

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2024

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET	9
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	10
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	11
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	12
NOTES TO THE FINANCIAL STATEMENTS	13-34
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL-GENERAL FUND	36
SCHEDULE CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM	37-39
SCHEDULE OF CHANGES IN TOTAL POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS	40-41
SUPPLEMENTARY INFORMATION REQUIRED BY HARRIS COUNTY	
LISTING OF THE NUMBER OF EMERGENCY RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT	43
SCHEDULE OF INSURANCE AND BONDING COVERAGE	44
OTHER SUPPLEMENTARY INFORMATION	
TAXES LEVIED AND RECEIVABLE	46-47
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES – GENERAL FUND – FIVE YEARS	48-49
BOARD OF COMMISSIONERS AND CONSULTANTS	50-51

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Harris County Emergency
Services District No. 3
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. 3 (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 16, 2025

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2024

Management's discussion and analysis of Harris County Emergency Services District No. 3'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. 3
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 \$4,607,119 as of December 31, 2024.

A portion of the District's net position reflects its net investment in capital assets (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. 3
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	\$ 8,850,662	\$ 6,706,646	\$ 2,144,016
Capital Assets and Right-of-Use Assets	3,820,729	769,737	3,050,992
Total Assets	\$ 12,671,391	\$ 7,476,383	\$ 5,195,008
Deferred Outflows of Resources	\$ 164,889	\$ -0-	\$ 164,889
Long -Term Liabilities	\$ 2,353,078	\$	\$ (2,353,078)
Current and Other Liabilities	595,185	137,760	(457,425)
Total Liabilities	\$ 2,948,263	\$ 137,760	\$ (2,810,503)
Deferred Inflows of Resources	\$ 5,280,898	\$ 4,629,903	\$ (650,995)
Net Position:			
Net Investment in Capital Assets	\$ 1,164,852	\$ 769,737	\$ 395,115
Unrestricted	3,442,267	1,938,983	1,503,284
Total Net Position	\$ 4,607,119	\$ 2,708,720	\$ 1,898,399

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	\$ 4,704,325	\$ 3,761,244	\$ 943,081
Other Revenues	1,102,299	230,590	871,709
Total Revenues	\$ 5,806,624	\$ 3,991,834	\$ 1,814,790
Expenses for Services	3,908,225	3,208,410	(699,815)
Change in Net Position	\$ 1,898,399	\$ 783,424	\$ 1,114,975
Net Position, Beginning of Year	2,708,720	1,925,296	783,424
Net Position, End of Year	\$ 4,607,119	\$ 2,708,720	\$ 1,898,399

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3

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 \$3,169,306, an increase of \$1,413,397 from the prior year. This increase was primarily due to property tax revenues exceeding service operations and capital expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners did amend the budget during the fiscal year to decrease estimated district service costs and property tax revenues. Actual revenues were \$663,766 more than budgeted revenues, actual proceeds from loans was \$2,355,877 more than budgeted, and actual expenditures were \$2,176,278 more than budgeted expenditures which resulted in a positive budget variance of \$843,365. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of December 31, 2024, total \$2,364,852 (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	\$ 1,500,000	\$	\$ 1,500,000
Construction in Progress	154,302		154,302
Capital Assets, Net of Accumulated Emergency Services Equipment	<u>710,550</u>	<u>769,737</u>	<u>(59,187)</u>
Total Net Capital Assets	<u>\$ 2,364,852</u>	<u>\$ 769,737</u>	<u>\$ 1,595,115</u>

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

RIGHT-OF-USE ASSETS

In accordance with the requirements of GASB Statement No. 87, the District has classified certain assets as right-of-use assets. Right-of-use assets consisted of one emergency vehicle and equipment which totaled \$1,455,877. The vehicle and equipment was delivered subsequent to year end, therefore it is recorded as construction in progress.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Randy Parr, District Bookkeeper at 281-924-3324 or rfparr@outlook.com.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2024

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 139,096	\$	\$ 139,096
Investments	3,821,417		3,821,417
Due from Harris County Tax Assessor/Collector	2,277,775		2,277,775
Receivables:			
Property Taxes	2,460,267		2,460,267
Penalty and Interest on Delinquent Taxes		65,813	65,813
Prepaid Costs	43,615		43,615
Due from Other Government Entity	42,679		42,679
Land		1,500,000	1,500,000
Construction in Progress		154,302	154,302
Right-of-Use Assets (Net of Accumulated Amortization)		1,455,877	1,455,877
Capital Assets (Net of Accumulated Depreciation)		710,550	710,550
TOTAL ASSETS	<u>\$ 8,784,849</u>	<u>\$ 3,886,542</u>	<u>\$ 12,671,391</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	\$	\$ 162,409	\$ 162,409
Deferred Other Postemployment Benefits Plan Charges		2,480	2,480
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ - 0 -</u>	<u>\$ 164,889</u>	<u>\$ 164,889</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OR RESOURCES	<u>\$ 8,784,849</u>	<u>\$ 4,051,431</u>	<u>\$ 12,836,280</u>
LIABILITIES			
Accounts Payable	\$ 193,859	\$	\$ 193,859
Compensated Absences		46,162	\$ 46,162
Accrued Interest Payable		50,988	50,988
Net Pension Liability		835	835
Net Other Postemployment Benefits Liability		542	542
Notes and Lease Payable:			
Due Within One Year		302,799	302,799
Due After One Year		2,353,078	2,353,078
TOTAL LIABILITIES	<u>\$ 193,859</u>	<u>\$ 2,754,404</u>	<u>\$ 2,948,263</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 5,421,684	\$ (140,786)	\$ 5,280,898
FUND BALANCE			
Nonspendable:			
Prepaid Costs	\$ 43,615	\$ (43,615)	\$
Unassigned	3,125,691	(3,125,691)	
TOTAL FUND BALANCE	<u>\$ 3,169,306</u>	<u>\$ (3,169,306)</u>	<u>\$ - 0 -</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 8,784,849</u>		
NET POSITION			
Net Investment in Capital Assets		\$ 1,164,852	\$ 1,164,852
Unrestricted		3,442,267	3,442,267
TOTAL NET POSITION		<u>\$ 4,607,119</u>	<u>\$ 4,607,119</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024

Total Fund Balance - Governmental Fund	\$	3,169,306
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital and right-of-use assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		3,820,729
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Accrued compensated absences are not payable with current financial resources and, therefore, are not reported in the governmental funds.		(46,162)
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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.		164,889
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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.		206,599
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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	\$ (50,988)	
Net Pension Liability	(1,377)	
Note Payable Within One Year	(302,799)	
Note Payable After One Year	<u>(2,353,078)</u>	<u>(2,708,242)</u>
Total Net Position - Governmental Activities	\$	<u><u>4,607,119</u></u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	\$ 4,689,749	\$ 14,576	\$ 4,704,325
Penalty and Interest	96,635	8,948	105,583
Investment Revenues	245,969		245,969
EMS Operations	571,008		571,008
Miscellaneous Revenues	179,739		179,739
TOTAL REVENUES	<u>\$ 5,783,100</u>	<u>\$ 23,524</u>	<u>\$ 5,806,624</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Communications	\$ 69,397	\$	\$ 69,397
Equipment costs	50,346		50,346
Medical Supplies	100,395		100,395
Technology	64,250		64,250
Office Supplies	10,037		10,037
Other Personnel Costs	29,203		29,203
Professional Services	111,332		111,332
Salaries and Benefits	2,527,396	(117,350)	2,410,046
Occupancy Costs	145,849		145,849
Training	18,541		18,541
Service Contracts	26,321		26,321
Ambulance Operating Costs	96,033		96,033
ESD Direct Expenses:			
Commissioner Fees	4,788		4,788
Insurance	74,971		74,971
Legal Fees and Other Professional Fees	253,397		253,397
Administration	32,769		32,769
Capital Outlay	3,410,555	(3,236,403)	174,152
Depreciation/Amortization		185,410	185,410
Debt Service:			
Note Interest		50,988	50,988
TOTAL EXPENDITURES/EXPENSES	<u>\$ 7,025,580</u>	<u>\$ (3,117,355)</u>	<u>\$ 3,908,225</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,242,480)</u>	<u>\$ 3,140,879</u>	<u>\$ 1,898,399</u>
OTHER FINANCING SOURCES (USES)			
Loan and Lease Proceeds	\$ 2,655,877	\$ (2,655,877)	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 1,413,397	\$ (1,413,397)	\$
CHANGE IN NET POSITION		1,898,399	1,898,399
FUND BALANCE/NET POSITION - JANUARY 1, 2024	<u>1,755,909</u>	<u>952,811</u>	<u>2,708,720</u>
FUND BALANCE/NET POSITION - DECEMBER 31, 2024	<u><u>\$ 3,169,306</u></u>	<u><u>\$ 1,437,813</u></u>	<u><u>\$ 4,607,119</u></u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
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	\$	1,413,397
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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.		14,576
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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.		8,948
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Governmental funds do not account for depreciation and amortization. However, in the government-wide financial statements, capital assets and right-of-uses assets are depreciated/amortized and the expense is recorded in the Statement of Activities.		(185,410)
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The changes in the deferred outflows of resources are recorded as pension expense in the government-wide financial statements.		117,350
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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.		3,236,403
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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.		(2,655,877)
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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.		(50,988)
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Change in Net Position - Governmental Activities	\$	<u>1,898,399</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. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1. CREATION OF DISTRICT

The Harris County Emergency Services District No. 3 (the “District”), a political subdivision, was created 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. 3 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.

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.
- 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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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.

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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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	7-10

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
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 amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget and revised, if any, 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 Note 11 and 12.

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.

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
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 \$0.097090 per \$100 of assessed valuation, which resulted in a tax levy of \$5,127,275 on the adjusted taxable valuation of \$5,309,723,662 for the 2024 tax year. The District also levied an ad valorem debt service tax at the rate of \$0.002909 per \$100 of assessed valuation, which resulted in a tax levy of \$153,623 on the adjusted taxable valuation of \$5,309,723,662 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. 3
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 \$139,096 and the bank balance was \$208,174. 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:

	<u>Cash</u>
GENERAL FUND	<u>\$ 139,096</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. 3
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>\$ 3,821,417</u>	<u>\$ 3,821,417</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. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5. CAPITAL ASSETS

	January 1, 2024	Increases	Decreases	December 31, 2024
Capital Assets Not Being Depreciated				
Land and Improvements	\$	\$ 1,500,000	\$	\$ 1,500,000
Construction in Progress		<u>1,780,525</u>	<u>1,626,223</u>	<u>154,302</u>
Total Capital Assets Not Being Depreciated	<u>\$ - 0 -</u>	<u>\$ 3,280,525</u>	<u>\$ 1,626,223</u>	<u>\$ 1,654,302</u>
Capital Assets Subject to Depreciation				
Emergency Services Equipment	\$ 1,565,636	\$ 126,223	\$ - 0 -	\$ 1,691,859
Less Accumulated Depreciation				
Emergency Services Equipment	<u>\$ 795,899</u>	<u>\$ 185,410</u>	<u>\$ - 0 -</u>	<u>\$ 981,309</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 769,737</u>	<u>\$ (59,187)</u>	<u>\$ - 0 -</u>	<u>\$ 710,550</u>
Total Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 769,737</u></u>	<u><u>\$ 3,221,338</u></u>	<u><u>\$ 1,626,223</u></u>	<u><u>\$ 2,364,852</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 from the date of inception on November 12, 1985 through December 31, 2024.

NOTE 7. 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 the Department.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8. INTERLOCAL AGREEMENT WITH HARRIS COUNTY ESD NO. 21

On November 1, 2023, the District entered into an agreement with Harris County ESD No. 21 (“ESD 21”) whereby the District and ESD 21 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 40% of the shared costs and ESD 21 shall be liable for and pay 60% 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 9. NOTE PAYABLE

On March 10, 2024, the District entered into a loan agreement with Capital One Public Funding, LLC to fund the purchase of land located at 18541 Mueschke Rd. The loan amount was for \$1,200,000 and bears 4.934% per annum, with annual payments of \$154,908 beginning May 10, 2025 through May 10, 2034.

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

Note Payable, January 1, 2024	\$ - 0 -
Add: Note Proceeds	<u>1,200,000</u>
Note Payable, December 31, 2024	<u>\$ 1,200,000</u>
Note Payable:	
Due Within One Year	\$ 95,700
Due After One Year	<u>1,104,300</u>
Note Payable, December 31, 2024	<u>\$ 1,200,000</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9. NOTE PAYABLE (Continued)

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

Fiscal Year	Principal	Interest	Total
2025	95,700	59,208	154,908
2026	100,422	54,486	154,908
2027	105,376	49,531	154,907
2028	110,576	44,332	154,908
2029	116,032	38,876	154,908
2030	121,756	33,151	154,907
2031	127,764	27,144	154,908
2032	134,068	20,840	154,908
2033	140,683	14,225	154,908
2034	147,623	7,284	154,907
	<u>1,200,000</u>	<u>349,077</u>	<u>1,549,077</u>

NOTE 10. EQUIPMENT LEASE

On March 1, 2024, the District entered into a lease agreement with Community First National Bank to fund the purchase of a Frazer Ambulance. The lease amount was for \$289,249 and bears interest at 2.40% per annum, with annual payments of \$106,812 beginning March 1, 2025, through March 1, 2027.

On December 26, 2024, The District entered into a Master Agreement with Zoll Medical Corporation for the lease of certain medical equipment. The term of the agreement is 10-years with annual payments of \$117,950. The first annual payment is due 30 days after the delivery of the equipment. As of December 31, 2024, the equipment is expected to be delivered in April 2025.

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

Lease Payable, January 1, 2024	\$ - 0 -
Add: Lease Proceeds	<u>1,455,877</u>
Lease Payable, December 31, 2024	<u>\$ 1,455,877</u>
Lease Payable:	
Due Within One Year	\$ 207,099
Due After One Year	<u>1,248,778</u>
Lease Payable, December 31, 2024	<u><u>\$ 1,455,877</u></u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 10. EQUIPMENT LEASE PAYABLE (Continued)

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

Fiscal Year	Principal	Interest	Total
2025	207,099	17,663	224,762
2026	212,179	12,584	224,763
2027	217,516	7,246	224,762
2028	116,312	1,638	117,950
2029	116,544	1,406	117,950
2030	116,777	1,173	117,950
2031	117,011	939	117,950
2032	117,245	705	117,950
2033	117,480	470	117,950
2034	117,714	236	117,950
	<u>1,455,877</u>	<u>44,060</u>	<u>1,499,937</u>

In accordance with the requirements of GASB Statement No. 87, the District classified this lease as a right-of-use assets. Right-of-use assets, current year amortization expense, and accumulated amortization is summarized below:

	January 1, 2024	Increases	Decreases	December 31, 2024
Right-of-Use Assets Not Being Amortized				
Construction in Progress	<u>\$ - 0 -</u>	<u>\$ 1,455,877</u>	<u>\$ - 0 -</u>	<u>\$ 1,455,877</u>

NOTE 11. TCDRS RETIREMENT PLAN

Plan Description

The District provides retirement, disability, and death benefits for all its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over 850 non-traditional defined benefit pension plans. TCDRS issues a publicly

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11. TCDRS RETIREMENT PLAN (Continued)

available annual comprehensive financial report (ACFR) which includes financial statements, notes and required supplementary information which can be obtained at TCDRS, Finance Division, Barton Oaks Plaza IV Suite 500, 901 S. MoPac Expressway, Austin, Texas 78746 or at www.TCDRS.org.

Benefits Provided

Benefit provisions are adopted by the District, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 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>22</u>

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 9.70% 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 \$161,561; the actual contributions were \$161,561. The employees contributed \$115,313 to the plan for the 2024 fiscal year.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11. TCDRS RETIREMENT PLAN (Continued)

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 ¹	7.50%
Projected salary increases ¹	4.70%
Inflation	2.50%
Cost-of-living adjustments	0.00%

¹ Includes inflation at the stated rate

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

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. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11. TCDRS RETIREMENT PLAN (Continued)

Actuarial Assumptions (Continued)

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.

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11. TCDRS RETIREMENT PLAN (Continued)

Discount Rate (Continued)

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.

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. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11. TCDRS RETIREMENT PLAN (Continued)

Changes in Net Pension Liability/(Asset)

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

	Increase (Decrease)		
	Total Pension Liability	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	40,611		40,611
Interest on the Total Pension Liability	3,086		3,086
Effect of Plan Changes			
Effect of Economic/Demographic			
Gains or Losses	27		27
Refund of Contributions			
Benefit Payments			
Administrative Expenses		(22)	22
Member Contributions		16,868	(16,868)
Net investment income		401	(401)
Employer Contributions		23,616	(23,616)
Other		2,026	(2,026)
Balances of December 31, 2023	\$ 43,724	\$ 42,889	\$ 835

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	\$ 50,978	\$ 43,724	\$ 37,712
Piduciary net position	42,889	42,889	42,889
Net pension liability/(asset)	\$ 8,089	\$ 835	\$ (5,177)

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11. TCDRS RETIREMENT PLAN (Continued)

Deferred Inflows/Outflows of Resources

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

	<u>Deferred Inflows of resources</u>	<u>Deferred Outflows of resources</u>
Differences between expected and actual experience	\$ -0-	\$ 24
Changes in assumptions		947
Net difference between projected and actual earnings		161,438
Contributions paid to TCDRS subsequent to the measurement date		<u>161,438</u>
Total	<u>\$ -0-</u>	<u>\$ 162,409</u>

\$161,438 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	\$ 240
2025	240
2026	240
2027	239
2028	3
Thereafter	9

NOTE 12. 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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 12. 457 DEFERRED COMPENSATION PLAN (Continued)

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. 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 13. 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.

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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Each participating employer contributes to the GTL fund at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The District's actuarially determined contributions for the year ending December 31, 2024 were \$2,436 and the District's actual contributions for the year ending December 31, 2024 were \$2,436. The following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled but not yet receiving benefits	0
Active employees	22

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:

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

Discount Rate

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

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

	Changes in Total OPEB Liability
Balances of December 31, 2022	\$ -0-
Changes for the year:	
Service Costs	475
Interest on total OPEB liability	18
Effect of economic/demographic gains or losses	
Effect of assumption changes or inputs	49
Benefit payments	
Balances of December 31, 2023	<u>\$ 542</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	1% Decrease 2.26%	Current Discount Rate 3.26%	1% Increase 4.26%
Total OPEB liability	\$ 673	\$ 542	\$ 442

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		44
Contributions subsequent to the measurement date		2,436
Total	\$ - 0 -	\$ 2,480

\$2,436 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	\$ 5
2025	5
2026	5
2027	5
2028	5
Thereafter	19

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 14. 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 7-9 years plus of service. Administrative employees may carry over up to 60 hours of PTO each year. A clinical 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. Clinical 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. Clinical 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 \$46,162, of which \$18,465 is expected to be disbursed within one year.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
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)
REVENUES				
Property Taxes	\$ 4,594,765	\$ 4,362,834	\$ 4,689,749	\$ 326,915
Penalty and Interest	33,000	33,000	96,635	63,635
Investment Revenues	150,000	150,000	245,969	95,969
EMS Operations	650,000	570,000	571,008	1,008
Miscellaneous Revenues	3,500	3,500	179,739	176,239
TOTAL REVENUES	<u>\$ 5,431,265</u>	<u>\$ 5,119,334</u>	<u>\$ 5,783,100</u>	<u>\$ 663,766</u>
EXPENDITURES				
Service Operations:				
Communications	\$ 34,600	\$ 75,000	\$ 69,397	\$ 5,603
Equipment costs	84,913	46,913	50,346	(3,433)
Medical Supplies	81,660	87,400	100,395	(12,995)
Technology	21,000	82,200	64,250	17,950
Office Supplies	14,500	22,000	10,037	11,963
Other Personnel Costs	27,000	39,600	29,203	10,397
Professional Services	188,000	120,750	111,332	9,418
Salaries and Benefits	3,586,203	3,154,571	2,527,396	627,175
Occupancy Costs			145,849	(145,849)
Training	81,600	83,600	18,541	65,059
Service Contracts			26,321	(26,321)
Shared Costs	927,144	323,698		323,698
Ambulance Operating Costs	103,660	124,660	96,033	28,627
ESD Direct Expenses:				
Commissioner Fees	5,100	5,100	4,788	312
Insurance	50,500	56,386	74,971	(18,585)
Legal Fees and Other Professional Fees	269,700	285,744	253,397	32,347
Administration	3,260	41,680	32,769	8,911
Capital Outlay	375,000	300,000	3,410,555	(3,110,555)
TOTAL EXPENDITURES	<u>\$ 5,853,840</u>	<u>\$ 4,849,302</u>	<u>\$ 7,025,580</u>	<u>\$ (2,176,278)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (422,575)</u>	<u>\$ 270,032</u>	<u>\$ (1,242,480)</u>	<u>\$ (1,512,512)</u>
OTHER FINANCING SOURCES(USES)				
Loan and Lease Proceeds	\$ - 0 -	\$ 300,000	\$ 2,655,877	\$ 2,355,877
NET CHANGE IN FUND BALANCE	<u>\$ (422,575)</u>	<u>\$ 570,032</u>	<u>\$ 1,413,397</u>	<u>\$ 843,365</u>
FUND BALANCE - JANUARY 1, 2024	<u>1,755,909</u>	<u>1,755,909</u>	<u>1,755,909</u>	
FUND BALANCE - DECEMBER 31, 2024	<u>\$ 1,333,334</u>	<u>\$ 2,325,941</u>	<u>\$ 3,169,306</u>	<u>\$ 843,365</u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
SCHEDULE CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2024

	Year Ended December 31, 2023
Total Pension Liability	
Service Cost	\$ 40,611
Interest (on the Total Pension Liability)	3,086
Effect on plan changes	
Changes of assumptions	
Effect of economic/demographic gains or losses	27
Benefit payments, including refunds of employee contributions	
Net change in total pension liability	\$ 43,724
Total pension liability, beginning	
Total pension liability, ending (a)	\$ 43,724
Plan Fiduciary Net Position	
Contributions - employer	\$ 23,616
Contributions - employee	16,868
Net investment income	401
Benefit payments, including refunds of employee contributions	0
Administrative Expense	(22)
Other	2,026
Net Change in plan fiduciary net position	\$ 42,889
Plan Fiduciary net position, beginning	
Plan Fiduciary net position, ending (b)	\$ 42,889
Net Pension Liability/(Asset), Ending = (a) - (b)	\$ 835
Plan fiduciary net position as a percentage of the total pension liability	98.09%
Covered-employee payroll	\$ 240,978
Net pension liability as a percentage of covered employee payroll	0.35%

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
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	\$ 23,616	\$ 23,616	\$ -0-	\$ 240,978	9.80%
2024	\$ 161,438	\$ 161,438	\$ -0-	\$ 1,647,329	9.80%

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
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. 3
SCHEDULE OF CHANGES IN TOTAL POSTEMPLOYMENT BENEFITS
LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Measurement Date <u>12/31/2023</u>
Total OPEB Liability	
Service Cost	\$ 475
Interest (on the Total OPEB Liability)	18
Economic/demographic gains or losses	0
Changes of assumptions or other inputs	49
Benefit payments	<u> </u>
Net change in total OPEB liability	\$ 542
Total OPEB liability, beginning	<u> </u>
Total OPEB liability, ending	<u><u>\$ 542</u></u>
OPEB Covered-employee payroll	\$ 240,978
Net OPEB liability as a percentage of covered employee payroll	0.22%

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
SCHEDULE OF DISTRICT CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2024

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	OPEB Covered Payroll ⁽¹⁾	Actual Contribution as a Percentage of Covered Payroll
2024	\$ 2,436	\$ 2,436	\$ - 0 -	\$ 1,647,329	0.15%

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 11

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3

SUPPLEMENTARY INFORMATION

REQUIRED BY HARRIS COUNTY

DECEMBER 31, 2024

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
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	1,840
Number of Emergency Responses made Outside of the District	<u>2</u>
Total Emergency Responses	<u><u>1,842</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2024

Type of Coverage	From To	Amount of Coverage	Insurer/Name
PUBLIC OFFICIAL BOND Treasurer	06/01/24 06/01/25	\$ 100,000	Hartford Causality Insurance Company
PUBLIC EMPLOYEE BLANKET BOND	01/01/24 01/01/25	\$ 100,000	National Union Fire Insurance Corporation
GENERAL LIABILITY/PROFESSIONAL HEALTH CARE LIABILITY General Aggregate Per Occurrence	01/01/24 01/01/25	\$ 10,000,000 1,000,000	National Union Fire Insurance Corporation
MANAGEMENT LIABILITY General Aggregate Per Occurrence	01/01/24 01/01/25	\$ 10,000,000 1,000,000	National Union Fire Insurance Corporation
EXCESS LIABILITY General Aggregate Each Occurrence	01/01/24 01/01/25	\$ 20,000,000 10,000,000	National Union Fire Insurance Corporation
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit Per Accident	01/01/24 01/01/25	\$ 1,000,000	National Union Fire Insurance Corporation
PROPERTY LIABILITY Contents	01/01/24 01/01/25	\$ 100,000	National Union Fire Insurance Corporation
PORTABLE EQUIPMENT Blanket Basis	01/01/24 01/01/25	Guarantee Replacement Costs	National Union Fire Insurance Corporation
CYBER LIABILITY Computer and Funds Transfer Fraud Fraudulent Impersonation Identity Fraud	11/01/24 11/01/25	\$ 100,000 100,000 100,000	National Union Fire Insurance Corporation
WORKERS COMPENSATION Each Accident Each Employee Disease Policy Limit Disease	11/01/24 11/01/25	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company
CAREER ACCIDENT & SICKNESS Accident Death Benefit	11/01/24 11/01/25	\$ 100,000	National Union Fire Insurance Corporation

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
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	\$ 2,154,542		\$	
Adjustments to Beginning Balance	<u>74,422</u>	\$ 2,228,964	<u></u>	\$ -0-
Original 2024 Tax Levy	\$ 5,081,020		\$ 152,237	
Adjustment to 2024 Tax Levy	<u>46,255</u>	<u>5,127,275</u>	<u>1,386</u>	<u>153,623</u>
TOTAL TO BE ACCOUNTED FOR		\$ 7,356,239		\$ 153,623
TAX COLLECTIONS:				
Prior Years	\$ 2,088,178		\$	
Current Year	<u>2,875,269</u>	<u>4,963,447</u>	<u>86,148</u>	<u>86,148</u>
TAXES RECEIVABLE -				
DECEMBER 31, 2024		<u>\$ 2,392,792</u>		<u>\$ 67,475</u>
TAXES RECEIVABLE BY YEAR:				
2024		\$ 2,252,006		\$ 67,475
2023		50,661		
2022		27,577		
2021		20,745		
2020		13,003		
2019		11,389		
2018		6,077		
2017		3,916		
2016		1,444		
2015		1,343		
2014		1,563		
2013		869		
2012 and prior		<u>2,199</u>		<u></u>
TOTAL		<u>\$ 2,392,792</u>		<u>\$ 67,475</u>

See accompanying independent auditor's reports.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
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>\$ 5,309,723,662</u>	<u>\$ 4,693,460,390</u>	<u>\$ 3,701,929,679</u>	<u>\$ 2,953,673,000</u>
TAX RATES PER \$100				
VALUATION				
Debt Service	\$ 0.002909	\$	\$	\$
Maintenance	<u>0.097090</u>	<u>0.099213</u>	<u>0.099883</u>	<u>0.099186</u>
TOTAL TAX RATES				
PER \$100 VALUATION	<u>\$ 0.10000</u>	<u>\$ 0.099213</u>	<u>\$ 0.099883</u>	<u>\$ 0.099186</u>
ADJUSTED TAX LEVY*	<u><u>\$ 5,280,898</u></u>	<u><u>\$ 4,629,903</u></u>	<u><u>\$ 3,698,087</u></u>	<u><u>\$ 2,929,630</u></u>
PERCENTAGE OF TAXES				
COLLECTED TO				
TAXES LEVIED	<u>56.08 %</u>	<u>98.91 %</u>	<u>99.25 %</u>	<u>99.29 %</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. 3
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 4,689,749	\$ 3,682,426	\$ 2,946,904
Penalty and Interest	96,635	49,405	46,750
Investment Revenues	245,969	168,084	30,974
EMS Operations	571,008		
Miscellaneous Revenues	179,739	2,009	10,000
TOTAL REVENUES	<u>\$ 5,783,100</u>	<u>\$ 3,901,924</u>	<u>\$ 3,034,628</u>
EXPENDITURES			
Service Operations:			
Emergency Services	\$	\$ 2,111,557	\$ 2,331,121
Communications	69,397	42,308	
Equipment costs	50,346	28,384	
Ambulance Operating Expense	96,033	57,124	
Medical Supplies	100,395		
Technology	64,250		
Transition Costs		85,662	
Office Supplies	10,037		
Other Personnel Costs	29,203	15,057	
Professional Services	111,332	76,816	78,809
Salaries and Benefits	2,527,396	410,189	
Occupancy Costs	145,849	16,098	
Training	18,541		
Service Contracts	26,321	26,321	
Other		20,037	
ESD Direct Expenses:			
Commissioner Fees	4,788		
Insurance	74,971	16,493	2,398
Legal Fees and Other Professional Fees	253,397	95,827	49,798
Administration	32,769	32,136	4,973
Capital Outlay	3,410,555	395,347	185,835
Debt Service:			
Note Principal		45,420	44,338
Note Interest		1,042	2,153
TOTAL EXPENDITURES	<u>\$ 7,025,580</u>	<u>\$ 3,475,818</u>	<u>\$ 2,699,425</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,242,480)</u>	<u>\$ 426,106</u>	<u>\$ 335,203</u>
OTHER FINANCING SOURCES (USES)			
Loan and Lease Proceeds	\$ 2,655,877	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 1,413,397	\$ 426,106	\$ 335,203
PRIOR PERIOD ADJUSTMENT			(\$1,590,184)
BEGINNING FUND BALANCE	<u>1,755,909</u>	<u>1,329,803</u>	<u>2,584,784</u>
ENDING FUND BALANCE	<u>\$ 3,169,306</u>	<u>\$ 1,755,909</u>	<u>\$ 1,329,803</u>

See accompanying independent auditor's reports.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 3,362,808	\$ 1,943,785	81.0 %	94.3 %	97.2 %	99.3 %	98.2 %
23,468	21,095	1.7	1.3	1.5	0.7	1.1
949	8,993	4.3	4.3	1.0		0.5
		9.9				
301	3,420	3.1	0.1	0.3		0.2
<u>\$ 3,387,526</u>	<u>\$ 1,977,293</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 2,019,600	\$ 1,860,000		54.1 %	76.8 %	59.6 %	94.1 %
		1.2	1.1			
		0.9	0.7			
		1.7	1.5			
		1.7				
		1.1				
			2.2			
		0.2				
		0.5	0.4			
68,614	37,544	1.9	2.0	2.6	2.0	1.9
		43.7	10.5			
		2.5	0.4			
		0.3				
		0.5	0.7			
			0.5			
		0.1				
2,788		1.3	0.4	0.1	0.1	
22,926	21,338	4.4	2.5	1.6	0.7	1.1
6,891	10,001	0.6	0.8	0.2	0.2	0.5
75,111	348,468	59.0	10.1	6.1	2.2	17.6
43,299			1.2	1.5	1.3	
3,193				0.1	0.1	
<u>\$ 2,242,422</u>	<u>\$ 2,307,064</u>	<u>121.6 %</u>	<u>89.1 %</u>	<u>89.0 %</u>	<u>66.2 %</u>	<u>116.7 %</u>
<u>\$ 1,145,104</u>	<u>(329,771)</u>	<u>(21.6) %</u>	<u>10.9 %</u>	<u>11.0 %</u>	<u>33.8 %</u>	<u>(16.7) %</u>
\$ - 0 -	\$ - 0 -					
\$ 1,145,104	\$ (329,771)					
1,439,680	1,769,451					
<u>\$ 2,584,784</u>	<u>\$ 1,439,680</u>					

See accompanying independent auditor's reports.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 3
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2024

District Mailing Address - Harris County Emergency Services District No. 3
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
Harold McDonald	06/01/24 05/31/28 (Elected)	\$ -0-	\$ -0-	President
Daniel Twardowski	06/01/24 05/31/28 (Elected)	\$ -0-	\$ -0-	Vice President
Robert B. Carvell	06/01/22 05/31/26 (Elected)	\$ -0-	\$ -0-	Treasurer/ Investment Officer
Patty Diehl	06/01/22 05/31/26 (Elected)	\$ -0-	\$ -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. 3
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2024

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2024*</u>	<u>Title</u>
Coveler & Peeler, PC	01/15/18	\$ 62,043	Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	12/11/23	\$ 15,000	Auditor
Randy Parr, CPA	08/15/22	\$ 33,000	Bookkeeper/ Investment Officer
Linebarger Goggan Blair & Sampson, LLP		\$ 20,851	Delinquent Tax Attorney
Harris County Tax Assessor/Collector	Legislative Action	\$ 22,547	Tax Assessor/ Collector

* Accrual basis

See accompanying independent auditor's report.