

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2024

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 14 (the "District") as of and for the year ended September 30, 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 September 30, 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 - General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

February 24, 2025

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Management's discussion and analysis of Harris County Emergency Services District No. 14's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 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 required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$3,644,388 as of September 30, 2024.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 3,834,045	\$ 3,230,622	\$ 603,423
Total Assets	\$ 3,834,045	\$ 3,230,622	\$ 603,423
Current and Other Liabilities	\$ 189,657	\$ 124,850	\$ (64,807)
Total Liabilities	\$ 189,657	\$ 124,850	\$ (64,807)
Net Position:			
Unrestricted	\$ 3,644,388	\$ 3,105,772	\$ 538,616

The following table provides a summary of the District's operations for the years ended September 30, 2024, and September 30, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 561,883	\$ 508,288	\$ 53,595
Sales Tax Receipts	2,506,605	2,672,070	(165,465)
Other Revenues	177,029	67,765	109,264
Total Revenues	\$ 3,245,517	\$ 3,248,123	\$ (2,606)
Expenses for Services	2,706,901	2,586,969	(119,932)
Change in Net Position	\$ 538,616	\$ 661,154	\$ (122,538)
Net Position, Beginning of Year	3,105,772	2,444,618	661,154
Net Position, End of Year	\$ 3,644,388	\$ 3,105,772	\$ 538,616

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance as of the fiscal year ended September 30, 2024, was \$3,551,358, an increase of \$534,944 from the prior year. This increase was primarily due to property taxes exceeding service operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners did not amend the budget during the fiscal year. Actual revenues were \$40,350 more than budgeted revenues. Actual expenditures were \$473,349 less than budgeted expenditures.

CAPITAL ASSETS

The District did not own any capital assets as of September 30, 2024.

CONTACTING THE DISTRICT'S MANAGEMENT

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2024

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 799,236	\$	\$ 799,236
Investments	2,898,502		2,898,502
Receivables:			
Property Taxes	60,571		60,571
Penalty and Interest on Delinquent Taxes		32,459	32,459
Accrued Interest	<u>43,277</u>		<u>43,277</u>
TOTAL ASSETS	<u>\$ 3,801,586</u>	<u>\$ 32,459</u>	<u>\$ 3,834,045</u>
LIABILITIES			
Accounts Payable	<u>\$ 189,657</u>	<u>\$ - 0 -</u>	<u>\$ 189,657</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>\$ 60,571</u>	<u>\$ (60,571)</u>	<u>\$ - 0 -</u>
FUND BALANCE			
Unassigned	<u>\$ 3,551,358</u>	<u>\$ (3,551,358)</u>	<u>\$ - 0 -</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 3,801,586</u>		
NET POSITION			
Unrestricted		<u>\$ 3,644,388</u>	<u>\$ 3,644,388</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

Total Fund Balance - Governmental Fund	\$ 3,551,358
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenues in the governmental activities of the District.	<u>93,030</u>
Total Net Position - Governmental Activities	<u>\$ 3,644,388</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	\$ 560,634	\$ 1,249	\$ 561,883
Sales Tax Receipts	2,506,605		2,506,605
Penalty and Interest	22,786	2,423	25,209
Investment Revenues	151,366		151,366
Miscellaneous Revenues	454		454
TOTAL REVENUES	<u>\$ 3,241,845</u>	<u>\$ 3,672</u>	<u>\$ 3,245,517</u>
EXPENDITURES/EXPENSES			
Service Operations:			
District Services - Highland			
Volunteer Fire Department			
General Operations	\$ 340,000	\$	\$ 340,000
Emergency Services	2,065,204		2,065,204
Insurance	77,617		77,617
Other	56,212		56,212
Accounting and Auditing	17,425		17,425
Appraisal District Fees	4,830		4,830
Dispatch	94,040		94,040
Insurance	6,541		6,541
Legal Fees - General	17,650		17,650
Legal Fees - Delinquent Tax Collections	7,450		7,450
Sales Tax Consultant	6,000		6,000
Tax Assessor/Collector Fees	9,229		9,229
Other	4,703		4,703
TOTAL EXPENDITURES/EXPENSES	<u>\$ 2,706,901</u>	<u>\$ - 0 -</u>	<u>\$ 2,706,901</u>
NET CHANGE IN FUND BALANCE	\$ 534,944	\$ (534,944)	\$
CHANGE IN NET POSITION		538,616	538,616
FUND BALANCE/NET POSITION - OCTOBER 1, 2023	<u>3,016,414</u>	<u>89,358</u>	<u>3,105,772</u>
FUND BALANCE/NET POSITION - SEPTEMBER 30, 2024	<u><u>\$ 3,551,358</u></u>	<u><u>\$ 93,030</u></u>	<u><u>\$ 3,644,388</u></u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Net Change in Fund Balance - Governmental Fund	\$	534,944
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.		1,249
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Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.		2,423
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Change in Net Position - Governmental Activities	\$	538,616
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The accompanying notes to the financial
statements are an integral part of this report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1. CREATION OF DISTRICT

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 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 in the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Fund

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting

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

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

Budgeting

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

Pensions

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

Measurement Focus

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or 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. The District does not have any nonspendable fund balances.

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 3. TAX LEVY

During the year ended September 30, 2024, the District levied an ad valorem tax at the rate of \$0.045173 per \$100 of assessed valuation, which resulted in a tax levy of \$561,233 on the adjusted taxable valuation of \$1,248,715,047 for the 2023 tax year.

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

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$3,697,738 and the bank balance was \$3,698,583. The District was not exposed to custodial credit risk at year-end.

Investments

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

As of September 30, 2024, the District had the following investments and maturities.

Fund and Investment Type	Fair Value	Maturities Less Than 1 Year
<u>GENERAL FUND</u>		
Certificates of Deposit	<u>\$2,898,502</u>	<u>\$ 2,898,502</u>

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

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

NOTE 5. RISK MANAGEMENT

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

NOTE 6. SERVICE PROVIDER AGREEMENT

The District has entered into a contract with Highland Volunteer Fire Department (the "Department") to provide fire suppression and emergency services. The original term of this contract was October 1, 2000 to September 30, 2001, and will be automatically renewed for successive annual periods. The Department will provide all manpower and equipment for fire protection, extinguishment and prevention services within the District. The Department agreed to

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6. SERVICE PROVIDER AGREEMENT (Continued)

obtain all necessary licenses, permits and approvals required to provide services to the service area. The parties agreed the District shall not be responsible or liable for operating, repairing, and insuring any facilities.

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

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

During the current year, the District paid \$340,000 for operations, \$2,065,204 for emergency services and \$133,829 for other costs.

NOTE 7 DISPATCH SERVICE FEE AGREEMENT

On June 24, 2019, effective August 5, 2019 the District entered into an agreement with East Harris County Emergency Services (ECOM) to receive dispatch and communication services. The term of the agreement is two-years and will renew for additional one-year periods unless otherwise terminated by either party. Under the agreement, the District will pay an annual base fee of \$35,000 and annual dispatch service fee of \$36,000, all payable in monthly installments. At the end of the two-year term these fees may increase by no more than ten percent, unless call volume increases more than ten percent from the prior two years of service. During the current year, the District recorded \$94,040 for dispatch service costs.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 501,495	\$ 560,634	\$ 59,139
Sales Tax Receipts	2,700,000	2,506,605	(193,395)
Penalty and Interest		22,786	22,786
Investment Revenues		151,366	151,366
Miscellaneous Revenues		454	454
TOTAL REVENUES	<u>\$ 3,201,495</u>	<u>\$ 3,241,845</u>	<u>\$ 40,350</u>
EXPENDITURES			
Service Operations:			
District Services - Highland			
Volunteer Fire Department	\$ 3,050,000	\$ 2,539,033	\$ 510,967
Accounting and Auditing	9,000	17,425	(8,425)
Appraisal District Fees	9,000	4,830	4,170
Dispatch		94,040	(94,040)
Insurance	9,000	6,541	2,459
Legal Fees - General	52,500	17,650	34,850
Legal Fees - Delinquent Tax Collections		7,450	(7,450)
Sales Tax Consultant	8,000	6,000	2,000
Tax Assessor/Collector Fees		9,229	(9,229)
Other	42,750	4,703	38,047
TOTAL EXPENDITURES	<u>\$ 3,180,250</u>	<u>\$ 2,706,901</u>	<u>\$ 473,349</u>
NET CHANGE IN FUND BALANCE	<u>\$ 21,245</u>	<u>\$ 534,944</u>	<u>\$ 513,699</u>
FUND BALANCE - OCTOBER 1, 2023	<u>3,016,414</u>	<u>3,016,414</u>	
FUND BALANCE - SEPTEMBER 30, 2024	<u>\$ 3,037,659</u>	<u>\$ 3,551,358</u>	<u>\$ 513,699</u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14

SUPPLEMENTARY INFORMATION

REQUIRED BY HARRIS COUNTY

SEPTEMBER 30, 2024

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
LISTING OF THE NUMBER OF EMERGENCY
RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)

Number of emergency responses made within the District	3,932
Number of emergency responses made outside of the District	<u>223</u>
Total emergency responses	<u><u>4,155</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
SCHEDULE OF INSURANCE AND BONDING COVERAGE
SEPTEMBER 30, 2024

Type of Coverage	From To	Amount of Coverage	Insurer/Name
GENERAL LIABILITY General Aggregate Per Occurrence	07/11/24 07/11/25	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
MANAGEMENT LIABILITY General Aggregate Per Occurrence	07/11/24 07/11/25	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
EXCESS LIABILITY General Aggregate Per Occurrence	07/11/24 07/11/25	\$ 20,000,000 10,000,000	National Union Fire Insurance Company
PUBLIC EMPLOYEE DISHONESTY BOND Blanket Per Employee	07/11/24 07/11/25	\$ 200,000	National Union Fire Insurance Company
POSITION SCHEDULE BOND- TREASURER	07/11/24 07/11/25	\$ 300,000	National Union Fire Insurance Company
CRIME Computer and Funds Transfer Fraud Fraudulent Impersonation Identity Fraud Expense	07/11/24 07/11/25	\$ 100,000 100,000 25,000	National Union Fire Insurance Company
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit Per Accident	07/11/24 07/11/25	\$ 1,000,000	National Union Fire Insurance Company
CYBER LIABILITY Each Event Limit Aggregate	07/11/24 07/11/25	\$ 1,000,000 2,000,000	National Union Fire Insurance Company
PRIVACY CRISIS MANAGEMENT Each Event Limit CYBER EXTORTION EXPENSE Each Event Limit AGGREGATE LIMIT	07/11/24 07/11/25	\$ 50,000 20,000 50,000	National Union Fire Insurance Company
ABUSE OR MOLESTATION Each Event Limit Aggregate	07/11/24 07/11/25	\$ 5,000,000 5,000,000	National Union Fire Insurance Company

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
STATEMENT OF ACTIVITIES
HIGHLAND VOLUNTEER FIRE DEPARTMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(UNAUDITED)

	<u>General Fund</u>
REVENUES, GAINS AND OTHER SUPPORT	
Harris County Emergency Services District No. 14	
Property Tax	\$ 240,000
Sales Tax	<u>2,238,011</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>\$ 2,478,011</u>
EXPENSES	
PROGRAM COSTS	
Administration Dues and Salaries	\$ 1,864,778
Education and Training	13,314
Fire Fighter Incentives	211,986
Insurance	229,955
Medical Supplies and Maintenance	111,474
Uniforms	11,063
Utilities	53,872
Contingency	71,734
Vehicle Fuel	40,510
Repair and Maintenance	<u>62,393</u>
TOTAL PROGRAM COSTS	<u>\$ 2,671,079</u>
CHANGE IN NET ASSETS	<u>(193,068)</u>
NET ASSETS - JANUARY 1, 2023	<u>291,716</u>
NET ASSETS - DECEMBER 31, 2023	<u>\$ 98,648</u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14

OTHER SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2024

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Maintenance Taxes</u>	
TAXES RECEIVABLE - OCTOBER 1, 2023	\$ 59,322	
Adjustments to Beginning Balance	<u>650</u>	\$ 59,972
Original 2023 Tax Levy	\$ 525,569	
Adjustment to 2023 Tax Levy	<u>35,664</u>	<u>561,233</u>
TOTAL TO BE ACCOUNTED FOR		\$ 621,205
TAX COLLECTIONS:		
Prior Years	\$ 21,784	
Current Year	<u>538,850</u>	<u>560,634</u>
TAXES RECEIVABLE - SEPTEMBER 30, 2024		<u>\$ 60,571</u>
TAXES RECEIVABLE BY YEAR:		
2023		\$ 22,383
2022		12,094
2021		5,666
2020		4,521
2019		3,339
2018		2,276
2017		1,789
2016		1,371
2015		1,076
2014		810
2013		766
2012		651
2011 and prior		<u>3,829</u>
TOTAL		<u>\$ 60,571</u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY				
VALUATIONS	<u>\$ 1,248,715,047</u>	<u>\$ 1,010,217,320</u>	<u>\$ 843,601,171</u>	<u>\$ 794,479,143</u>
TAX RATES PER \$100				
VALUATION	<u>\$ 0.045173</u>	<u>\$ 0.0500</u>	<u>\$ 0.0500</u>	<u>\$ 0.0500</u>
ADJUSTED TAX LEVY*	<u>\$ 561,233</u>	<u>\$ 509,564</u>	<u>\$ 429,018</u>	<u>\$ 397,544</u>
PERCENTAGE OF TAXES				
COLLECTED TO				
TAXES LEVIED	<u>96.01 %</u>	<u>97.63 %</u>	<u>98.68 %</u>	<u>98.86 %</u>

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

See accompanying independent auditor's report.

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

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 560,634	\$ 500,562	\$ 424,007
Sales Tax Receipts	2,506,605	2,672,070	2,434,192
Penalty and Interest	22,786	21,994	13,050
Investment Revenues	151,366	32,961	1,062
Miscellaneous Revenues	454	2,313	261
TOTAL REVENUES	<u>\$ 3,241,845</u>	<u>\$ 3,229,900</u>	<u>\$ 2,872,572</u>
EXPENDITURES			
District Services - Highland			
Highlands VFD	\$ 2,539,033	\$ 2,397,852	\$ 1,894,528
Accounting, Auditing and Legal	42,525	19,150	13,360
Appraisal District Fees	4,830	3,682	3,166
Dispatch	94,040	94,040	88,281
Dues and Fees		3,972	2,452
Insurance	6,541	6,616	6,616
Sales Tax Consultant	6,000	6,606	6,000
Tax Assessor/Collector Fees	9,229	8,466	7,957
Other	4,703	46,585	13,854
Debt Service:			
Note Principal			
Note Interest			
TOTAL EXPENDITURES	<u>\$ 2,706,901</u>	<u>\$ 2,586,969</u>	<u>\$ 2,036,214</u>
NET CHANGE IN FUND BALANCE	\$ 534,944	\$ 642,931	\$ 836,358
BEGINNING FUND BALANCE	<u>3,016,414</u>	<u>2,373,483</u>	<u>1,537,125</u>
ENDING FUND BALANCE	<u><u>\$ 3,551,358</u></u>	<u><u>\$ 3,016,414</u></u>	<u><u>\$ 2,373,483</u></u>

* Information provided by prior auditor

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020*	2024	2023	2022	2021	2020*
\$ 396,655	\$ 370,377	17.3 %	15.5 %	14.8 %	17.0 %	15.8
1,921,286	1,959,478	77.3	82.7	84.7	82.3	83.6
14,235	8,290	0.7	0.7	0.5	0.6	0.4
905	735	4.7	1.0			
2,713	3,693		0.1		0.1	0.2
<u>\$ 2,335,794</u>	<u>\$ 2,342,573</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0</u>
\$ 1,941,491	\$ 1,591,386	78.3 %	74.2 %	66.0 %	83.1 %	67.9
11,441	11,717	1.3	0.6	0.5	0.5	0.5
2,868	2,817	0.2	0.1	0.1	0.1	0.1
71,004		2.9	2.9	3.1	3.0	
550	1,865		0.1	0.1		0.1
6,616		0.2	0.2	0.2	0.3	
6,000	6,000	0.2	0.2	0.2	0.3	0.3
7,675	6,674	0.3	0.3	0.3	0.3	0.3
1,783	(9)	0.1	1.4	0.5	0.1	
237,007	371,243				10.1	15.8
38,457					1.6	
<u>\$ 2,324,892</u>	<u>\$ 1,991,693</u>	<u>83.5 %</u>	<u>80.0 %</u>	<u>71.0 %</u>	<u>99.4 %</u>	<u>85.0</u>
\$ 10,902	\$ 350,880	<u>16.5 %</u>	<u>20.0 %</u>	<u>29.0 %</u>	<u>0.6 %</u>	<u>15.0</u>
1,526,223	1,175,343					
<u>\$ 1,537,125</u>	<u>\$ 1,526,223</u>					

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
BOARD OF COMMISSIONERS AND CONSULTANTS
SEPTEMBER 30, 2024

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

District Telephone Number - (281) 843-2466

<u>Commissioners</u>	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of Office for the year ended September 30, 2024</u>	<u>Expense Reimbursement for the year ended September 30, 2024</u>	<u>Title</u>
J.R. Strouhal	11/24 11/28 (Elected)	\$ -0-	\$ -0-	President
Mark Taylor	11/24 11/28 (Elected)	\$ -0-	\$ -0-	Vice President
Johnny Gaeke	05/22 05/26 (Elected)	\$ -0-	\$ -0-	Treasurer
Jerry Ickes	05/22 05/26 (Elected)	\$ -0-	\$ -0-	Secretary
Elaine Marshall	05/22 05/26 (Elected)	\$ -0-	\$ -0-	Assistant Treasurer/ Secretary

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

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 14
BOARD OF COMMISSIONERS AND CONSULTANTS
SEPTEMBER 30, 2024

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2024*</u>	<u>Title</u>
Weston Cotton	Resigned 08/23/23	\$ 400	Prior Attorney
Coveler & Peeler, P.C.	11/07/23	\$ 17,250	Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	11/22/21	\$ 11,500	Auditor
Dawn Muth – San Jacinto Tax Service Co		\$ 5,925	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP		\$ 7,450	Delinquent Tax Attorney
HdL Companies		\$ 6,000	Sales Tax Consultant
Harris County Tax Assessor/Collector	Legislative Action	\$ 9,229	Tax Assessor/ Collector
Mark Taylor		\$ -0-	Investment Officer

* Accrual basis

See accompanying independent auditor's report.