by the Health and Safety Code-Chapter 775. Effective September 1, 2017, a Commissioner is entitled to receive compensation in the same manner and amount as are provided by Section 49.060 of the Texas Water Code, currently \$7,200 per fiscal year. The above fees of office and expense reimbursements are the amounts paid to a Commissioner during the District’s current fiscal year.

See accompanying independent auditor’s report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2024

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2024</u>	<u>Title</u>
Coveler & Peeler, P.C.	2002	\$ 52,131	Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	12/09/19	\$ 18,500	Auditor
RIT Financial		\$ 42,030	Bookkeeper
Harris County Tax Assessor/Collector	Legislative Action	\$ 10,458	Tax Assessor/ Collector
Linebarger Goggan Blair & Sampson, LLP		\$ 16,337	Delinquent Tax Attorney

See accompanying independent auditor's report.