

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**HARRIS COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 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. 21  
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. 21 (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 - General Fund, the Schedule of Changes in Net Pension Asset and Related Ratios, Schedule of District Contributions – Pension, Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios and Schedule of District Contributions – Other Postemployment Benefits 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 are 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

June 10, 2025

# **HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED DECEMBER 31, 2024**

Management's discussion and analysis of Harris County Emergency Services District No. 21'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 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 receipts, costs of assessing and collecting taxes and general expenditures.

# **HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**

## **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 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19,078,494 as of December 31, 2024.

A portion of the District's net position reflects its net investment in capital assets and right-of-use (land, buildings, emergency vehicles, and equipment, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide emergency medical services within the District.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 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	\$ 16,093,722	\$ 12,599,023	\$ 3,494,699
Capital Assets and Right-of-Use Assets	16,194,237	15,354,888	839,349
Total Assets	\$ 32,287,959	\$ 27,953,911	\$ 4,334,048
Deferred Outflows of Resources	\$ 241,121	\$ -0-	\$ 241,121
Long -Term Liabilities	\$ 6,761,309	\$ 5,916,055	\$ (845,254)
Current and Other Liabilities	1,446,554	1,316,124	(130,430)
Total Liabilities	\$ 8,207,863	\$ 7,232,179	\$ (975,684)
Deferred Inflows of Resources	\$ 5,242,723	\$ 4,630,190	\$ (612,533)
Net Position:			
Net Investment in Capital Assets	\$ 10,064,422	\$ 8,762,765	\$ 1,301,657
Restricted	110,460		110,460
Unrestricted	8,903,612	7,328,777	1,574,835
Total Net Position	\$ 19,078,494	\$ 16,091,542	\$ 2,986,952

The following table provides a summary of the District's operations for the years ended December 31, 2024, and December 31, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 4,705,393	\$ 3,734,609	\$ 970,784
Sales Tax Receipts	3,400,241	2,873,339	526,902
Other Revenues	849,256	577,142	272,114
Total Revenues	\$ 8,954,890	\$ 7,185,090	\$ 1,769,800
Expenses for Services	5,967,938	4,467,012	(1,500,926)
Change in Net Position	\$ 2,986,952	\$ 2,718,078	\$ 268,874
Net Position, Beginning of Year	16,091,542	13,373,464	2,718,078
Net Position, End of Year	\$ 19,078,494	\$ 16,091,542	\$ 2,986,952

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED DECEMBER 31, 2024

#### FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance as of the fiscal year ended December 31, 2024, was \$10,361,359, an increase of \$3,114,817 from the prior year. This increase was primarily due to property tax revenues, sales tax receipts, and the issuance of a promissory note of \$1,649,597 exceeding operating and capital expenditures.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners amended the budget during the fiscal year. Actual revenues were \$509,313 more than budgeted revenues, actual expenditures were \$620,582 less than budgeted expenditures, and note and lease proceeds were \$281,112 more than budgeted, which resulted in a positive budget variance of \$1,411,007. See the budget to actual comparison for more information.

#### CAPITAL ASSETS

Capital assets as of December 31, 2024, total \$15,998,871 (net of accumulated depreciation) and include land, buildings, fire and utility trucks 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	\$ 4,705,120	\$ 4,705,120	\$
Construction in Progress	984,195	8,535,043	(7,550,848)
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	8,533,315	383,602	8,149,713
Emergency Services Equipment	1,519,841	1,447,268	72,573
Other Equipment	256,400	283,855	(27,455)
Total Net Capital Assets	<u>\$ 15,998,871</u>	<u>\$ 15,354,888</u>	<u>\$ 643,983</u>

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

#### RIGHT-OF-USE ASSETS

GASB Statement No. 87 was required to be implemented in a prior fiscal year. Right-of-use assets consisting of a building lease totaling \$281,112, had current year amortization expense of \$85,746 and accumulated amortization balance of \$85,746 as of December 31, 2024.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**LONG-TERM DEBT ACTIVITY**

At year-end, the District had total long-term debt payable of \$7,779,412. The changes in the debt position of the District during the fiscal year ended December 31, 2024, are summarized as follows:

Note Payable, January 1, 2024	\$ 6,592,123
Add: Note Proceeds	1,649,597
Less: Principal Paid	<u>676,068</u>
Note Payable, December 31, 2024	<u>\$ 7,565,652</u>
Lease Payable, January 1, 2024	\$ - 0 -
Add: Lease Proceeds	281,112
Less: Principal Paid	<u>67,352</u>
Lease Payable, December 31, 2024	<u>\$ 213,760</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 Randy Parr, District Bookkeeper at 281-924-3324 or [rfparr@outlook.com](mailto:rfparr@outlook.com).

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**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>
<b>ASSETS</b>			
Cash	\$ 968,079	\$	\$ 968,079
Investments	9,625,255		9,625,255
Due from Harris County Tax Assessor/Collector	2,259,518		2,259,518
Net Pension Asset		3,332	3,332
Receivables:			
Property Taxes	2,445,853		2,445,853
Penalty and Interest on Delinquent Taxes		68,779	68,779
Sales Tax Receipts	637,659		637,659
Due from Others	85,247		85,247
Land		4,705,120	4,705,120
Construction in Progress		984,195	984,195
Right-of-Use Assets (Net of Accumulated Amortization)		195,366	195,366
Capital Assets (Net of Accumulated Depreciation)		10,309,556	10,309,556
<b>TOTAL ASSETS</b>	<u>\$ 16,021,611</u>	<u>\$ 16,266,348</u>	<u>\$ 32,287,959</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows - Pension	\$	\$ 239,643	\$ 239,643
Deferred Other Postemployment Benefits Plan Charges		1,478	1,478
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ - 0 -</u>	<u>\$ 241,121</u>	<u>\$ 241,121</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 16,021,611</u>	<u>\$ 16,507,469</u>	<u>\$ 32,529,080</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**DECEMBER 31, 2024**

	General Fund	Adjustments	Statement of Net Position
<b>LIABILITIES</b>			
Accounts Payable	\$ 275,297	\$	\$ 275,297
Accrued Interest Payable		96,119	96,119
Accrued Compensated Absences		56,926	56,926
Net Other Postemployment Benefits Liability		109	109
Leases Payables:			
Due Within One Year		92,924	92,924
Due After One Year		120,836	120,836
Note Payable:			
Due Within One Year		925,179	925,179
Due After One Year		6,640,473	6,640,473
<b>TOTAL LIABILITIES</b>	<u>\$ 275,297</u>	<u>\$ 7,932,566</u>	<u>\$ 8,207,863</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	<u>\$ 5,384,955</u>	<u>\$ (142,232)</u>	<u>\$ 5,242,723</u>
<b>FUND BALANCE</b>			
Restricted for Capital Assets	\$ 1,649,597	\$ (1,649,597)	\$
Restricted for Debt Service	101,615	(101,615)	
Unassigned	<u>8,610,147</u>	<u>(8,610,147)</u>	
<b>TOTAL FUND BALANCE</b>	<u>\$ 10,361,359</u>	<u>\$ (10,361,359)</u>	<u>\$ - 0 -</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u><u>\$ 16,021,611</u></u>		
<b>NET POSITION</b>			
Net Investment in Capital Assets		\$ 10,064,422	\$ 10,064,422
Restricted		110,460	110,460
Unrestricted		<u>8,903,612</u>	<u>8,903,612</u>
<b>TOTAL NET POSITION</b>		<u><u>\$ 19,078,494</u></u>	<u><u>\$ 19,078,494</u></u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

Total Fund Balance - Governmental Fund	\$	10,361,359
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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.		16,194,237
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Accrued compensated absences are not payable with current financial resources and, therefore, are not reported in the governmental funds.		(56,926)
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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.		244,453
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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.		211,011
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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	\$	(96,119)	
Net Pension Liability		(109)	
Leases Payable Within One Year		(92,924)	
Leases Payable After One Year		(120,836)	
Note Payable Within One Year		(925,179)	
Note Payable After One Year		<u>(6,640,473)</u>	<u>(7,875,640)</u>

Total Net Position - Governmental Activities	\$	<u>19,078,494</u>
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The accompanying notes to the financial  
statements are an integral part of this report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**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
<b>REVENUES</b>			
Property Taxes	\$ 4,691,983	\$ 13,410	\$ 4,705,393
Sales Tax Receipts	3,400,241		3,400,241
Penalty and Interest	93,198	8,556	101,754
Investment Revenues	505,346		505,346
Allocated to ESD 3	231,281		231,281
Miscellaneous Revenues	10,875		10,875
<b>TOTAL REVENUES</b>	<b>\$ 8,932,924</b>	<b>\$ 21,966</b>	<b>\$ 8,954,890</b>
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
Emergency Services	\$ 136,000	\$	\$ 136,000
Accounting and Auditing	48,600		48,600
Appraisal District Fees	38,847		38,847
Commissioner Expenses	16,782		16,782
Communications	45,091		45,091
Depreciation/Amortization		516,109	516,109
Vehicle Maintenance and Operation	238,893		238,893
Insurance	95,129		95,129
Legal and Other Professional Fees	267,476		267,476
Safety	45,452		45,452
Salaries and Benefits	3,278,805	(187,418)	3,091,387
Tax Assessor/Collector Fees	20,154		20,154
Technology	142,528		142,528
Training	39,185		39,185
Uniforms	9,035		9,035
Other	89,034		89,034
Shared Services:			
Salaries and Benefits	242,251		242,251
Rent and Admin Facilities	106,011	(67,352)	38,659
Fire Station Operations	262,990		262,990
Repairs and Maintenance	1,304		1,304
Technology	6,607		6,607
Capital Outlay	1,781,079	(1,355,457)	425,622
Debt Service:			
Note Principal	676,068	(676,068)	
Note Interest	161,495	(10,692)	150,803
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 7,748,816</b>	<b>\$ (1,780,878)</b>	<b>\$ 5,967,938</b>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**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
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>OVER EXPENDITURES</b>	\$ 1,184,108	\$ 1,802,844	\$ 2,986,952
<b>OTHER FINANCING SOURCES (USES)</b>			
Note and Lease Proceeds	\$ 1,930,709	\$ (1,930,709)	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	\$ 3,114,817	\$ (3,114,817)	\$
<b>CHANGE IN NET POSITION</b>		2,986,952	2,986,952
<b>FUND BALANCE/NET POSITION -</b>			
<b>JANUARY 1, 2024</b>	<u>7,246,542</u>	<u>8,845,000</u>	<u>16,091,542</u>
<b>FUND BALANCE/NET POSITION -</b>			
<b>DECEMBER 31, 2024</b>	<u>\$ 10,361,359</u>	<u>\$ 8,717,135</u>	<u>\$ 19,078,494</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**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	\$ 3,114,817
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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.	13,410
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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.	8,556
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Governmental funds do not account for depreciation and amortization. However, in the government-wide financial statements, assets are depreciated or amortized and the expense is recorded in the Statement of Activities.	(516,109)
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The changes in the deferred outflows of resources are recorded as pension expense in the government-wide financial statements.	187,418
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Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.	1,355,457
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Governmental funds report note principal payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, liabilities are reduced when principal payments are made and the Statement of Activities is not affected.	743,420
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Governmental funds report interest expenditures on long-term liabilities as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the long-term liabilities through fiscal year-end.	10,692
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Governmental funds report note and lease proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(1,930,709)
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Change in Net Position - Governmental Activities	\$ 2,986,952
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The accompanying notes to the financial  
statements are an integral part of this report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. CREATION OF DISTRICT**

The Harris County Emergency Services District No. 21 (the “District”), a political subdivision, was created under the name Harris County Rural Fire Prevention District No. 21 on November 12, 1985 under Article III, Section 48-d of the Texas Constitution to provide emergency services including fire protection, fire prevention and rescue and other emergency services to the residents of the District. Effective September 1, 2003, under S.B. 1021, all rural fire prevention districts in the State were converted into emergency services districts. The District thereupon operated under the name Harris County Emergency Services District No. 21 and operated under Chapter 775 of the Texas Health and Safety Code. There was no change in the services provided by the District after the conversion. The basic operations of the District are funded through tax levies assessed on all of the taxable real and personal property within the District and a 1% local sales and use tax which became effective October 1, 2006 on qualified sales within 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. 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. 21**  
**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 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. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

Governmental Fund (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 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 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 meet the District’s planned expenditures in the 2025 fiscal year.

Capital Assets and Right-of-Use Assets

Capital assets, which include land, buildings and equipment, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as 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 after completion.

Capital assets with a useful life of one year or more and a total cost of \$5,000 or more (including installation costs and professional fees) are capitalized and depreciated using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Buildings	40
Equipment	7-15

In accordance with GASB Statement No. 87, as of December 31, 2024, the District recorded a building lease as right-to-use assets (see Note 11). The right-to-use assets are being amortized over the estimated useful life using the straight-line method of amortization.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

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 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. The District participates in the Texas County and District Retirement System and a deferred compensation plan for its employees. See Notes 12 and 13.

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.

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.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

Measurement Focus (Continued)

*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.

**NOTE 3.      TAX LEVY**

During the year ended December 31, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.079517 per \$100 of assessed valuation, which resulted in a tax levy of \$4,661,093 on the adjusted taxable valuation of \$0.020483 for the 2024 tax year. The District also levied an ad valorem debt service tax at the rate of \$0.020483 per \$100 of assessed valuation, which resulted in a tax levy of \$581,630 on the adjusted taxable valuation of \$5,271,807,576 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.

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21

## NOTES TO THE FINANCIAL STATEMENTS

### DECEMBER 31, 2024

#### 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 \$968,079 and the bank balance was \$1,053,070. The District was not exposed to custodial credit risk at year-end.

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

	Cash
GENERAL FUND	\$ <u>968,079</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 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. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 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.

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 to be 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 in Years		
		Less Than 1	1-5	6-10
<u>GENERAL FUND</u>				
Texas CLASS	<u>\$9,625,255</u>	<u>\$ 9,625,255</u>	<u>\$ -0-</u>	<u>\$ -0-</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. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 5. CAPITAL ASSETS**

	January 1, 2024	Increases	Decreases	December 31, 2024
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 4,705,120	\$	\$	\$ 4,705,120
Construction in Progress	<u>8,535,043</u>	<u>1,074,346</u>	<u>8,625,194</u>	<u>984,195</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 13,240,163</u>	<u>\$ 1,074,346</u>	<u>\$ 8,625,194</u>	<u>\$ 5,689,315</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings and Improvements	\$ 385,000	\$ 8,314,796	\$	\$ 8,699,796
Emergency Services Equipment	2,924,085	310,398		3,234,483
Other Equipment	<u>328,540</u>	<u></u>	<u></u>	<u>328,540</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 3,637,625</u>	<u>\$ 8,625,194</u>	<u>\$ - 0 -</u>	<u>\$ 12,262,819</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	\$ 1,398	\$ 165,083	\$	\$ 166,481
Emergency Services Equipment	1,476,817	237,825		1,714,642
Other Equipment	<u>44,685</u>	<u>27,455</u>	<u></u>	<u>72,140</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 1,522,900</u>	<u>\$ 430,363</u>	<u>\$ - 0 -</u>	<u>\$ 1,953,263</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 2,114,725</u>	<u>\$ 8,194,831</u>	<u>\$ - 0 -</u>	<u>\$ 10,309,556</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u><u>\$ 15,354,888</u></u>	<u><u>\$ 9,269,177</u></u>	<u><u>\$ 8,625,194</u></u>	<u><u>\$ 15,998,871</u></u>

**NOTE 6. RISK MANAGEMENT**

The District covers various risks of loss in the event it incurs tort claims including theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three years.

**NOTE 7. SALES AND USE TAX**

At an election, voters within the District authorized the District to adopt, assess, levy and collect a sales and use tax at the rate of one half of one percent. The Board set a local sales and use tax of one-half percent on all applicable sales and uses within the boundaries of the District. During the current fiscal year, the District collected \$3,400,241 in sales tax receipts; of this amount \$637,659 is reported as receivable at December 31, 2024.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 8.      EMERGENCY SERVICES**

On January 1, 2017, the District entered into an agreement with the Rosehill Fire Department (the “Department”) whereby the Department would provide emergency medical, 911 network, rescue and ambulance services to all persons located within the boundaries of the geographical area of the District. The original term of this agreement was for the two-year period January 1, 2017 through December 31, 2018. On November 16, 2020, the agreement was renewed for an additional two years and expires on December 31, 2024. On October 1, 2023, the District did not renew the contract with Rosehill.

On March 4, 2024, the District expended \$136,000 to reimburse Rosehill Fire Department for Station 51 purchases and settlement.

**NOTE 9.      INTERLOCAL AGREEMENT WITH HARRIS COUNTY ESD NO. 3**

On November 1, 2023, the District entered into an agreement with Harris County ESD No. 3 (“ESD 3”) whereby the District and ESD 3 agree to share the expense of general management and administrative services related to the provision of Fire Services and EMS services. The District will be liable for and pay 60% percent of the shared costs and ESD 3 shall be liable for and pay 40% percent of the shared costs. Payments will be made on a monthly basis and shall be reviewed and reconciled every month during each year of this agreement. Any adjustments to the cost allocation shall be paid at the Districts’ next regularly scheduled meeting. The term of this agreement is for a five-year period beginning November 1, 2023 through November 1, 2028.

**NOTE 10.    NOTES PAYABLE**

During 2022, the District entered into a \$7,255,000 loan agreement with Trustmark National Bank. The loan bears interest at 1.99%, with annual payments of \$807,251, including principal and interest, beginning March 8, 2023, through March 8, 2033. The loan is collateralized by the funds legally available to the District from all property tax revenue generated within the geopolitical boundaries of the District during each calendar year.

On August 16, 2024, the District entered into a \$1,649,597 loan agreement with Frost Bank to fund the purchase of a new Rosenbauer 100’ Cobra Aerial Ladder Platform Truck. The loan bears interest at 4.41%, with annual principal payments of 235,657 plus interest, beginning September 16, 2024 through August 16, 2031. Interest payments are due monthly.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 10. NOTES PAYABLE (Continued)**note

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

Note Payable, January 1, 2024	\$ 6,592,123
Add: Note Proceeds	1,649,597
Less: Principal Paid	<u>676,068</u>
Note Payable, December 31, 2024	<u>\$ 7,565,652</u>
Due Within One Year	\$ 925,179
Due After One Year	<u>6,640,473</u>
Note Payable, December 31, 2024	<u>\$ 7,565,652</u>

The total debt service requirements on the notes as of December 31, 2024 were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 925,179	\$ 186,949	\$ 1,112,128
2026	938,900	162,845	1,101,745
2027	952,895	138,467	1,091,362
2028	967,168	113,811	1,080,979
2029	981,725	88,871	1,070,596
2030-2032	<u>2,799,785</u>	<u>117,512</u>	<u>2,917,297</u>
	<u>\$ 7,565,652</u>	<u>\$ 808,455</u>	<u>\$ 8,374,107</u>

**NOTE 11. OFFICE LEASE**

On February 1, 2024, the District entered into a commercial lease agreement with Sembera Properties, L.P. for an office lease at 17774 Cypress Rosehill. The term of the lease is 38 months beginning February 1, 2024, through March 31, 2027. Monthly lease payments in the amount of \$7,878 are due between April 1, 2024, through March 31, 2025, monthly lease payments in the amount of \$8,140 are due between April 1, 2025, through March 31, 2026, and monthly lease payments in the amount of \$8,403 are due between April 1, 2026, through March 31, 2027.

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 11. OFFICE LEASE (Continued)**

Lease Payable, January 1, 2024	\$ - 0 -
Add: Lease Proceeds	281,112
Less: Principal Paid	<u>67,352</u>
Lease Payable, December 31, 2024	<u>\$ 213,760</u>
Lease Payable:	
Due Within One Year	\$ 92,924
Due After One Year	<u>120,836</u>
Lease Payable, December 31, 2024	<u>\$ 213,760</u>

The total debt service requirements on the lease as of December 31, 2024 were as follows:

Fiscal Year	Principal	Interest	Total
2025	92,924	3,970	96,894
2026	95,949	4,098	100,047
2027	<u>24,887</u>	<u>322</u>	<u>25,209</u>
	<u>\$ 213,760</u>	<u>\$ 8,390</u>	<u>\$ 222,150</u>

In accordance with the requirements of GASB Statement No. 87, the District classified this lease as of 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
<b>Right-of-use Asset Subject to Amortization</b>				
Buildings and Improvements	<u>\$ - 0 -</u>	<u>\$ 281,112</u>	<u>\$ - 0 -</u>	<u>\$ 281,112</u>
<b>Less Accumulated Amortization</b>				
Buildings and Improvements	<u>\$ - 0 -</u>	<u>\$ 85,746</u>	<u>\$ - 0 -</u>	<u>\$ 85,746</u>
<b>Right-of-use Asset, Net of Accumulated Amortization</b>	<u>\$ - 0 -</u>	<u>\$ 195,366</u>	<u>\$ - 0 -</u>	<u>\$ 195,366</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 12. 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](http://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 5 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 5 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	<u>0</u>
Inactive employees entitled but not yet receiving benefits	<u>0</u>
Active employees	<u>30</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 12. 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 9.84% 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 \$238,305; the actual contributions were \$238,305. The employees contributed \$168,140 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	20.0 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return <sup>1</sup>	7.50%
Projected salary increases <sup>1</sup>	4.70%
Inflation	2.50%
Cost-of-living adjustments	0.00%

<sup>1</sup> 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. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 12. 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. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 12. 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. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 12. 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. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 12. 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	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances of December 31, 2022	\$ -0-	\$ -0-	\$ -0-
Changes for the year:			
Service Costs	51,826		51,826
Interest on the Total Pension Liability	3,939		3,939
Effect of Plan Changes			
Effect of Economic/Demographic			
Gains or Losses	35		35
Refund of Contributions			
Benefit Payments			
Administrative Expenses		(31)	31
Member Contributions		23,092	(23,092)
Net investment income		552	(552)
Employer Contributions		32,725	(32,725)
Other		2,794	(2,794)
Balances of December 31, 2023	\$ 55,800	\$ 59,132	\$ (3,332)

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	\$ 68,002	\$ 55,800	\$ 45,953
Piduciary net position	59,132	59,132	59,132
Net pension liability/(asset)	\$ 8,870	\$ (3,332)	\$ (13,179)

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 12. 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-	\$ 32
Changes in assumptions		
Net difference between projected and actual earnings		1,306
Contributions paid to TCDRS subsequent to the measurement date		238,305
Total	<u>\$ -0-</u>	<u>\$ 239,643</u>

\$238,305 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	\$ 330
2025	330
2026	330
2027	328
2028	3
Thereafter	17

**NOTE 13. 457 DEFERRED COMPENSATION PLAN**

Employees of the District may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457. The District established this plan effective December 29, 2023, under the name of Deferred Compensation Plan for Employees of the District, to enable employees who become covered under the plan to enhance their retirement security by permitting them to enter into agreements with the employer to defer compensation and receive benefits.

It is the District's intent that this plan be an "Eligible Deferred Compensation Plan" in the meaning of Section 457 of the Internal Revenue Code of 1986, as amended, and that it be administered in a manner which is consistent with the requirements of that statute so that the federal income taxation of compensation deferred may be deferred until the compensation and any income attributable thereto is paid or otherwise made available under the terms of this Plan.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 13. 457 DEFERRED COMPENSATION PLAN (Continued)**

An individual is eligible to participate in this Plan at any time he or she is an employee of the District. During each employment period in which the employee is a participant in the plan, the District shall defer payment of such part of his compensation as is specified by the employee in their Participation Agreement up to the maximum amount allowed by the IRS.

**NOTE 14. 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.

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](http://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 \$1,478 and the District's actual contributions for the year ending December 31, 2024 were \$1,478. The following employees were covered by the benefit terms:

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled but not yet receiving benefits	0
Active employees	30

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

**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.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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:

	Changes in Total OPEB Liability
Balances of December 31, 2022	\$ -0-
Changes for the year:	
Service Costs	95
Interest on total OPEB liability	4
Effect of economic/demographic gains or losses	
Effect of assumption changes or inputs	10
Benefit payments	
Balances of December 31, 2023	<u>\$ 109</u>

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.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

	1%	Current	1%
	Decrease	Discount Rate	Increase
	2.26%	3.26%	4.26%
Total OPEB liability	\$ 127	\$ 109	\$ 89

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		9
Contributions subsequent to the measurement date		1,469
Total	<u>\$ - 0 -</u>	<u>\$ 1,478</u>

\$1,469 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	\$ 330
2025	330
2026	330
2027	328
2028	3
Thereafter	17

**NOTE 15. COMPENSATED ABSENCES**

The District provides Paid Time Off ("PTO") to full-time employees for vacation, bereavement, and jury duty. An administrative employee will accrue 120 hours for 0-3 years of service, 144 hours for 4-6 years of service, and 160 hours for 8 years plus of service. Administrative employees may carry over up to 60 hours of PTO each year. A suppression employee will accrue 144 hours for 0-3 years of service, 168 hours for 4-6 years of service, and 192 hours for 7-9 years of service. Suppression employees may carry over up to 48 hours of PTO each year. PTO is paid as straight time. The District also provides sick time to be used in conjunction with illness or injury. Administrative personnel shall receive 120 hours of sick time and be allowed to carry over 60 hours at the end of the year. Suppression personnel shall receive 120 hours of sick time and will be allowed to carry over 48 hours of sick time each year. Total amount accrued for PTO and sick time were \$56,926, of which \$22,770 is expected to be disbursed within one year.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 4,600,749	\$ 4,604,521	\$ 4,691,983	\$ 87,462
Sales Tax Receipts	2,850,000	3,000,000	3,400,241	400,241
Penalty and Interest	25,000	25,000	93,198	68,198
Investment Revenues	300,000	510,000	505,346	(4,654)
Shared costs ESD 3	210,000	271,590	231,281	(40,309)
Miscellaneous Revenues	13,000	12,500	10,875	(1,625)
<b>TOTAL REVENUES</b>	<b>\$ 7,998,749</b>	<b>\$ 8,423,611</b>	<b>\$ 8,932,924</b>	<b>\$ 509,313</b>
<b>EXPENDITURES</b>				
Service Operations:				
Emergency Services	\$	\$	\$ 136,000	\$ (136,000)
Accounting and Auditing	48,000	54,000	48,600	5,400
Appraisal District Fees	30,000	42,000	38,847	3,153
Commissioner Expenses	35,656	37,584	16,782	20,802
Communications	36,580	51,125	45,091	6,034
Vehicle Maintenance and Operation	201,810	250,250	238,893	11,357
Insurance	150,400	106,455	95,129	11,326
Legal and Other Professional Fees	202,000	253,800	267,476	(13,676)
Safety	8,000	20,000	45,452	(25,452)
Salaries and Benefits	3,513,158	3,211,366	3,278,805	(67,439)
Tax Assessor/Collector Fees	18,000	18,000	20,154	(2,154)
Technology	94,845	111,500	142,528	(31,028)
Training	57,100	52,100	39,185	12,915
Uniforms	35,000	49,000	9,035	39,965
Other	55,010	39,760	89,034	(49,274)
Shared Services:				
Salaries and Benefits	218,375	274,077	242,251	31,826
Rent and Admin Facilities	98,300	119,669	106,011	13,658
Fire Station Operations	218,500	267,980	262,990	4,990
Repairs and Maintenance	10,000	10,000	1,304	8,696
Technology	6,500	17,440	6,607	10,833
Capital Outlay	17,952,000	2,576,040	1,781,079	794,961
Debt Service:				
Note Principal	1,447,646	673,878	676,068	(2,190)
Note Interest	157,251	133,374	161,495	(28,121)
<b>TOTAL EXPENDITURES</b>	<b>\$ 24,594,131</b>	<b>\$ 8,369,398</b>	<b>\$ 7,748,816</b>	<b>\$ 620,582</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (16,595,382)</b>	<b>\$ 54,213</b>	<b>\$ 1,184,108</b>	<b>\$ 1,129,895</b>
<b>OTHER FINANCING SOURCES(USES)</b>				
Note and Lease Proceeds	\$ 9,250,000	\$ 1,649,597	\$ 1,930,709	\$ 281,112
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (7,345,382)</b>	<b>\$ 1,703,810</b>	<b>\$ 3,114,817</b>	<b>\$ 1,411,007</b>
<b>FUND BALANCE - JANUARY 1, 2024</b>	<b>7,246,542</b>	<b>7,246,542</b>	<b>7,246,542</b>	
<b>FUND BALANCE - DECEMBER 31, 2024</b>	<b>\$ (98,840)</b>	<b>\$ 8,950,352</b>	<b>\$ 10,361,359</b>	<b>\$ 1,411,007</b>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**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
<b>Total Pension Liability</b>	
Service Cost	\$ 51,826
Interest (on the Total Pension Liability)	3,939
Effect on plan changes	0
Changes of assumptions	
Effect of economic/demographic gains or losses	35
Benefit payments, including refunds of employee contributions	
Net change in total pension liability	\$ 55,800
Total pension liability, beginning	
Total pension liability, ending (a)	\$ 55,800
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 32,725
Contributions - employee	23,092
Net investment income	552
Benefit payments, including refunds of employee contributions	0
Administrative Expense	(31)
Other	2,794
Net Change in plan fiduciary net position	\$ 59,132
Plan Fiduciary net position, beginning	
Plan Fiduciary net position, ending (b)	\$ 59,132
<b>Net Pension Liability/(Asset), Ending = (a) - (b)</b>	<b>\$ (3,332)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>105.97%</b>
<b>Covered-employee payroll</b>	<b>\$ 329,885</b>
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>(1.01)%</b>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**DECEMBER 31, 2024**

Fiscal Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2023	\$ 32,725	\$ 32,725	\$ -0-	\$ 329,885	9.92%
2024	\$ 238,305	\$ 238,305	\$ -0-	\$ 2,402,000	9.92%

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**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	20.0 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. 21**  
**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>
<b>Total OPEB Liability</b>	
Service Cost	\$ 95
Interest (on the Total OPEB Liability)	4
Economic/demographic gains or losses	0
Changes of assumptions or other inputs	10
Benefit payments	<u>          </u>
Net change in total OPEB liability	\$ 109
Total OPEB liability, beginning	<u>          </u>
Total OPEB liability, ending	<u>\$ 109</u>
<b>OPEB Covered-employee payroll</b>	\$ 329,885
<b>Net OPEB liability as a percentage of covered employee payroll</b>	0.03%

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**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 <sup>(1)</sup>	Actual Contribution as a Percentage of Covered Payroll
2024	\$ 1,469	\$ 1,469	\$ - 0 -	\$2,402,000	0.06%

<sup>(1)</sup> 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. 21**

**SUPPLEMENTARY INFORMATION**

**REQUIRED BY HARRIS COUNTY**

**DECEMBER 31, 2024**

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**LISTING OF THE NUMBER OF EMERGENCY**  
**RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(UNAUDITED)**

Number of Emergency Responses made Within the District	1,666
Number of Emergency Responses made Outside of the District	<u>60</u>
Total Emergency Responses	<u><u>1,726</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**SCHEDULE OF INSURANCE AND BONDING COVERAGE**  
**DECEMBER 31, 2024**

Type of Coverage	From To	Amount of Coverage	Insurer/Name
POSITION SCHEDULE BOND Treasurer	04/23/24 04/23/25	\$ 100,000	National Union Fire Insurance Company
PUBLIC EMPLOYEE BLANKET BOND	04/23/24 04/23/25	\$ 100,000	National Union Fire Insurance Corporation
PUBLIC OFFICIAL BOND Naomi Kleb	01/01/23 01/01/25	\$ 100,000	Hartford Causality Ins. Co.
GENERAL LIABILITY General Aggregate Per Occurrence	04/23/24 04/23/25	\$ 10,000,000 1,000,000	National Union Fire Insurance Corporation
MANAGEMENT LIABILITY General Aggregate Per Occurrence	04/23/24 04/23/25	\$ 10,000,000 1,000,000	National Union Fire Insurance Corporation
EXCESS LIABILITY General Aggregate Each Occurrence	04/23/24 04/23/25	\$ 20,000,000 10,000,000	National Union Fire Insurance Corporation
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit Per Accident	04/23/24 04/23/25	\$ 1,000,000	National Union Fire Insurance Corporation
PROPERTY LIABILITY Buildings Contents	04/23/24 04/23/25	\$ 8,041,873 468,400	National Union Fire Insurance Corporation
PORTABLE EQUIPMNET	04/23/24 04/23/25	Guaranteed Replacement Costs	National Union Fire Insurance Corporation
WORKERS COMPENSATION Bodily Injury by Accident Bodily Injury by Disease Disease Policy Limit	11/01/24 11/01/25	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company
CAREER ACCIDENT & SICKNESS Accidental Death Benefit	11/01/24 11/01/25	\$ 100,000	National Union Fire Insurance Corporation
CYBER LIABILITY General Aggregate	11/1/2024 11/1/2025	\$ 1,000,000	National Specialty Insurance Company

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**

**OTHER SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2024**

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
JANUARY 1, 2024	\$ 1,890,898		\$ 268,980	
Adjustments to Beginning Balance	<u>74,843</u>	\$ 1,965,741	<u>360</u>	\$ 269,340
Original 2024 Tax Levy	\$ 4,641,755		\$ 553,265	
Adjustment to 2024 Tax Levy	<u>19,338</u>	<u>4,661,093</u>	<u>28,365</u>	<u>581,630</u>
TOTAL TO BE ACCOUNTED FOR		\$ 6,626,834		\$ 850,970
TAX COLLECTIONS:				
Prior Years	\$ 1,832,354		\$ 260,495	
Current Year	<u>2,636,924</u>	<u>4,469,278</u>	<u>302,178</u>	<u>562,673</u>
TAXES RECEIVABLE -				
DECEMBER 31, 2024		<u>\$ 2,157,556</u>		<u>\$ 288,297</u>
TAXES RECEIVABLE BY YEAR:				
2024		\$ 2,024,169		\$ 279,452
2023		43,746		6,126
2022		24,653		2,719
2021		20,779		
2020		13,027		
2019		11,413		
2018		6,137		
2017		3,880		
2016		2,406		
2015		2,239		
2014		1,351		
2013		764		
2012 and prior		<u>2,992</u>		
TOTAL		<u>\$ 2,157,556</u>		<u>\$ 288,297</u>

See accompanying independent auditor's reports.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY				
VALUATIONS	<u>\$ 5,271,807,576</u>	<u>\$ 4,629,858,312</u>	<u>\$ 3,672,668,000</u>	<u>\$ 2,904,000,000</u>
TAX RATES PER \$100				
VALUATION				
Debt Service	\$ 0.020483	\$ 0.017452	\$ 0.021446	\$ 0.10
Maintenance	<u>0.079517</u>	<u>0.082548</u>	<u>0.078541</u>	<u>0.10</u>
TOTAL TAX RATES				
PER \$100 VALUATION	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.20</u>
ADJUSTED TAX LEVY*	<u>\$ 5,242,723</u>	<u>\$ 4,630,190</u>	<u>\$ 3,672,680</u>	<u>\$ 5,808,000</u>
PERCENTAGE OF TAXES				
COLLECTED TO				
TAXES LEVIED	<u>56.06 %</u>	<u>98.92 %</u>	<u>99.25 %</u>	<u>99.64 %</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. 21**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND – FIVE YEARS**

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 4,691,983	\$ 3,651,621	\$ 2,871,351
Sales Tax Receipts	3,400,241	2,873,339	2,849,184
Penalty and Interest	93,198	57,530	119,694
Investment Revenues	505,346	480,500	125,519
Allocated to ESD 3	231,281		
Miscellaneous Revenues	10,875	31,009	13,033
<b>TOTAL REVENUES</b>	<b>\$ 8,932,924</b>	<b>\$ 7,093,999</b>	<b>\$ 5,978,781</b>
<b>EXPENDITURES</b>			
Emergency Services	\$ 136,000	\$ 2,894,715	\$ 2,460,000
Accounting and Auditing	48,600	25,072	
Appraisal District Fees	38,847	29,517	22,873
Building Maintenance and Supplies		34,826	
Commissioner Expenses	16,782	16,700	7,171
Communications	45,091	45,853	
Vehicle Maintenance and Operation	238,893	20,352	
Insurance	95,129	38,848	
Legal and Other Professional Fees	267,476	199,741	302,505
Safety	45,452		
Salaries and Benefits	3,278,805	527,669	
Transition Costs		67,472	
Tax Assessor/Collector Fees	20,154	19,686	
Technology	142,528		
Training	39,185		
Uniforms	9,035	16,277	
Other	89,034	16,171	3,434
Shared Services:			
Salaries and Benefits	242,251		
Rent and Admin Facilities	106,011		
Fire Station Operations	262,990		
Repairs and Maintenance	1,304		
Technology	6,607		
Capital Outlay	1,781,079	6,329,226	5,941,470
Debt Service:			
Note Principal	676,068	662,877	
Note Interest	161,495	144,375	
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,748,816</b>	<b>\$ 11,089,377</b>	<b>\$ 8,737,453</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>OVER EXPENDITURES</b>	<b>\$ 1,184,108</b>	<b>\$ (3,995,378)</b>	<b>\$ (2,758,672)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Note and Lease Proceeds	\$ 1,930,709	\$ - 0 -	\$ 7,255,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 3,114,817</b>	<b>\$ (3,995,378)</b>	<b>\$ 4,496,328</b>
<b>PRIOR PERIOD ADJUSTMENT</b>			<b>(\$1,601,347)</b>
<b>BEGINNING FUND BALANCE</b>	<b>7,246,542</b>	<b>11,241,920</b>	<b>8,346,939</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 10,361,359</b>	<b>\$ 7,246,542</b>	<b>\$ 11,241,920</b>

See accompanying independent auditor's reports.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 3,298,643	\$ 1,805,489	52.5 %	51.5 %	48.0 %	57.8 %	46.7 %
2,369,478	1,975,234	38.1	40.5	47.7	41.5	51.0
24,429	20,613	1.0	0.8	2.0	0.4	0.5
2,898	29,354	5.7	6.8	2.1	0.1	0.8
		2.6				
10,351	39,000	0.1	0.4	0.2	0.2	1.0
<u>\$ 5,705,799</u>	<u>\$ 3,869,690</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 2,412,877	\$ 2,160,000	1.5 %	40.8 %	41.1 %	42.3 %	55.8 %
		0.5	0.4			
14,425	20,650	0.4	0.4	0.4	0.3	0.5
			0.5			
		0.2	0.2	0.1		
		0.5	0.6			
		2.7	0.3			
		1.1	0.5			
173,483	47,304	3.0	2.8	5.1	3.0	1.2
		0.5				
		36.7	7.4			
			1.0			
		0.2	0.3			
		1.6				
		0.4				
		0.1	0.2			
30,248	7,808	1.0	0.2		0.5	0.2
		2.7				
		1.2				
		2.9				
		0.1				
1,580,942	405,634	19.9	89.2	99.4	27.7	10.5
403,800	61,351	7.6	9.3		7.1	1.6
12,465	12,295	1.8	2.0		0.2	0.3
<u>\$ 4,628,240</u>	<u>\$ 2,715,042</u>	<u>86.6 %</u>	<u>156.1 %</u>	<u>146.1 %</u>	<u>81.1 %</u>	<u>70.1 %</u>
\$ 1,077,559	1,154,648	13.4 %	(56.1) %	(46.1) %	18.9 %	29.9 %
\$ - 0 -	\$ - 0 -					
\$ 1,077,559	\$ 1,154,648					
7,269,380	6,114,732					
<u>\$ 8,346,939</u>	<u>\$ 7,269,380</u>					

See accompanying independent auditor's reports.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 21**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2024**

District Mailing Address - Harris County Emergency Services District No. 21  
17774 Cypress Rosehill, #1100  
Cypress, TX 77429

District Telephone Number - (713) 887-3905

Commissioners	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2024	Expense Reimbursement for the year ended December 31, 2024	Title
James Oswalt	06/01/22 05/31/26 (Elected)	\$ 2,600	\$ -0-	President
Nolan Butterfras	06/01/24 05/31/28 (Elected)	\$ 1,500	\$ -0-	Vice President
David Flower	06/01/24 05/31/28 (Elected)	\$ 300	\$ -0-	Secretary
Naomi Kleb	06/01/22 05/31/26 (Elected)	\$ 4,000	\$ -0-	Treasurer
Hardy Leblanc	06/01/22 05/31/26 (Elected)	\$ 1,700	\$ -0-	Assistant Secretary/ Treasurer

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. 21**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2024**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2024*</u>	<u>Title</u>
Coveler & Peeler, PC	01/30/18	\$ 94,695	Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	12/12/23	\$ 15,000	Auditor
Randy Parr, CPA		\$ 33,000	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP		\$ 21,255	Delinquent Tax Attorney
Harris County Tax Assessor/Collector	Legislative Action	\$ 23,139	Tax Assessor/ Collector

\* Accrual basis

See accompanying independent auditor's report.