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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, 2024

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

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## INDEPENDENT AUDITORS' REPORT

July 2, 2025

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, 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, each major fund, and the aggregate remaining fund information of Harris County Emergency Services District No. 48, as of December 31, 2024, 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 Auditors' 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.

*Breallone & Co., P.C.*

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

## **MANAGEMENT’S DISCUSSION & ANALYSIS DECEMBER 31, 2024**

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, 2024. 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 \$48,769,218 as of December 31, 2024.

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, 2024

(Continued)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

#### Summary of Net Position

	2024	2023
Current and other assets	\$ 32 423 633	\$ 31 510 715
Capital assets	33 128 872	30 900 732
Total assets	<u>\$ 65 552 505</u>	<u>\$ 62 411 447</u>
Deferred outflows of resources	<u>\$ 1 054 579</u>	<u>\$ 1 054 579</u>
Current liabilities	\$ 4 550 331	\$ 2 994 887
Long term liabilities	13 271 649	15 088 546
Total liabilities	<u>\$ 17 821 980</u>	<u>\$ 18 083 433</u>
Deferred inflows of resources	<u>\$ 15 886</u>	<u>\$ 15 886</u>
Net position:		
Net investment in capital assets	\$ 18 270 078	\$ 13 870 820
Unrestricted	30 499 140	31 495 887
Total net position	<u>\$ 48 769 218</u>	<u>\$ 45 366 707</u>

The following table provides a summary of the District's operations for the year ended December 31, 2024. The District increased its net position by \$3,402,511.

#### Summary of Changes in Net Position

	2024	2023
Revenues:		
Property taxes	\$ 18 778 992	\$ 18 551 563
Sales taxes	8 560 877	7 601 626
Other revenues	5 793 498	4 764 245
Total revenues	<u>33 133 367</u>	<u>30 917 434</u>
Operating expenses	27 209 420	21 486 636
Interest expense	493 576	541 889
Depreciation	2 027 860	1 881 737
Total expenses	<u>29 730 856</u>	<u>23 910 262</u>
Change in net position	3 402 511	7 007 172
Net position, beginning of period	<u>45 366 707</u>	<u>38 359 535</u>
Net position, end of period	<u>\$ 48 769 218</u>	<u>\$ 45 366 707</u>

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

## **MANAGEMENT’S DISCUSSION & ANALYSIS DECEMBER 31, 2024 (Continued)**

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

The District’s fund balance as of December 31, 2024 was \$19,701,229.

The General Fund balance decreased by \$930,830.

### **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. Other supplementary information includes an analysis of taxes receivable and a schedule of board members and consultants.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Commissioners amended the budget during the fiscal year 2024. Actual excess revenues were \$931,831 less than the budgeted excess expenses due to capital outlay, payroll, employee benefits and communication being more than expected offset by revenues being more than expected.



## HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

### MANAGEMENT'S DISCUSSION & ANALYSIS DECEMBER 31, 2024 (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>2024</u>	<u>2023</u>
Land	\$ 6 474 815	\$ 3 173 892
Construction in progress	888 535	888 785
Leased assets, net of depreciation	2 699 011	3 299 296
Capital assets, net of depreciation	<u>23 066 511</u>	<u>23 538 759</u>
Total capital assets	<u>\$33 128 872</u>	<u>\$30 900 732</u>

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

##### Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2024, are summarized as follows:

Long term debt, beginning of year	\$ 17 029 912
Proceeds	-
Retirements of principal	<u>(2 171 118)</u>
Long term debt, end of year	<u>\$ 14 858 794</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 Alyssa Saccomen, Finance Director, 21201 Morton Road, Katy, Texas 77449.

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET DECEMBER 31, 2024

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3 927 636	\$ -	\$ 3 927 636
Temporary Investments	11 059 448	-	11 059 448
Cash on Hand with Tax Assessor	6 462 328	-	6 462 328
Property Taxes Receivable	10 946 467	-	10 946 467
Prepaid Expenses	27 754	-	27 754
Capital Assets			
Land	-	6 474 815	6 474 815
Construction in Progress	-	888 535	888 535
Leased Assets, Nest of Accumulated Depreciation of \$3,303,845	-	2 699 011	2 699 011
Capital Assets, Net of Accumulated Depreciation of \$10,969,849	-	23 066 511	23 066 511
Total Assets	<u>32 423 633</u>	<u>33 128 872</u>	<u>65 552 505</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources	1 054 579	-	1 054 579
Total Deferred Outflows of Resources	1 054 579	-	1 054 579
Total Assets and Deferred Outflows of Resources	<u>\$ 33 478 212</u>	<u>\$ 33 128 872</u>	<u>\$ 66 607 084</u>
<u>LIABILITIES</u>			
Accounts Payable and Accrued Liabilities	\$ 15 658	\$ 148 556	\$ 164 214
Accrued Compensated Absences	1 918 907	-	1 918 907
Retirement Plan Payable	179 598	-	179 598
Net Pension Liability	700 467	-	700 467
Long Term Liabilities			
Due within One Year	-	1 587 145	1 587 145
Due after One Year	-	13 271 649	13 271 649
Total Liabilities	<u>2 814 630</u>	<u>15 007 350</u>	<u>17 821 980</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources	15 886	-	15 886
Unavailable Tax Revenue	10 946 467	(10 946 467)	-
Total Deferred Inflows of Resources	<u>10 962 353</u>	<u>(10 946 467)</u>	<u>15 886</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund Balance			
Unassigned Fund Balance	19 701 229	(19 701 229)	-
Total Fund Balance	19 701 229	(19 701 229)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 33 478 212</u>		
Net Position			
Net Investment in Capital Assets		18 270 078	18 270 078
Unrestricted		30 499 140	30 499 140
Total Net Position		<u>48 769 218</u>	<u>48 769 218</u>
Total Liabilities, Deferred Inflows of Resources and Net Position		<u>\$ 33 128 872</u>	<u>\$ 66 607 084</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, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
Property Taxes	\$ 18 865 117	\$ ( 86 125)	\$ 18 778 992
Contract Payments	250 000	-	250 000
Sales Tax	8 560 877	-	8 560 877
Penalty and Interest on Property Taxes	126 437	-	126 437
Patient Revenue	3 421 204	-	3 421 204
Interest Earned on Temporary Investments	1 097 370	-	1 097 370
Gain on Disposal of Property	132 015	-	132 015
Miscellaneous	766 472	-	766 472
Total Revenues	<u>33 219 492</u>	<u>( 86 125)</u>	<u>33 133 367</u>
Expenditures/Expenses			
Service Operations			
Accounting	69 464	-	69 464
Appraisal District Fees	160 527	-	160 527
Collection Fees	75 321	-	75 321
Dispatch Fee	631 628	-	631 628
Election	25 196	-	25 196
Employee Benefits	2 430 624	-	2 430 624
Insurance	394 041	-	394 041
IT Infrastructure and Support	269 560	-	269 560
Maintenance and Repair, Small Equipment	1 308 521	-	1 308 521
Miscellaneous	302 537	-	302 537
Medical Billing and Other Contracts	128 360	-	128 360
Medical Supplies	691 248	-	691 248
Notice, Publication, and Filing Fees	457	-	457
Professional Fees	586 709	-	586 709
Retirement Plan	1 256 778	-	1 256 778
Payroll	15 862 749	-	15 862 749
Payroll Tax	1 040 753	-	1 040 753
Public Relations	425 520	-	425 520
Safety and Training	326 518	-	326 518
Supplies	501 169	-	501 169
Utilities	336 368	-	336 368
Workers Compensation Insurance	385 372	-	385 372
Capital Outlay	4 255 999	(4 255 999)	-
Debt Service			
Note Principal	1 542 168	(1 542 168)	-
Note Interest	428 485	( 8 836)	419 649
Capital Lease Principal	628 950	( 628 950)	-
Capital Lease Interest	85 300	( 11 373)	73 927
Depreciation	-	2 027 860	2 027 860
Total Expenditures/Expenses	<u>34 150 322</u>	<u>(4 419 466)</u>	<u>29 730 856</u>
Excess (Deficiency) of Revenues Over Expenditures	( 930 830)	4 333 341	
Change in Net Position			3 402 511
Fund Balance/Net Position			
Beginning of Year	<u>20 632 059</u>	<u>24 734 648</u>	<u>45 366 707</u>
End of Year	<u>\$ 19 701 229</u>	<u>\$ 29 067 989</u>	<u>\$ 48 769 218</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, 2024

#### 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, 2024 (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, 2024. 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, 2024 (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:

	<u>Years</u>
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, 2024 (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, 2024	<u>\$ 19 701 229</u>
Capital assets used in governmental activities are not financial and are not reported in the funds	33 128 872
Conversion of property tax assessments to full accrual basis	10 946 467
Interest paid on long term debt is adjusted to accrual basis	( 148 556)
Long-term debt obligations are not reported in the funds	<u>(14 858 794)</u>
Adjustment to fund balance to arrive at net position	<u>29 067 989</u>
Total Net Position at December 31, 2024	<u><u>\$ 48 769 218</u></u>

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

Change in fund balance	\$ ( 930 830)
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 capital outlay and conveyance of capital assets exceeded depreciation in the current period.	2 228 139
Principal payments on debt are reported as expenditures in the funds. However, they do not affect net position.	2 171 118
Interest paid on long term debt is adjusted to accrual basis	20 209
Conversion of property tax assessments to full accrual basis	<u>( 86 125)</u>
Change in net position of governmental activities	<u><u>\$ 3 402 511</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, 2024 (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, 2024, the District received \$250,000 from the ESD.

#### NOTE (4) AD VALOREM TAX

During the year ended December 31, 2024, the District levied an ad valorem tax at the rate of \$.099562 per \$100 of assessed valuation, which resulted in a tax levy of \$19,507,370 for 2024, on the taxable valuation of \$19,593,188,394 for the 2024 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, 2024, include collections during the current period or within 60 days of year-end related to the 2024 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 during the year 2024. The largest cash, savings, and time deposit combined balance in the bank during the year ended December 31, 2024 was \$10,278,955 in January 2024. 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, 2024, in accordance with the Board approved investment policy. The District holds investments at December 31, 2024, 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 Hermes, 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 \$843,881 at December 31, 2024.



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

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 (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 UMB Bank, 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, 2024, the District had a balance of \$10,215,567 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, 2024.

#### **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, 2024 (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	\$ 3 300 923	\$ -	\$ 6 474 815
Buildings	25 603 073	-	-	25 603 073
Fire Trucks and Vehicles	6 779 893	( 202 705)	-	6 577 188
Furniture, Fixtures and Equipment	1 381 995	474 104	-	1 856 099
Leased Fire Trucks and Vehicles	6 002 856	-	-	6 002 856
	<u>39 767 817</u>	<u>271 399</u>	<u>-</u>	<u>40 039 216</u>
Less: Accumulated Depreciation				
Buildings	(4 601 716)	-	( 784 449)	(5 386 165)
Fire Trucks and Vehicles	(4 779 362)	683 927	( 459 323)	(4 554 758)
Furniture, Fixtures and Equipment	( 845 123)	-	( 183 803)	(1 028 926)
Leased Fire Trucks and Vehicles	(2 703 560)	-	( 600 285)	(3 303 845)
Total Accumulated Depreciation	<u>(12 929 761)</u>	<u>683 927</u>	<u>(2 027 860)</u>	<u>(14 273 694)</u>
Net Book Value	<u>26 838 056</u>	<u>955 326</u>	<u>(2 027 860)</u>	<u>25 765 522</u>
Construction in Progress	<u>888 785</u>	<u>( 250)</u>	<u>-</u>	<u>888 535</u>
Totals	<u>\$ 30 900 733</u>	<u>\$ 4 255 999</u>	<u>\$ (2 027 860)</u>	<u>\$33 128 872</u>

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

### NOTE (8) COMPENSATED ABSENCES

For the year ended December 31, 2024, a liability has been recorded for earned but unused personal leave and sick time in the amount of \$1,918,907.

### NOTE (9) 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, 2024, the balance due on the note was \$368,367. During the year ended December 31, 2024, the district paid principal and interest of \$368,367 and \$10,336, respectively. The balance was paid in full at December 31, 2024.

## HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 (Continued)

#### NOTE (9) 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, 2024, the balance due on the note was \$7,069,983. During the year ended December 31, 2024, the District paid principal and interest of \$399,003 and \$249,417, respectively. The balance due at December 31, 2024 was \$6,670,980.

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 was secured by a certificate of deposit. 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, 2024, the balance due on the note was \$265,884. During the year ended December 31, 2024, the District paid principal and interest of \$265,884 and \$7,679, respectively. At December 31, 2024, the balance was paid in full.

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, 2024, the balance due on the note was \$5,422,666. During the year ended December 31, 2024, the District paid principal and interest of \$424,041 and \$161,053, respectively. The balance due at December 31, 2024 was \$4,998,625.

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, 2024, the balance due on the note was \$339,489. During the year ended December 31, 2024, the District paid principal of \$84,873. The balance due at December 31, 2024 was \$254,616.

Future maturities of the balances outstanding are as follows:

Year Ending	Principal	Interest
December 31, 2025	\$ 935 191	\$ 383 196
December 31, 2026	962 714	355 673
December 31, 2027	991 133	327 254
December 31, 2028	935 088	298 427
December 31, 2029	965 892	267 623
December 31, 2030-2033	5 319 398	848 176
December 31, 2034-2037	1 814 805	129 365
Total Amount	<u>\$ 11 924 221</u>	<u>\$2 609 714</u>

## HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 (Continued)

#### NOTE (10) 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, 2024, the balance due on the lease was \$477,792. During the year ended December 31, 2024, the District paid principal and interest of \$235,365 and \$13,720, respectively. The balance due at December 31, 2024 was \$242,427.

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, 2024, the balance due on the lease was \$378,734. During the year ended December 31, 2024, the District paid principal and interest of \$115,739 and \$18,252, respectively. The balance due at December 31, 2024 was \$262,995.

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, 2024, the balance due on the lease was \$2,706,997. During the year ended December 31, 2024, the District paid principal and interest of \$277,846 and \$53,328, respectively. The balance due at December 31, 2024 was \$2,429,151.

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, 2024:

Year Ending	Principal	Interest
December 31, 2025	\$ 651 954	\$ 62 296
December 31, 2026	425 689	34 488
December 31, 2027	294 593	36 582
December 31, 2028	300 396	30 778
December 31, 2029	306 314	24 860
December 31, 2030 - 2032	955 627	37 897
	<u>\$ 2 934 573</u>	<u>\$ 226 901</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, 2024 (Continued)

### NOTE (11) LONG TERM DEBT

The following is a summary of transactions regarding both notes payable and capital lease payable at the year ended December 31, 2024:

Long Term Debt at Beginning of Current Year	\$ 17 029 912
Proceeds	-
Retirement of Principal    Notes Payable	(1 542 168)
Capital Lease	<u>( 628 950)</u>
Long Term Debt at End of Current Year	<u>\$ 14 858 794</u>
Long Term Debt Due in Future	
Current                            Notes Payable	\$ 935 191
Capital Lease	651 954
Long-Term                        Notes Payable	10 989 030
Capital Lease	<u>2 282 619</u>
	<u>\$ 14 858 794</u>

### NOTE (12) 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, 2024, the District received \$8,560,877 in sales tax revenue.

### NOTE (13) EMERGENCY RESPONSES

During the year ended December 31, 2024, the District responded to 16,269 emergencies. Of this amount, 11,830 calls were for medical emergency services and 4,439 were for fire department incidents.

### NOTE (14) 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.

Note that retirement plan information disclosed in this audit report was based on GASB Statement No. 68 Report for TCDRS furnished by Milliman to the District for the year ended December 31, 2023. This is due to the delayed issuance of Milliman annual evaluation.

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>

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 (Continued)

### NOTE (14) RETIREMENT PLAN (Continued)

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.

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 10.64% 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. For December 31, 2024, the contribution rate was 8.99%. The District's contribution expense to the Plan for the year ended December 31, 2024 was \$1,250,638.

#### 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	<u>Employer determined</u>
Total	<u>\$ 15 886</u>	<u>\$ 1 054 579</u>

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 (Continued)

### NOTE (14) 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, 2024 (Continued)

#### NOTE (14) 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, 2024 (Continued)

### NOTE (14) 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, 2024 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	\$ 13 223 217	\$ 12 522 750	\$ 700 467

#### 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, 2024, the District reported a payable of \$179,598 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, 2024 (Continued)**

#### **NOTE (15) 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, 2024, the District made contributions of \$6,140 to the plan.

#### **NOTE (16) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 2, 2025, (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, 2024

	Original Budget	Amended Budget*	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 17 627 172	\$ 17 627 172	\$ 18 865 117	\$ 1 237 945
Contract Payments	250 000	250 000	250 000	-
Sales Tax Revenue	7 500 000	7 500 000	8 560 877	1 060 877
Penalty and Interest on Property Taxes	-	-	126 437	126 437
Patient Revenue	2 400 000	2 400 000	3 421 204	1 021 204
Interest Earned on Temporary Investments	450 000	450 000	1 097 370	647 370
Gain on Disposal of Property	10 000	10 000	132 015	122 015
Miscellaneous	522 635	265 000	766 472	501 472
Total Revenues	<u>28 759 807</u>	<u>28 502 172</u>	<u>33 219 492</u>	<u>4 717 320</u>
Expenditures/Expenses				
Service Operations				
Accounting	54 000	54 000	69 464	( 15 464)
Appraisal District Fees	110 000	110 000	160 527	( 50 527)
Collection Fees	-	-	75 321	( 75 321)
Communication	425 000	425 000	631 628	( 206 628)
Election	50 000	50 000	25 196	24 804
Employee Benefits	2 160 000	2 160 000	2 430 624	( 270 624)
Insurance	395 000	395 000	394 041	959
IT Infrastructure and Support	394 900	394 900	269 560	125 340
Maintenance and Repair, Small Equipment	4 679 433	2 631 204	1 308 521	1 322 683
Miscellaneous	301 442	596 293	302 537	293 756
Medical Billing and Other Contracts	125 000	125 000	128 360	( 3 360)
Medical Supplies	700 000	700 000	691 248	8 752
Notice, Publication, and Filing Fees	2 500	2 500	457	2 043
Professional Fees	656 500	646 500	586 709	59 791
Retirement Plan	1 081 000	1 081 000	1 256 778	( 175 778)
Payroll	13 527 964	13 527 961	15 862 749	(2 334 788)
Payroll Tax	875 000	875 000	1 040 753	( 165 753)
Public Relations	448 200	448 200	425 520	22 680
Safety and Training	435 359	435 359	326 518	108 841
Supplies	726 743	726 743	501 169	225 574
Utilities	321 653	321 653	336 368	( 14 715)
Workers Compensation Insurance	325 900	325 900	385 372	( 59 472)
Capital Outlay	1 729 931	-	4 255 999	(4 255 999)
Debt Service				
Note Principal	1 325 335	1 498 138	1 542 168	( 44 030)
Note Interest	428 485	428 522	428 485	37
Capital Lease Principal	637 968	465 166	628 950	( 163 784)
Capital Lease Interest	79 169	77 132	85 300	( 8 168)
Total Expenditures/Expenses	<u>31 996 482</u>	<u>28 501 171</u>	<u>34 150 322</u>	<u>(5 649 151)</u>
Excess (Deficiency) of Revenues over Expenditures	(3 236 675)	1 001	( 930 830)	( 931 831)
Fund Balance/Net Position				
Beginning of the Period	20 632 059	20 632 059	20 632 059	-
End of the Period	<u>\$ 17 395 384</u>	<u>\$ 20 633 060</u>	<u>\$ 19 701 229</u>	<u>\$ ( 931 831)</u>

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>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	<u>( 92 836)</u>	<u>( 46 668)</u>	<u>( 94 413)</u>	<u>( 19 647)</u>
Net change in total pension liability	2 455 485	3 401 787	1 699 614	1 827 935
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	3 100 278	2 040 133	2 338 172	1 413 889
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>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

					Actual
Year Ending	Actuarially	Actual	Contribution	Pensionable	Contribution as a
December 31	Determined	Employer	Deficiency	Covered	% of Covered
	Contribution	Contribution	(Excess)	Payroll	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, 2024

Taxes Receivable - Beginning of Year	\$ 11 032 592
2024 Tax Roll	19 507 370
Adjustments	<u>( 728 378)</u>
Total to be Accounted for	29 811 584
Tax Collections Received from Tax Collector	<u>(18 865 117)</u>
Taxes Receivable - End of Year	<u><u>\$ 10 946 467</u></u>
Taxes Receivable - By Years	
2024	\$ 10 546 900
2023	181 682
2022	52 889
2021	50 132
2020	35 524
2019 and prior	79 340
Taxes Receivable - End of Year	<u><u>\$ 10 946 467</u></u>

#### Assessed Valuation Summary

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Property Valuations					
Total Property Valuations	<u>\$ 19 593 188 394</u>	<u>\$ 19 000 901 576</u>	<u>\$16 944 990 784</u>	<u>\$ 14 697 646 496</u>	<u>\$13 678 884 644</u>
Tax Rate per \$100 Valuations	<u>\$ 0.099562</u>	<u>\$ 0.100000</u>	<u>\$ 0.086911</u>	<u>\$ 0.095234</u>	<u>\$ 0.099394</u>
Tax Rolls	<u>\$ 19 507 370</u>	<u>\$ 19 000 902</u>	<u>\$ 14 727 061</u>	<u>\$ 13 997 157</u>	<u>\$ 13 595 991</u>
Percent of Taxes Collected to Taxes Levied	<u>45.9%</u>	<u>99.0%</u>	<u>99.6%</u>	<u>99.6%</u>	<u>99.7%</u>

See the Accompanying Independent Auditors' Report

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## SUPPLEMENTARY INFORMATION

### BOARD MEMBERS AND CONSULTANTS DECEMBER 31, 2024

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 12/31/24</u>	<u>Expense</u> <u>Reimburse-</u> <u>ments</u> <u>FYE 12/31/24</u>	<u>Title at</u> <u>Year End</u>
Board Members:				
Scott Strait	(Elected) 06/24 - 05/28 (Appointed) 06/22 - 05/24	\$ 5 746	\$ -	President
Pattie Creel	(Elected) 06/24 - 05/28 (Appointed) 06/22 - 05/24	\$ 6 188	\$ -	Vice President
Don Pannell	(Elected) 06/24 - 05/28	\$ 3 094	\$ -	Treasurer
Samuel Henderson	(Elected) 06/22 - 05/26	\$ 6 188	\$ -	Secretary
Michael Fleming	(Elected) 06/22 - 05/26	\$ 6 188	\$ -	Assistant Secretary/ Treasurer
Jon Russell Solomon	(Elected) 06/20 - 05/24	\$ 2 652	\$ -	-

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

# HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

## SUPPLEMENTARY INFORMATION

### BOARD MEMBERS AND CONSULTANTS

DECEMBER 31, 2024

(Continued)

Names	Date Hired	Fees and Expense		Title at Year End
		Reimbursements	FYE 12/31/24	
Consultants:				
Coveler & Peeler, P.C.	2003	\$	237 097	Attorney
Ann Harris Bennett	2003	\$	75 321	Tax Collector
ABIP Advisors LLC	2017	\$	69 464	Bookkeeper
Breedlove & Co., P.C.	2008	\$	18 607	Auditor
Harris County Appraisal District	2003	\$	156 450	Appraisal District

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