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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48**

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REPORT ON FINANCIAL STATEMENTS  
*(With Supplemental Material)*

FOR THE YEAR ENDED DECEMBER 31, 2023

**BREEDLOVE & CO., P.C.**  
*CERTIFIED PUBLIC ACCOUNTANTS*



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# BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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CEO

## INDEPENDENT AUDITORS' REPORT

September 18, 2024

Board of Commissioners  
Harris County Emergency Services District No. 48  
Harris County, Texas

### Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harris County Emergency Services District No. 48, as of and for the year ended December 31, 2023 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, each major fund, and the aggregate remaining fund information of Harris County Emergency Services District No. 48, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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 Harris County Emergency Services District No. 48, 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 opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Harris County Emergency Services District No. 48'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.

### Auditors' 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 auditors' 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 Harris County Emergency Services District No. 48'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 Harris County Emergency Services District No. 48'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, budgetary comparison, and pension schedules on pages 5 through 8 and 27 through 31 be presented to supplement the basic financial statements. Such information, 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 Harris County Emergency Services District No. 48's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Brecolone & Co., P.C.*





# **HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48**

## **MANAGEMENT'S DISCUSSION & ANALYSIS DECEMBER 31, 2023**

Our discussion and analysis of the financial performance of Harris County Emergency Services District No. 48 (the "District") provides an overview of the District's financial activities for the year ended December 31, 2023. Please read it in conjunction with the District's financial statements, included in this annual report.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include (1) combined fund financial statements and government-wide financial statements, and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine (1) the Statement of Net Position and Governmental Fund Balance Sheet, and (2) the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance. This report also includes other supplemental information in addition to these basic financial statements.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The first of the government-wide financial statements is the Statement of Net Position. This statement is the District-wide statement of its financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$45,366,707 as of December 31, 2023.

With the implementation of Government Accounting Standards Board (GASB) Statement No. 34, the District is presenting comparable prior-year columns in the various comparisons and analyses.

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## MANAGEMENT'S DISCUSSION & ANALYSIS DECEMBER 31, 2023 (Continued)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

#### Summary of Net Position

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 31 510 715	\$ 26 340 219
Capital assets	<u>30 900 732</u>	<u>31 279 342</u>
Total assets	<u>\$ 62 411 447</u>	<u>\$ 57 619 561</u>
Deferred outflows of resources	<u>\$ 1 054 579</u>	<u>\$ 1 420 417</u>
Current liabilities	\$ 2 994 887	\$ 3 631 685
Long term liabilities	<u>15 088 546</u>	<u>17 030 350</u>
Total liabilities	<u>\$ 18 083 433</u>	<u>\$ 20 662 035</u>
Deferred inflows of resources	<u>\$ 15 886</u>	<u>\$ 18 408</u>
Net position:		
Net investment in capital assets	\$ 13 870 820	\$ 12 355 264
Unrestricted	<u>31 495 887</u>	<u>26 004 271</u>
Total net position	<u>\$ 45 366 707</u>	<u>\$ 38 359 535</u>

The following table provides a summary of the District's operations for the year ended December 31, 2023. The District increased its net position by \$7,007,172.

#### Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues:		
Property taxes	\$ 18 551 563	\$ 14 316 667
Sales taxes	7 601 626	7 707 403
Other revenues	<u>4 764 245</u>	<u>3 452 588</u>
Total revenues	<u>30 917 434</u>	<u>25 476 658</u>
Operating expenses	21 486 636	20 818 680
Interest expense	541 889	587 781
Depreciation	<u>1 881 737</u>	<u>1 673 889</u>
Total expenses	<u>23 910 262</u>	<u>23 080 350</u>
Change in net position	7 007 172	2 396 308
Net position, beginning of period	<u>38 359 535</u>	<u>35 963 227</u>
Net position, end of period	<u>\$ 45 366 707</u>	<u>\$ 38 359 535</u>

# **HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48**

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

**DECEMBER 31, 2023**

**(Continued)**

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

The District's fund balance as of December 31, 2023 was \$20,632,059.

The General Fund balance increased by \$2,900,145.

### **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 property and sales tax revenues, costs, general expenditures, and resources not accounted for in another fund.

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustment column and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance 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 basic financial statements provide information essential to a full understanding of government-wide and fund financial statements. The notes to the financial statements follow the financial statements in this annual report.

### **OTHER INFORMATION**

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

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Commissioners did not amend the budget during the fiscal year 2023. Actual excess revenues were \$2,758,726 more than the budgeted excess revenues due to communication and payroll being less than expected and revenue in general being more than expected.

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## MANAGEMENT'S DISCUSSION & ANALYSIS DECEMBER 31, 2023 (Continued)

### CAPITAL ASSETS AND RELATED DEBT

#### Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized below.

	<u>2023</u>	<u>2022</u>
Land	\$ 3 173 892	\$ 3 173 892
Construction in progress	888 785	1 267 162
Leased assets, net of depreciation	3 299 296	3 899 582
Capital assets, net of depreciation	<u>23 538 759</u>	<u>22 938 706</u>
Total capital assets	<u>\$30 900 732</u>	<u>\$31 279 342</u>

Construction in progress includes cost of site preparation and land improvements incurred in prior years, remodel of a station, vehicle costs not yet in service, plus costs of constructing a new fire station.

#### Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2023 are summarized as follows:

Long term debt, beginning of year	\$18 924 078
Proceeds	-
Retirements of principal	<u>(1 894 166)</u>
Long term debt, end of year	<u>\$17 029 912</u>

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Ray Sidwell, Assistant Chief of Administration, 21201 Morton Road, Katy, Texas 77449.

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET DECEMBER 31, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3 439 286	\$ -	\$ 3 439 286
Temporary Investments	11 603 181	-	11 603 181
Cash on Hand with Tax Assessor	5 403 825	-	5 403 825
Property Taxes Receivable	11 032 592	-	11 032 592
Prepaid Expenses	31 831	-	31 831
Capital Assets			
Land	-	3 173 892	3 173 892
Construction in Progress	-	888 785	888 785
Leased Assets, Nest of Accumulated Depreciation of \$2,703,560	-	3 299 296	3 299 296
Capital Assets, Net of Accumulated Depreciation of \$10,226,201	<u>-</u>	<u>23 538 759</u>	<u>23 538 759</u>
Total Assets	<u>31 510 715</u>	<u>30 900 732</u>	<u>62 411 447</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources	<u>1 054 579</u>	<u>-</u>	<u>1 054 579</u>
Total Deferred Outflows of Resources	<u>1 054 579</u>	<u>-</u>	<u>1 054 579</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 32 565 294</u>	<u>\$ 30 900 732</u>	<u>\$ 63 466 026</u>
<u>LIABILITIES</u>			
Accounts Payable and Accrued Liabilities	\$ 44 512	\$ 168 764	\$ 213 276
Retirement Plan Payable	139 778	-	139 778
Net Pension Liability	700 467	-	700 467
Long Term Liabilities			
Due within One Year	-	1 941 366	1 941 366
Due after One Year	<u>-</u>	<u>15 088 546</u>	<u>15 088 546</u>
Total Liabilities	<u>884 757</u>	<u>17 198 676</u>	<u>18 083 433</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources	15 886	-	15 886
Unavailable Tax Revenue	<u>11 032 592</u>	<u>(11 032 592)</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>11 048 478</u>	<u>(11 032 592)</u>	<u>15 886</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund Balance			
Unassigned Fund Balance	<u>20 632 059</u>	<u>(20 632 059)</u>	<u>-</u>
Total Fund Balance	<u>20 632 059</u>	<u>(20 632 059)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 32 565 294</u>		
Net Position			
Net Investment in Capital Assets		13 870 820	13 870 820
Unrestricted		<u>31 495 887</u>	<u>31 495 887</u>
Total Net Position		<u>45 366 707</u>	<u>45 366 707</u>
Total Liabilities, Deferred Inflows of Resources and Net Position		<u>\$ 30 900 732</u>	<u>\$ 63 466 026</u>

See the Accompanying Independent Auditors' Report and Notes to Financial Statements

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Property Taxes	\$ 15 977 075	\$ 2 574 488	\$ 18 551 563
Contract Payments	245 000	-	245 000
Sales Tax	7 601 626	-	7 601 626
Penalty and Interest on Property Taxes	173 300	-	173 300
Patient Revenue	2 925 075	-	2 925 075
Interest Earned on Temporary Investments	791 438	-	791 438
Gain on Disposal of Property	91 536	-	91 536
Miscellaneous	537 896	-	537 896
Total Revenues	<u>28 342 946</u>	<u>2 574 488</u>	<u>30 917 434</u>
Expenditures/Expenses			
Service Operations			
Accounting	62 581	-	62 581
Appraisal District Fees	105 327	-	105 327
Collection Fees	54 203	-	54 203
Dispatch Fee	314 720	-	314 720
Election	197 361	-	197 361
Employee Benefits	2 137 283	-	2 137 283
Insurance	354 298	-	354 298
IT Infrastructure and Support	266 382	-	266 382
Maintenance and Repair, Small Equipment	1 410 370	-	1 410 370
Miscellaneous	136 303	-	136 303
Medical Billing and Other Contracts	117 590	-	117 590
Medical Supplies	600 820	-	600 820
Notice, Publication, and Filing Fees	1 575	-	1 575
Professional Fees	478 432	-	478 432
Retirement Plan	996 563	-	996 563
Payroll	11 705 430	-	11 705 430
Payroll Tax	878 720	-	878 720
Public Relations	234 227	-	234 227
Safety and Training	231 454	-	231 454
Supplies	535 961	-	535 961
Utilities	315 830	-	315 830
Workers Compensation Insurance	351 206	-	351 206
Capital Outlay	1 503 127	(1 503 127)	-
Debt Service			
Note Principal	1 274 304	(1 274 304)	-
Note Interest	464 485	( 8 622)	455 863
Capital Lease Principal	619 862	( 619 862)	-
Capital Lease Interest	94 387	( 8 361)	86 026
Depreciation	-	1 881 737	1 881 737
Total Expenditures/Expenses	<u>25 442 801</u>	<u>(1 532 539)</u>	<u>23 910 262</u>
Excess (Deficiency) of Revenues Over Expenditures	2 900 145	4 107 027	
Change in Net Position			7 007 172
Fund Balance/Net Position			
Beginning of Year	<u>17 731 914</u>	<u>20 627 621</u>	<u>38 359 535</u>
End of Year	<u>\$ 20 632 059</u>	<u>\$ 24 734 648</u>	<u>\$ 45 366 707</u>

See the Accompanying Independent Auditors' Report and Notes to Financial Statements

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

### NOTE (1) CREATION OF DISTRICT

Harris County Rural Fire Prevention District No. 48 was created by the Commissioners' Court of the County of Harris in 1984, in accordance with Article III, section 48-d, of the Texas Constitution. This action was taken by the Commissioners as a result of voter approval by residents of the District on August 19, 1984. Effective September 1, 2003, the Texas Legislature Senate Bill 1021 converted all rural fire prevention districts to emergency services districts and mandated a name change to Harris County Emergency Services District No. 48 (the "District"). The District operates under Chapter 775 of the Health and Safety Code. The District was established to provide operating funds for the contracting of fire prevention and emergency medical services within the boundaries of the District. In 2015, the District began to provide fire protection and rescue services within.

### NOTE (2) SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in accordance with accounting principles generally accepted (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant accounting policies of the District are described below.

#### A. REPORTING ENTITY

The District is an Emergency Services District with a five-member board of commissioners, who are elected to a four year term on a specific staggered basis.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District is not a participant in any joint venture and has not identified any entities which would be components units of the District.

The District is a special-purpose government that is governed by a separately elected governing body. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the District.

#### B. BASIS OF PRESENTATION

The financial transactions of the District are recorded in an individual fund. The funds are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. The funds are reported by generic classification within the financial statements.

The District uses the following fund types:

##### a. Governmental Funds

General Fund - To account for all revenues and expenditures not required to be accounted for in other funds.

##### b. Fund Balances

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (Continued)

### NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### B. BASIS OF PRESENTATION (Continued)

##### b. Fund Balances

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose.

The District uses the following classifications for net position:

Net Investment in Capital Assets - To indicate the value of capital invested in capital assets less accumulated depreciation, net of associated debt.

Restricted - To indicate the funds restricted within the General Fund for the purposes of contingencies or emergencies. The board must approve any change in the restriction of this fund balance.

Unrestricted - To indicate net position that is available for use in future period.

#### C. BASIS OF ACCOUNTING

All Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded in the accounting period in which they become available and measurable. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the period in which the fund liability is incurred, if measurable. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

The District has adopted GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. In compliance with GASB Statement No. 34, the District has presented a Statement of Net Position and Statement of Activities for the year ended December 31, 2023. These statements are presented on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded in the period they are earned, and expenses are recorded in the period they are incurred. The "Adjustments" column on these statements represents tax revenues adjusted to reflect an accrual basis rather than a modified accrual basis of accounting. All fund balances are adjusted to reflect net position.



# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

(Continued)

### NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. BUDGET

The District annually adopts a budget for the General Fund in accordance with the accounting principles applicable to this fund. The Board of Commissioner's approval is required for revisions that alter the total expenditures. Reported budgeted amounts were amended during the year. Budgeted amounts lapse annually.

#### E. CASH EQUIVALENTS

The District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

#### F. 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 expenditures in the governmental fund as 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.

Assets are capitalized if they have an original cost of \$25,000 or more, and a useful life of at least one year. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Temporary Buildings	10
Vehicles	10
Equipment	2-15

#### G. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts 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 expenses during the reporting period. Actual results could differ from those estimates. See Note 6 for Contingent Asset disclosure.

#### H. ALLOWANCE FOR UNCOLLECTIBLE PROPERTY TAXES RECEIVABLE

Management considers property taxes receivable to be fully collectible at year-end; accordingly, no allowance for doubtful accounts is required.

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (Continued)

### NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### I. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the statement of net position and governmental funds balance sheet are different because:

Total Fund Balance at December 31, 2023	<u>\$ 20 632 059</u>
Capital assets used in governmental activities are not financial and are not reported in the funds	30 900 732
Conversion of property tax assessments to full accrual basis	11 032 592
Interest paid on long term debt is adjusted to accrual basis	( 168 764)
Long-term debt obligations are not reported in the funds	<u>(17 029 912)</u>
Adjustment to fund balance to arrive at net position	<u>24 734 648</u>
Total Net Position at December 31, 2023	<u><u>\$ 45 366 707</u></u>

Amounts reported for governmental activities in the statement of activities are different because:

Change in fund balance	\$ 2 900 145
Governmental funds report capital outlays as expenditures. However, for government-wide financials statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay and conveyance of capital assets in the current period.	( 378 610)
Principal payments on debt are reported as expenditures in the funds. However, they do not affect net position.	1 894 166
Interest paid on long term debt is adjusted to accrual basis	16 983
Conversion of property tax assessments to full accrual basis	<u>2 574 488</u>
Change in net position of governmental activities	<u><u>\$ 7 007 172</u></u>

#### J. LEASES

During the year ended December 31, 2022 the District adopted GASB Statement No. 87, *Leases*, effective for fiscal years beginning after June 15, 2021.

# **HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (Continued)**

### **NOTE (3) CONTRACTS FOR FIRE PROTECTION AND RESCUE SERVICES**

On September 19, 2001, the District executed an interlocal agreement with Fort Bend County Emergency Services District No. 1 to provide fire protection, fire suppression and emergency medical first-responder and rescue services to Fort Bend County Emergency services District No. 1 (“ESD”). The agreement is in effect until terminated by either party given a sixty (60) day written notice.

During the year ended December 31, 2023, the District received \$245,000 from the ESD.

### **NOTE (4) AD VALOREM TAX**

During the year ended December 31, 2023, the District levied an ad valorem tax at the rate of \$.10 per \$100 of assessed valuation, which resulted in a tax levy of \$19,000,902 for 2023, on the taxable valuation of \$19,000,901,576 for the 2023 tax year. The ad valorem tax was due upon receipt and was considered delinquent if not paid by February 1, at which time penalties and interest were assessed. The levy date of the tax was September 1 of the prior year, or as soon after September 1 as it took to set the tax rate. The lien date was January 1 of the subsequent year.

In the governmental funds, property taxes are initially recorded as receivables and unearned revenue at the time the tax levy is billed. Revenues recognized during the fiscal year ended December 31, 2023, include collections during the current period or within 60 days of year-end related to the 2023 and prior years' tax levies.

### **NOTE (5) DEPOSITS AND INVESTMENTS**

Deposits were with various contracted depository banks in checking accounts, money market accounts, and certificates of deposit during the year. The deposits were secured by FDIC coverage of \$250,000, and when necessary, additional securities were pledged. The funds were properly secured at all times.

The contracted depository bank used by the District was Stellar Bank (formerly Allegiance Bank) during the year 2023. The largest cash, savings, and time deposit combined balance in the bank during the year ended December 31, 2023 was \$18,472,304 in February 2023. During the year, amounts over FDIC coverage were adequately collateralized with additional securities.

Statutes authorize the District to invest in direct or indirect obligations of the United States, the state, or any county, school district, or other political subdivision of the state. Funds of the District may also be placed in certificates of deposit of state or national banks or savings associations within the state. The District holds investments at December 31, 2023, in accordance with the Board approved investment policy. The total carrying value and market value for the certificates of deposit was \$466,962. The District also holds investments at December 31, 2023, in accordance with the Board approved investment policy, in TexPool State Treasury (“TexPool”). In following the Public Funds Collateral Act, TexPool invests the District’s funds in obligations of the United States, obligations issued by a public agency that is payable from taxes, revenues, or a combination thereof that has been rated by a nationally recognized rating agency with a rating of not less than A, or any security in which a public entity may invest under the Public Funds Investment Act of 1987. Surety bonds and investment securities are used as collateral to secure both the amount of the deposits with TexPool plus any accrued interest. A separate financial report for TexPool is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Copies of the report can be obtained from TexPool Participant Services, c/o Federated Investors, 1001 Texas Ave., 14<sup>th</sup> Floor, Houston, Texas 77002. The District held investments in TexPool with a total carrying value and market value of \$2,768,446 at December 31, 2023.

## **HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48**

### **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**(Continued)**

#### **NOTE (5) DEPOSITS AND INVESTMENTS (Continued)**

The District also invested in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"). Texas CLASS is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended (the "Act"). Texas CLASS is created under an Amended and Restated Trust, dated May 1, 2001 (the "Agreement"), among certain Texas governmental entities investing in the pool (the "Participants"), Public Trust Advisors LLC ("Public Trust"), as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian. Texas CLASS is not SEC-registered and is not subject to regulatory oversight by the State of Texas. Under the Agreement, however, Texas CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, Texas CLASS has contracted with Public Trust to provide for the investment and management of the public funds of Texas CLASS. The fair value of the District's position in the pool is the same the value of pool shares. At December 31, 2023, the District had a balance of \$8,367,773 in Texas CLASS.

Local governments are subject to the Public Funds Investment Act as amended during the 1995 legislative session. The Act directs local governments to adopt a written investment policy that primarily emphasizes safety of principal and liquidity. Also addressed under the Act are the areas of investment diversification, yield, maturity, and quality of investment management. The District has complied with the Act's provisions during the year ended December 31, 2023.

#### **NOTE (6) CONTINGENT ASSET**

The District contracts with a billing service to bill and collect on patient accounts. The billing service bills insurance companies or individuals based on rates charged for specific services by the District. The billing service then negotiates payment on the account. At this time all amounts are considered uncollectible. The billing service collects based upon varying agreed upon amounts with different insurance companies. Some amounts are not collectible at all. The amount collectible is not known until several months after the original amount is billed. Remaining amounts are written off at that time. Therefore, the District has chosen not to record an asset or allowance associated with accounts receivable.

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (Continued)

### NOTE (7) CHANGES IN CAPITAL ASSETS

The changes in capital assets for the year are as follows:

	Beginning of Year	Acquisitions (Dispositions)	Depreciation Expense	End of Year
Land	\$ 3 173 892	\$ -	\$ -	\$ 3 173 892
Buildings	24 445 419	1 157 654	-	25 603 073
Fire Trucks and Vehicles	6 663 394	116 498	-	6 779 892
Furniture, Fixtures and Equipment	1 381 995	-	-	1 381 995
Leased Fire Trucks and Vehicles	6 002 856	-	-	6 002 856
	<u>38 493 664</u>	<u>1 274 152</u>	<u>-</u>	<u>39 767 816</u>
Less: Accumulated Depreciation				
Buildings	(3 865 502)	-	( 736 214)	(4 601 716)
Fire Trucks and Vehicles	(5 019 031)	607 352	( 367 683)	(4 779 362)
Furniture, Fixtures and Equipment	( 667 569)	-	( 177 554)	( 845 123)
Leased Fire Trucks and Vehicles	(2 103 274)	-	( 600 286)	(2 703 560)
Total Accumulated Depreciation	<u>(11 655 376)</u>	<u>607 352</u>	<u>(1 881 737)</u>	<u>(12 929 761)</u>
Net Book Value	<u>26 838 288</u>	<u>1 881 504</u>	<u>(1 881 737)</u>	<u>26 838 055</u>
Construction in Progress	<u>1 267 162</u>	<u>( 378 377)</u>	<u>-</u>	<u>888 785</u>
Totals	<u><u>\$ 31 279 342</u></u>	<u><u>\$ 1 503 127</u></u>	<u><u>\$ (1 881 737)</u></u>	<u><u>\$ 30 900 732</u></u>

Construction in progress includes construction and design costs for station no. 6, two ambulances in progress, and a ladder truck in progress.

### NOTE (8) NOTES PAYABLE

On November 20, 2013, the District entered into a real estate construction note with Trustmark National Bank ("Lender") for \$3,300,000 at an annual interest rate of 2.76%. The proceeds were used to pay for the construction of a fire station. The note is secured by the District's right, title and interest in construction contracts and plans for this station. Principal and interest payments of \$382,931 are due annually beginning November 20, 2016 through November 20, 2024. At January 1, 2023, the balance due on the note was \$730,846. During the year ended December 31, 2023, the District paid principal and interest of \$362,479 and \$20,452, respectively. The balance due at December 31, 2023 was \$368,367.

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (Continued)

### NOTE (8) NOTES PAYABLE (Continued)

On November 19, 2014, the District entered into a real estate construction note with Trustmark National Bank (“Lender”) for \$9,198,566 at an annual interest rate of 3.200%. During the year ended December 31, 2017, the District entered into a loan modification agreement with the same Lender for the same balance due at an annual interest rate of 3.5205%. Principal and interest payments are due annually beginning November 19, 2018 through November 19, 2037. The proceeds were used to pay for the construction of a fire station. The note is secured by the District’s right, title and interest in construction contracts and plans for this station. At January 1, 2023, the balance due on the note was \$7,456,084. During the year ended December 31, 2023, the District paid principal and interest of \$386,101 and \$262,319, respectively. The balance due at December 31, 2023 was \$7,069,983.

On June 21, 2016, the District entered into a loan modification agreement with Trustmark National Bank (“Lender”) for \$454,095 at an annual interest rate of 2.82%, in addition to the original principal amount of \$9,198,566 (see note above). The proceeds were used to pay for the construction of the same fire station. The note is secured by a certificate of deposit with a carrying value of \$466,962. Thirteen principal and interest payments of \$37,473 each are due annually beginning November 19, 2017 through November 19, 2029, with a balloon payment of \$73,765 due on November 19, 2030. At January 1, 2023, the balance due on the note was \$294,925. During the year ended December 31, 2023, the District paid principal and interest of \$29,041 and \$8,432, respectively. The balance due at December 31, 2023 was \$265,884.

On August 1, 2019, the District entered into a real estate construction note with Capital One Public Funding, LLC (“Lender”) for \$7,000,000 at an annual interest rate of 2.97%. Principal and interest payments of \$585,094 are due annually beginning August 1, 2021 through August 1, 2034. The proceeds were used to pay for the construction of a fire station. The note is secured by the District’s sales tax revenue. At January 1, 2023, the balance due on the note was \$5,834,476. During the year ended December 31, 2023, the District paid principal and interest of \$411,810 and \$173,282, respectively. The balance due at December 31, 2023 was \$5,422,666.

On June 30, 2022, the District entered into a payment plan note with Zoll Medical Corporation (“Lender”) for \$424,362 at an annual interest rate of 0%. Payments of \$84,872 are due annually beginning January 30, 2023 through January 30, 2027. The proceeds were used to pay for monitors and defibrillators. The plan is secured by the equipment. At January 1, 2023, the balance due on the note was \$424,362. During the year ended December 31, 2023, the District paid principal of \$84,873. The balance due at December 31, 2023 was \$339,489.

Future maturities of the balances outstanding are as follows:

Year Ending	Principal	Interest
December 31, 2024	\$ 1 306 248	\$ 432 542
December 31, 2025	966 039	389 821
December 31, 2026	994 431	361 428
December 31, 2027	1 023 746	332 115
December 31, 2028	968 620	302 368
December 31, 2029-2033	5 259 577	1 020 188
December 31, 2032-2037	2 947 728	229 993
Total Amount	<u>\$ 13 466 389</u>	<u>\$3 068 455</u>

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (Continued)

### NOTE (9) CAPITAL LEASE PAYABLE

On November 23, 2015, the Board entered into a capital lease payable with an interest rate of 2.91% with PNC Equipment Finance. The proceeds were used to pay for a pumper truck and platform and a booster truck. Principal and interest payments of \$249,084 are due annually beginning November 23, 2016 through November 23, 2025. At January 1, 2023, the balance due on the lease was \$706,301. During the year ended December 31, 2023, the District paid principal and interest of \$228,509 and \$20,575, respectively. The balance due at December 31, 2023 was \$477,792.

On February 19, 2019, the Board entered into a capital lease payable with an interest rate of 2.99% with Frost Bank. The proceeds were used to pay for a new ambulance. Principal and interest payments of \$133,991 are due annually beginning February 19, 2021 through February 19, 2028. At January 1, 2023, the balance due on the lease was \$497,608. During the year ended December 31, 2023, the District paid principal and interest of \$118,874 and \$15,117, respectively. The balance due at December 31, 2023 was \$378,734.

On February 16, 2022, the Board entered into a capital lease payable with an interest rate of 1.97% with Community First National Bank. The proceeds were used to pay for two new pumper trucks and an aerial ladder truck. Principal and interest payments of \$331,174 are due annually beginning February 21, 2023 through February 21, 2032. At January 1, 2023, the balance due on the lease was \$2,979,476. During the year ended December 31, 2023, the District paid principal and interest of \$272,479 and \$58,695, respectively. The balance due at December 31, 2023 was \$2,706,997.

The lease agreements contain a bargain purchase option for payment of termination value with transfer of title at the end of the lease term.

The following is a schedule year of future minimum principal and interest payments required under the agreements as of December 31, 2023:

Year Ending	Principal	Interest
December 31, 2024	\$ 635 118	\$ 79 132
December 31, 2025	652 533	61 717
December 31, 2026	418 942	46 223
December 31, 2027	294 593	36 582
December 31, 2028	300 396	30 778
December 31, 2029 - 2032	1 261 941	62 757
	<u>\$ 3 563 523</u>	<u>\$ 317 189</u>

Amortization of assets held under capital leases is included with depreciation expense.

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (Continued)

### NOTE (10) LONG TERM DEBT

The following is a summary of transactions regarding both notes payable and capital lease payable at the year ended December 31, 2023:

Long Term Debt at Beginning of Current Year	\$	18 924 078
Proceeds		-
Retirement of Principal	Notes Payable	(1 274 304)
	Capital Lease	<u>( 619 862)</u>
Long Term Debt at End of Current Year	\$	<u>17 029 912</u>
Long Term Debt Due in Future		
Current	Notes Payable	\$ 1 306 248
	Capital Lease	635 118
Long-Term	Notes Payable	12 160 141
	Capital Lease	<u>2 928 405</u>
	\$	<u>17 029 912</u>

### NOTE (11) SALES TAX REVENUE

On May 10, 2014, the residents of the District authorized the District to impose a 1% sales tax where eligible within the District. During the year ended December 31, 2023, the District received \$7,601,626 in sales tax revenue.

### NOTE (12) EMERGENCY RESPONSES

During the year ended December 31, 2023, the District responded to 15,447 emergencies. Of this amount, 11,400 calls were for medical emergency services and 4,047 were for fire department incidents.

### NOTE (13) RETIREMENT PLAN

#### Plan Description

The District contributes to the Texas County & District Retirement System (the "Plan") which is a statewide, agent multiple-employer, public employee retirement system. All full- and part-time non-temporary employees participate in the Plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Employee membership data related to the Plan, as of December 31, 2023 was as follows:

Inactive employees entitled to but not yet receiving benefits	86
Active plan members	184
Inactive employees (or their beneficiaries) receiving benefits	<u>5</u>
	<u>275</u>

Any participant whose years of continuous employment, when added to the participant's age equals or exceeds 80, may retire without a reduction in the monthly benefit.

By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.



# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

(Continued)

### NOTE (13) RETIREMENT PLAN (Continued)

Plan provisions include death benefits for the surviving spouse if the employee had 4 or more years of service. The Plan provides a monthly income for disabled participants who have 5 or more years of service. Benefits vest at 100% after five years of service.

For the year ended December 31, 2023, the District's total payroll for all employees was \$11,703,595. Total covered payroll was \$11,586,331. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan and was calculated by the actuary based on contributions as reported to the Plan.

#### Contributions

Employees of the District are required to contribute 7% of covered compensation to the Plan. The contributions are deducted from the employee's wages or salary and remitted by the District to the Plan on a monthly basis. The District's contractually required contribution rate for the year ended December 31, 2023, was 8.99% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's actual contributions to the Plan for the year ended December 31, 2023 were \$1,232,342.

#### Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At December 31, 2023, the District reported a net liability of \$700,467 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2023, the District's proportion was 6.05%.

For the year ended December 31, 2023, the District recognized pension expense of \$991,450. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual results	\$ 15 886	\$ 444 723
Changes of assumptions	-	375 124
Net difference between projected and actual earnings	-	234 732
Contributions subsequent to the measurement date	N/A	Employer determined
Total	<u>\$ 15 886</u>	<u>\$ 1 054 579</u>

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (Continued)

### NOTE (13) RETIREMENT PLAN (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	
2024	\$ 157 991
2025	166 368
2026	327 820
2027	69 169
2028	121 650
Thereafter	195 695

#### Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation

In the 2023 actuarial valuation, assumed life expectancies were 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.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the years 2017-2020, except where required to be different by GASB Statement No. 68.

The long-term expected rate of return on pension plan investments was determined by adding expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by the Plan's investment consultant, Cliffwater, LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

## HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (Continued)

#### NOTE (13) RETIREMENT PLAN (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 - Developed	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	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%
	<u>100.00%</u>	

#### Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive, and retired employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (Continued)

### NOTE (13) RETIREMENT PLAN (Continued)

#### Changes in District's Net Pension Liability/(Asset)

Changes in the District's net pension liability/(asset) for the year ended December 31, 2023 was as follows:

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2022	\$ 10 767 733	\$ 9 422 473	\$ 1 345 260
Changes for the year:			
Service cost	1 585 355	-	1 585 355
Interest on total pension liability	935 372	-	935 372
Effect of Plan changes	-	-	-
Effect of economic/demographic gains or losses	27 594	-	27 594
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	( 71 091)	( 71 091)	-
Benefit payments	( 21 746)	( 21 746)	-
Administrative expenses	-	( 6 539)	6 539
Member contributions	-	811 043	( 811 043)
Net investment income	-	1 054 841	(1 054 841)
Employer contributions	-	1 232 342	(1 232 342)
Other	-	101 427	( 101 427)
Balances as of December 31, 2023	<u>\$ 13 223 217</u>	<u>\$ 12 522 750</u>	<u>\$ 700 467</u>

#### Sensitivity of the City's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following presents the District's net pension asset calculated using the discount rate of 7.60%, as well as what the District's 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:

	Discount Rate	Net Pension Liability/(Asset)
1% Decrease	6.60%	\$ 3 727 178
Current Discount Rate	7.60%	\$ 700 467
1% Increase	8.60%	\$ (1 693 447)

#### Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Plan financial report.

#### Payable to the Plan

At December 31, 2023, the District reported a payable of \$139,778 for the outstanding amount of contributions due to the Plan for the year.

## **HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (Continued)**

#### **NOTE (14) DEFERRED COMPENSATION PLAN**

Effective May 1, 2023, the District offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code, Section 457. After 3 months of service, the plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, death, or unforeseeable emergencies. Federal law requires all assets and income of Section 457 plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries. The District's deferred compensation plan is administered by a private corporation under contract with the District. The District makes a safe harbor matching contribution equal to 100% of the participant's elective deferrals not to exceed 4% of compensation. All contributions are 100% vested. During the year ended December 31, 2023, the District made contributions of \$5,113 to the plan.

#### **NOTE (15) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 18, 2024, (the date the financial statements were available to be issued) and noted no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2023

	Original and Final Budget*	Actual	Variance Positive (Negative)
Revenues			
Property Taxes	\$ 14 600 000	\$ 15 977 075	\$ 1 377 075
Contract Payments	250 000	245 000	( 5 000)
Sales Tax Revenue	7 200 000	7 601 626	401 626
Penalty and Interest on Property Taxes	-	173 300	173 300
Patient Revenue	2 200 000	2 925 075	725 075
Interest Earned on Temporary Investments	150 000	791 438	641 438
Gain on Disposal of Property	9 600	91 536	81 936
Miscellaneous	<u>1 779 000</u>	<u>537 896</u>	<u>(1 241 104)</u>
Total Revenues	<u>26 188 600</u>	<u>28 342 946</u>	<u>2 154 346</u>
Expenditures/Expenses			
Service Operations			
Accounting	42 000	62 581	( 20 581)
Appraisal District Fees	100 000	105 327	( 5 327)
Collection Fees	-	54 203	( 54 203)
Communication	725 000	314 720	410 280
Election	50 000	197 361	( 147 361)
Employee Benefits	2 076 000	2 137 283	( 61 283)
Insurance	357 500	354 298	3 202
IT Infrastructure and Support	374 301	266 382	107 919
Maintenance and Repair, Small Equipment	1 210 550	1 410 367	( 199 817)
Miscellaneous	161 501	136 303	25 198
Medical Billing and Other Contracts	100 000	117 590	( 17 590)
Medical Supplies	680 000	600 820	79 180
Notice, Publication, and Filing Fees	5 000	1 575	3 425
Professional Fees	468 500	478 432	( 9 932)
Retirement Plan	831 000	996 563	( 165 563)
Payroll	12 043 844	11 705 430	338 414
Payroll Tax	850 000	878 720	( 28 720)
Public Relations	238 800	234 227	4 573
Safety and Training	357 500	231 454	126 046
Supplies	791 648	535 961	255 687
Utilities	298 000	315 830	( 17 830)
Workers Compensation Insurance	297 000	351 206	( 54 206)
Capital Outlay	1 520 080	1 503 127	16 953
Debt Service			
Note Principal	1 289 370	1 274 303	15 067
Note Interest	464 487	464 487	-
Capital Lease Principal	620 713	619 864	849
Capital Lease Interest	<u>94 387</u>	<u>94 387</u>	<u>-</u>
Total Expenditures/Expenses	<u>26 047 181</u>	<u>25 442 801</u>	<u>604 380</u>
Excess (Deficiency) of Revenues over Expenditures	141 419	2 900 145	2 758 726
Fund Balance/Net Position			
Beginning of the Period	<u>17 731 914</u>	<u>17 731 914</u>	<u>-</u>
End of the Period	<u>\$ 17 873 333</u>	<u>\$ 20 632 059</u>	<u>\$ 2 758 726</u>

\* Budget was not amended during the year. Therefore, the original budget is the same as the final budget.

See the Accompanying Independent Auditors' Report

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

	<u>Year Ended December 31</u>			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability				
Service cost	\$ 1 585 355	\$ 1 201 754	\$ 1 112 008	\$ 924 865
Interest on total pension liability	935 372	649 404	511 631	385 044
Effect of plan changes	-	1 239 923	-	28 754
Effect of assumption changes or inputs	-	-	87 104	533 192
Effect of economic/demographic (gains) or losses	27 594	357 374	83 284	( 24 273)
Benefit payments/refunds of contributions	( 92 836)	( 46 668)	( 94 413)	( 19 647)
Net change in total pension liability	<u>2 455 485</u>	<u>3 401 787</u>	<u>1 699 614</u>	<u>1 827 935</u>
Total pension liability, beginning	<u>10 767 732</u>	<u>7 365 945</u>	<u>5 666 331</u>	<u>3 838 396</u>
Total pension liability, ending	<u>13 223 217</u>	<u>10 767 732</u>	<u>7 365 945</u>	<u>5 666 331</u>
Fiduciary Net Position				
Employer contributions	1 232 342	1 628 078	516 006	453 146
Member contributions	811 043	760 815	656 735	576 732
Investment income net of investment expenses	1 054 841	( 632 505)	1 231 898	377 096
Benefit payments/refunds of contributions	( 92 836)	( 46 668)	( 94 413)	( 19 647)
Administrative expenses	( 6 539)	( 5 522)	( 3 994)	( 3 691)
Other	<u>101 427</u>	<u>335 935</u>	<u>31 940</u>	<u>30 253</u>
Net change in fiduciary net position	<u>3 100 278</u>	<u>2 040 133</u>	<u>2 338 172</u>	<u>1 413 889</u>
Fiduciary net position, beginning	<u>9 422 472</u>	<u>7 382 339</u>	<u>5 044 167</u>	<u>3 630 278</u>
Fiduciary net position, ending	<u>12 522 750</u>	<u>9 422 472</u>	<u>7 382 339</u>	<u>5 044 167</u>
Net pension liability/(asset), ending	<u>\$ 700 467</u>	<u>\$ 1 345 260</u>	<u>\$ ( 16 394)</u>	<u>\$ 622 164</u>
Fiduciary net position as a % of total pension liability/(asset)	94.70%	87.51%	100.22%	89.02%
Pensionable covered payroll	\$ 11 586 331	\$ 10 868 790	\$ 9 381 935	\$ 8 239 025
Net pension liability/(asset) as a % of covered payroll	6.05%	12.38%	-0.17%	7.55%

See the Accompanying Independent Auditors' Report



<u>Year Ended December 31</u>					
<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 837 894	\$ 635 302	\$ 427 843	\$ 376 047	\$ 122 404	N/A
283 388	168 680	78 135	25 117	4 948	N/A
-	446 448	384 058	-	1 140	N/A
-	-	272	-	1 057	N/A
76 847	3 948	47 026	17 968	( 2 174)	N/A
( 40 121)	( 41 510)	( 12 951)	( 3 370)	-	N/A
1 158 008	1 212 868	924 383	415 762	127 375	N/A
2 680 388	1 467 520	543 137	127 375	-	N/A
<u>3 838 396</u>	<u>2 680 388</u>	<u>1 467 520</u>	<u>543 137</u>	<u>127 375</u>	<u>N/A</u>
443 436	414 222	274 831	237 959	73 761	N/A
564 374	509 928	318 205	262 649	81 414	N/A
370 375	( 15 660)	107 850	11 736	( 1 318)	N/A
( 40 121)	( 41 510)	( 12 951)	( 3 370)	-	N/A
( 2 766)	( 1 816)	( 911)	( 128)	( 58)	N/A
33 637	26 433	7 767	12 318	( 8)	N/A
1 368 935	891 597	694 791	521 164	153 791	N/A
2 261 343	1 369 746	674 955	153 791	-	N/A
<u>3 630 278</u>	<u>2 261 343</u>	<u>1 369 746</u>	<u>674 955</u>	<u>153 791</u>	<u>N/A</u>
<u>\$ 208 118</u>	<u>\$ 419 045</u>	<u>\$ 97 774</u>	<u>\$ ( 131 818)</u>	<u>\$ ( 26 416)</u>	<u>N/A</u>
94.58%	84.37%	93.34%	124.27%	120.74%	N/A
\$ 8 062 486	\$ 7 284 692	\$ 6 364 109	\$ 5 252 981	\$ 3 256 543	N/A
2.58%	5.75%	1.54%	-2.51%	-0.81%	N/A

See the Accompanying Independent Auditors' Report

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2014					
2015	\$ 73 761	\$ 73 761	\$ -	\$ 1 628 272	4.53%
2016	\$ 237 959	\$ 237 959	\$ -	\$ 5 252 981	4.53%
2017	\$ 171 195	\$ 274 831	\$ ( 103 636)	\$ 6 364 109	4.32%
2018	\$ 272 447	\$ 414 222	\$ ( 141 775)	\$ 7 284 692	5.70%
2019	\$ 420 862	\$ 443 436	\$ ( 22 574)	\$ 8 062 486	5.50%
2020	\$ 425 134	\$ 453 146	\$ ( 28 012)	\$ 8 239 025	5.50%
2021	\$ 492 552	\$ 516 006	\$ ( 23 454)	\$ 9 381 935	5.50%
2022	\$ 772 771	\$ 1 628 078	\$ ( 855 307)	\$ 10 868 790	15.00%
2023	\$ 1 032 342	\$ 1 232 342	\$ ( 200 000)	\$ 11 586 331	10.64%

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

#### NOTE (1) VALUATION DATE

Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF EMPLOYER CONTRIBUTIONS

#### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

(Continued)

#### NOTE (2) METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.0 years (based on contribution rate calculated in 12/31/23 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
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.
Changes 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 and 2016: No changes in plan provisions were reflected. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the member contribution rate was increased to 7% 2019: Employer contributions reflect that the current service matching rate was increased to 150% for future benefits 2020 - 2022: No changes in plan provisions were reflected. 2023: Employer contributions reflect that the current service matching rate was increased to 200% for future benefits

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## SUPPLEMENTARY INFORMATION

### ANALYSIS OF TAXES RECEIVABLE DECEMBER 31, 2023

Taxes Receivable - Beginning of Year	\$ 8 458 105
2023 Tax Roll	19 000 902
Adjustments	<u>( 449 339)</u>
Total to be Accounted for	27 009 668
Tax Collections Received from Tax Collector	<u>(15 977 075)</u>
Taxes Receivable - End of Year	<u><u>\$ 11 032 593</u></u>
Taxes Receivable - By Years	
2023	\$ 10 715 327
2022	127 093
2021	62 763
2020	39 812
2019	26 452
2018 and prior	<u>61 146</u>
Taxes Receivable - End of Year	<u><u>\$ 11 032 593</u></u>

#### Assessed Valuation Summary

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Property Valuations					
Total Property Valuations	<u>\$ 19 000 901 576</u>	<u>\$ 16 944 990 784</u>	<u>\$ 14 697 646 496</u>	<u>\$ 13 678 884 644</u>	<u>\$ 12 767 200 587</u>
Tax Rate per \$100 Valuations	<u>\$ 0.100000</u>	<u>\$ 0.086911</u>	<u>\$ 0.095234</u>	<u>\$ 0.099394</u>	<u>\$ 0.100000</u>
Tax Rolls	<u>\$ 19 000 902</u>	<u>\$ 14 727 061</u>	<u>\$ 13 997 157</u>	<u>\$ 13 595 991</u>	<u>\$ 12 767 201</u>
Percent of Taxes Collected to Taxes Levied	<u>43.6%</u>	<u>99.1%</u>	<u>99.6%</u>	<u>99.7%</u>	<u>100.0%</u>

See the Accompanying Independent Auditors' Report

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## SUPPLEMENTARY INFORMATION

### BOARD MEMBERS AND CONSULTANTS DECEMBER 31, 2023

District Mailing Address: Harris County Emergency Services District No. 48  
820 Gessner, Suite 1710  
Houston, Texas 77024

District Telephone Number: (713) 984-8222

<u>Names</u>	<u>Term of office</u>	<u>Fees Paid*</u> <u>FYE 12/31/23</u>	<u>Expense</u> <u>Reimburse-</u> <u>ments</u> <u>FYE 12/31/23</u>	<u>Title at</u> <u>Year End</u>
Board Members:				
Samuel Henderson	(Elected) 06/22 - 05/26	\$ 3 836	\$ -	President
Jon Russell Solomon	(Elected) 06/20 - 05/24	\$ 3 639	\$ -	Vice President
Michael Fleming	(Elected) 06/22 - 05/26	\$ 4 902	\$ -	Treasurer
Scott Strait	(Appointed) 06/22 - 05/24	\$ 4 531	\$ -	Secretary
Pattie Creel	(Appointed) 06/22 - 05/24	\$ 4 752	\$ -	Assistant Secretary/ Treasurer

\* Fees are the amounts actually paid to a commissioner during the District's fiscal year.

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## BOARD MEMBERS AND CONSULTANTS

DECEMBER 31, 2023

(Continued)

Names	Date Hired	Fees and Expense		Title at Year End
		Reimbursements FYE 12/31/23		
Consultants:				
Coveler & Peeler, P.C.	2003	\$	110 005	Attorney
Ann Harris Bennett	2003	\$	54 203	Tax Collector
ABIP Advisors LLC	2017	\$	91 131	Bookkeeper
Breedlove & Co., P.C.	2008	\$	18 640	Auditor
Harris County Appraisal District	2003	\$	109 832	Appraisal District

\* Fees Paid are the amounts actually paid to a consultant during the District's fiscal year.