
HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

REPORT ON FINANCIAL STATEMENTS
(With Supplemental Material)

FOR THE YEAR ENDED DECEMBER 31, 2021

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

TABLE OF CONTENTS

Independent Auditors' Report.....	1-3
Management's Discussion & Analysis	5-8

FINANCIAL STATEMENTS

Statement of Net Position and Governmental Funds Balance Sheet.....	9
Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balance	10
Notes to Financial Statements	11-22

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	23
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios	24-25
Schedule of Employer Contributions	26

SUPPLEMENTARY INFORMATION

Analysis of Taxes Receivable	27
Board Members and Consultants	28-29

BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JILL A. HENZE, CPA
President

17014 Seven Pines Drive
Spring, Texas 77379
(281) 379-1065
(281) 379-6322 (fax)

NICOLE BREEDLOVE HUNT, CPA
CEO

INDEPENDENT AUDITORS' REPORT

June 27, 2022

Board of Commissioners
Harris County Emergency Services District No. 13
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. 13, as of and for the year ended December 31, 2021 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. 13, as of December 31, 2021, 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. 13, 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. 13'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. 13'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. 13's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison on pages 5 through 7 and 19 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. 13'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. 13

MANAGEMENT'S DISCUSSION & ANALYSIS DECEMBER 31, 2021

Our discussion and analysis of the financial performance of Harris County Emergency Services District No. 13 (the "District") provides an overview of the District's financial activities for the year ended December 31, 2021. 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 fund financial statements and government-wide financial statements combine (1) the Statement of Net Position and Governmental Funds Balance Sheet, and (2) the Statement of Activities and Governmental 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.

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 statement 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.

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 \$31,935,141 as of December 31, 2021.

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. 13

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Net Position

	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 17 493 212	\$ 21 418 104
Capital assets	<u>23 336 993</u>	<u>16 442 016</u>
Total assets	<u>\$ 40 830 205</u>	<u>\$ 37 860 120</u>
Deferred outflows of resources	<u>\$ 435 693</u>	<u>\$ 194 639</u>
Current liabilities	\$ 1 106 583	\$ 948 391
Long term liabilities	<u>8 192 052</u>	<u>880 941</u>
Total liabilities	<u>\$ 9 298 635</u>	<u>\$ 1 829 332</u>
Deferred inflows of resources	<u>\$ 32 122</u>	<u>\$ 15 242</u>
Net Position:		
Net investment in capital assets	\$ 14 538 675	\$ 7 041 535
Unrestricted	<u>17 396 466</u>	<u>21 248 650</u>
Total net position	<u>\$ 31 935 141</u>	<u>\$ 28 290 185</u>

The following table provides a summary of the District's operations for the year ended December 31, 2021. The District increased its net position by \$3,644,956.

Summary of Changes in Net Position

	<u>2021</u>	<u>2020</u>
Revenues:		
Property taxes	\$ 8 545 777	\$ 8 085 133
Other revenues	<u>4 685 344</u>	<u>3 629 012</u>
Total revenues	13 231 121	11 714 145
Expenses	<u>9 586 165</u>	<u>8 456 177</u>
Change in net position	3 644 956	3 257 968
Net position, beginning of year	<u>28 290 185</u>	<u>25 032 217</u>
Net position, end of year	<u>\$ 31 935 141</u>	<u>\$ 28 290 185</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's fund balances as of December 31, 2021 and 2020 were \$12,237,336 and \$14,937,086, respectively, a decrease of \$2,699,950.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

(Continued)

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 tax revenues, 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners amended the budget during the fiscal year. Actual excess of revenues over expenditures was \$1,940,094 less than the budgeted excess of revenues over expenditures because capital outlay was greater than expected for the construction of station no. 25 because the budget was included in the prior year. The capital outlay overage was offset by (1) revenues were budgeted on collections at 100% with no change in property values, and (2) sales tax revenue was greater than expected.

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.

Capital Assets (Net of Accumulated Depreciation)

	<u>2021</u>	<u>2020</u>
Land	\$ 4 835 088	\$ 4 991 750
Property and equipment	11 773 769	10 680 829
Construction in progress	<u>6 728 136</u>	<u>769 437</u>
Total capital assets	<u>\$ 23 336 993</u>	<u>\$ 16 442 016</u>

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2021 are summarized as follows:

Long term debt, beginning of year	\$ 9 400 481
Debt proceeds	-
Retirements of principal	<u>(602 163)</u>
Long term debt, end of year	<u>\$ 8 798 318</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

(Continued)

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 Scott Johnson, Treasurer of the District, Harris County ESD No. 13, 11900 Cypress North Houston Road, Cypress, Texas 77429-5948.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 11 388 980	\$ -	\$ 11 388 980
Property taxes receivable	5 202 633	-	5 202 633
Due from tax assessor	592 195	-	592 195
Net pension asset	9 404	-	9 404
Investment in TECC	300 000	-	300 000
Capital assets			
Land	-	4 835 088	4 835 088
Property and equipment (net of accumulated depreciation of \$8,429,347)	-	11 773 769	11 773 769
Construction in progress	-	<u>6 728 136</u>	<u>6 728 136</u>
Total Assets	<u>17 493 212</u>	<u>23 336 993</u>	<u>40 830 205</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources	<u>435 693</u>	-	<u>435 693</u>
Total Deferred Outflows of Resources	<u>435 693</u>	-	<u>435 693</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17 928 905</u>	<u>\$ 23 336 993</u>	<u>\$ 41 265 898</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 456 814	\$ 43 503	\$ 500 317
Long term liabilities			
Due within one year	-	606 266	606 266
Due after one year	-	<u>8 192 052</u>	<u>8 192 052</u>
Total Liabilities	<u>456 814</u>	<u>8 841 821</u>	<u>9 298 635</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows of resources	32 122	-	32 122
Unavailable tax revenues	<u>5 202 633</u>	<u>(5 202 633)</u>	-
Total Deferred Inflows of Resources	<u>5 234 755</u>	<u>(5 202 633)</u>	<u>32 122</u>
<u>FUND BALANCE/NET POSITION</u>			
Unassigned fund balance	<u>12 237 336</u>	<u>(12 237 336)</u>	-
Total Fund Balance	<u>12 237 336</u>	<u>(12 237 336)</u>	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 17 928 905</u>		
Net position			
Net investment in capital assets		14 538 675	14 538 675
Unrestricted		<u>17 396 466</u>	<u>17 396 466</u>
Total Net Position		<u>31 935 141</u>	<u>31 935 141</u>
Total Liabilities, Deferred Inflows of Resources and Net Position		<u>\$ 23 336 993</u>	<u>\$ 41 265 898</u>

See the accompanying Independent Auditors' Report and Notes to Financial Statements.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Property taxes	\$ 9 700 109	\$ (1 154 332)	\$ 8 545 777
Sales taxes	4 359 942	-	4 359 942
Penalties and interest on taxes	73 749	-	73 749
Interest income on temporary investments	23 387	-	23 387
Contract income	68 587	-	68 587
Gain on disposal of assets	95 442	-	95 442
Miscellaneous	64 237	-	64 237
Total Revenues	<u>14 385 453</u>	<u>(1 154 332)</u>	<u>13 231 121</u>
Expenditures/Expenses			
Service Operations			
Administration	2 160 591	-	2 160 591
Appraisal district	60 702	-	60 702
Dispatching	152 205	-	152 205
Equipment maintenance	643 142	-	643 142
Firefighter appreciation	30 816	-	30 816
Firefighter payroll	4 285 591	-	4 285 591
Firefighting supplies and equipment	212 788	-	212 788
Fuel	44 964	-	44 964
Insurance	261 627	-	261 627
Office	19 152	-	19 152
Professional fees	329 252	-	329 252
Tax assessor	51 449	-	51 449
Training	69 983	-	69 983
Utilities	184 546	-	184 546
Capital Outlay	7 772 751	(7 772 751)	-
Debt Service			
Principal	602 163	(602 163)	-
Interest	203 481	(1 898)	201 583
Depreciation	-	877 774	877 774
Total Expenditures/Expenses	<u>17 085 203</u>	<u>(7 499 038)</u>	<u>9 586 165</u>
Excess (Deficiency) of Revenues Over Expenditures	(2 699 750)	6 344 706	
Change in Net Position			3 644 956
Fund Balance/Net Position			
Beginning of Year	<u>14 937 086</u>	<u>13 353 099</u>	<u>28 290 185</u>
End of Year	<u>\$ 12 237 336</u>	<u>\$ 19 697 805</u>	<u>\$ 31 935 141</u>

See the accompanying Independent Auditors' Report and Notes to Financial Statements.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE (1) CREATION OF DISTRICT

Harris County Rural Fire Prevention District No. 13 (the District) was created in 1984 under the provisions of Section 48-d of Article III of the Texas Constitution. The Board of Commissioners held its first meeting February 15, 1984. The District, which lies in the extraterritorial jurisdiction of the City of Houston, was established to provide operating funds for the contracting of fire protection services to residents of the District.

The Texas legislature passed S.B. 1021 converting all rural fire prevention districts to emergency service districts effective September 1, 2003. On October 21, 2003, Harris County Commissioners Court approved the name change.

On January 1, 2019, 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 in the United States of America (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 place on a government's fund balances more transparent.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 (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 34, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.*" In compliance with GASB 34, the District has presented a Statement of Net Position and Statement of Activities for the year ended December 31, 2021. 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. 13

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(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 are as final adopted. 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

Acquisitions of capital assets are recorded at cost and depreciated on a straight-line basis. During the year ended December 31, 2021, the District recorded \$877,774 as depreciation expense related to capital assets. Buildings are depreciated using a useful life of 39-40 years. Improvements are depreciated using a useful life of 10-20 years. Furniture and fixtures are depreciated using a useful life of 6-10 years. Vehicles are depreciated using a useful life of 5-15 years. Land is not a depreciable asset.

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.

H. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

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, 2021	<u>\$ 12 237 336</u>
Capital assets used in governmental activities are not financial and are not reported in the funds	23 336 993
Conversion of property tax assessments to full accrual basis	5 202 633
Unpaid interest on debt adjusted to accrual basis	(43 503)
Long-term debt obligations are not reported in the funds	<u>(8 798 318)</u>
Adjustment to fund balance to arrive at net position	<u>19 697 805</u>
Total Net Position at December 31, 2021	<u><u>\$ 31 935 141</u></u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

Change in fund balance	\$ (2 699 750)
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 exceeded depreciation in the current period.	6 894 977
Unpaid interest on debt adjusted to accrual basis	1 898
Principal payments on debt are reported as expenditures in the funds. However, they do not affect net position.	602 163
Conversion of property tax assessments to full accrual basis	<u>(1 154 332)</u>
Change in net position of governmental activities	<u><u>\$ 3 644 956</u></u>

NOTE (3) AD VALOREM TAX

During the year ended December 31, 2021, the District levied an ad valorem tax at the rate of \$.098032 per \$100 of assessed valuation, which resulted in a tax levy of \$8,694,722 for 2021, on the taxable valuation of \$8,869,269,354 for the 2021 tax year. The ad valorem tax was due upon receipt and was considered delinquent if not paid by February 1 of the subsequent year, at which time penalties and interest were assessed. The levy date of the tax was September 1 of the year prior to the delinquent date, 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, 2021, include collections during the current period or within 60 days of year-end related to the 2021 and prior years' tax levies.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(Continued)

NOTE (4) 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 throughout the year.

The contracted depository bank used by the District was Trustmark Bank. The largest cash, savings, and time deposit combined balance during the year ended December 31, 2021 was \$17,484,386 and occurred in February 2021. The bank internally pledged funds to secure deposits in excess of FDIC coverage. During the year, amounts were adequately collateralized with securities maintained by the bank.

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, 2021, 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., 14th Floor, Houston, Texas 77002. The District held investments in TexPool with a total carrying value and market value of \$1,032,773 at December 31, 2021.

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, 2021.

NOTE (5) CHANGES IN CAPITAL ASSETS

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

	Beginning of Year	Additions (Disposals), net	Depreciation Expense	End of Year
Land	\$ 4 991 750	\$ (156 662)	\$ -	\$ 4 835 088
Buildings	9 568 480	-	-	9 568 480
Improvements	340 280	-	-	340 280
Furniture, fixtures and equipment	1 453 827	359 175	-	1 813 002
Vehicles	6 869 815	1 611 539	-	8 481 354
Less: Accumulated depreciation	<u>(7 551 573)</u>	-	<u>(877 774)</u>	<u>(8 429 347)</u>
	<u>10 680 829</u>	<u>1 970 714</u>	<u>(877 774)</u>	<u>11 773 769</u>
Construction in progress	<u>769 437</u>	<u>5 958 699</u>	-	<u>6 728 136</u>
Totals, net	<u>\$ 16 442 016</u>	<u>\$ 7 772 751</u>	<u>\$ (877 774)</u>	<u>\$ 23 336 993</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

NOTE (6) LONG-TERM DEBT

On August 17, 2017, the District entered a loan agreement with Capital One Public Funding, LLC for the construction of fire station no. 21 for \$1,060,000 with an annual interest rate of 3.124%. The station project served as collateral for the note. Ten principal and interest payments of \$125,052 are due annually beginning August 17, 2018. At January 1, 2021, the balance due on the note was \$775,481. During the year ended December 31, 2021, the District made interest and principal payments in the amount of \$24,560 and \$100,826 respectively. The balance due at December 31, 2021 was \$674,655.

On October 20, 2020, the District entered a loan agreement with Government Capital Corporation for the refinancing of the land note and the construction of a new fire station \$8,625,000 with an annual interest rate of 2.19%. The sales tax revenue serves as collateral for the note. Fifteen principal and interest payments of \$680,256 are due annually beginning October 1, 2021. At January 1, 2021, the balance due on the note was \$8,625,000. During the year ended December 31, 2021, the District made interest and principal payments in the amount of \$178,919 and \$501,337 respectively. The balance due at December 31, 2021 was \$8,123,663.

Further maturities of the balances outstanding are as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2022	\$ 606 266
December 31, 2023	620 514
December 31, 2024	635 105
December 31, 2025	650 047
December 31, 2026	665 347
December 31, 2027-2031	3 045 331
Thereafter	2 575 708
Total Amount	<u>\$ 8 798 318</u>

NOTE (7) OPERATING LEASE

The District leases a copier for \$176 per month plus print charges for a 60-month period. Future minimum lease payments are \$2,112 per year until 2025. For the year ended December 31, 2021, the District paid \$3,302 for lease payments.

NOTE (8) RETIREMENT PLAN

Plan Description

The District contributes to the Texas County & District Retirement System (TCDRS) 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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(Continued)

NOTE (8) RETIREMENT PLAN (Continued)

Plan Description (Continued)

Note that retirement plan information disclosed in this audit report was based on the GASB 68 Report for TCDRS furnished by Milliman to the District for the year ended December 31, 2020. This is due to the delayed issuance of Milliman annual evaluation.

Employee membership data related to the Plan, as of December 31, 2020 was as follows:

Inactive employees entitled to but not yet receiving benefits	15
Active plan members	<u>104</u>
	<u>119</u>

Any participant over 65 years old, with 5 or more years of continuous employment, or any participant with 20 or more years of continuous employment, or any participant whose years of continuous employment, when added to the participant's age equals or exceeds 75, 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.

Generally, plan participants earn TCDRS service time for every month a deposit is made into a TCDRS account. The plan also allows to earn service time for military service performed at any time before working for the District. There are no automatic cost-of-living adjustments (COLAs). Each year, the District may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation. Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act.

For the year ended December 31, 2020, the District's total payroll for all employees was \$3,955,852. Total covered payroll was \$3,962,352. 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 contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The District's contractually required contribution rate for the year ended December 31, 2020, was 9.31% 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 contributions to the Plan for the year ended December 31, 2020 were \$368,895.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)

NOTE (8) RETIREMENT PLAN (Continued)

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

At December 31, 2020, the District reported an asset of \$9,404 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset 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, 2020, the District's proportion was (0.24%).

For the year ended December 31, 2020, the District recognized pension expense of \$277,618. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual results	\$ 829	\$ 216 075
Changes of assumptions	4 668	219 618
Net difference between projected and actual earnings	26 625	-
Contributions subsequent to the measurement date	N/A	<u>Employer determined</u>
Total	<u>\$ 32 122</u>	<u>\$ 435 693</u>

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>	
2021	\$ 22 667
2022	23 185
2023	6 307
2024	21 476
2025	25 065
Thereafter	304 871

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(Continued)

NOTE (8) RETIREMENT PLAN (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2020 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. 4.6% average over career including inflation.

In the 2020 actuarial valuation, assumed life expectancies were adjusted as a result of adopting 130% of the RP-2014 Healthy Annuitant Mortality Table of males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2013-December 31, 2016.

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 2020 information for a 10 year time horizon.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
US Equities	11.50%	4.25%
Private Equity	25.00%	7.25%
Global Equities	2.50%	4.55%
International Equities - Developed	5.00%	4.25%
International Equities - Emerging	6.00%	4.75%
Investment - Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	2.11%
Direct Lending	16.00%	6.70%
Distressed Debt	4.00%	5.70%
REIT Equities	2.00%	3.45%
Master Limited Partnerships	2.00%	5.10%
Private Real Estate Partnerships	6.00%	4.90%
Hedge Funds	6.00%	1.85%
Cash Equivalents	<u>2.00%</u>	-0.70%
	<u>100.00%</u>	

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)

NOTE (8) RETIREMENT PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension asset 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.

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

Changes in the District's net pension liability/(asset) for the year ended December 31, 2020 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, 2019	\$ 1 758 061	\$ 1 909 639	\$ (151 578)
Changes for the year:			
Service cost	550 931	-	550 931
Interest on total pension liability	186 651	-	186 651
Effect of Plan changes	-	-	-
Effect of economic/demographic gains or losses	33 905	-	33 905
Effect of assumptions changes or inputs	232 537	-	232 537
Refund of contributions	(4 407)	(4 407)	-
Benefit payments	(5 100)	(5 100)	-
Administrative expenses	-	(2 021)	2 021
Member contributions	-	277 365	(277 365)
Net investment income	-	198 580	(198 580)
Employer contributions	-	368 895	(368 895)
Other	-	19 031	(19 031)
Balances as of December 31, 2020	\$ 2 752 578	\$ 2 761 982	\$ (9 404)

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)

NOTE (8) RETIREMENT PLAN (Continued)

Sensitivity of the District’s Proportionate Share of the Net Pension Liability 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:

	<u>Discount Rate</u>	<u>Net Pension Liability/(Asset)</u>
1% Decrease	6.60%	\$ 542 141
Current Discount Rate	7.60%	\$ (9 404)
1% Increase	8.60%	\$ (456 044)

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, 2021, the District reported a payable of \$29,468 for the outstanding amount of contributions due to the Plan for the year.

NOTE (9) AGREEMENT WITH CITY OF HOUSTON

The City of Houston, Texas (“City”), a municipal corporation, has an agreement with the Cypress Creek Volunteer Fire Department (“Contractor”), a non-profit corporation doing business in Texas, to provide supplemental fire fighting and fire protection services within the Fire Protection Area. The original agreement was effective on January 1, 2012 and was in effect for three years. The City and Contractor extended the term of the original agreement by adding five successive one-year renewal terms. Upon expiration of the initial term, the agreement is renewed for seven successive one-year terms upon the same terms and conditions. The City shall pay Contractor each year for the three year term of this agreement an amount of compensation determined annually based upon a rate of \$0.1 per \$100 of assessed valuation of all taxable property within the Fire Protection Area as certified by the Harris County Appraisal District for the immediately preceding tax year. The first calculation was made by December 31, 2012, and the last calculation will be made by December 31, 2021. Such calculation of compensation shall be made by December 31st of each tax year within the term of the agreement. Such compensation shall be paid to Contractor on or before every January 31st, beginning January 31, 2013 and extending through January 31, 2022. For the year ended December 31, 2021, the District earned contract income in the amount of \$68,587 from the City.

NOTE (10) SALES TAX REVENUES

On May 4, 2019, the residents of the District authorized the District to impose a 1% sales tax where eligible within the District. During the year end December 31, 2021, the District earned \$4,359,942 in sales tax revenue.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(Continued)

NOTE (11) INTERLOCAL AGREEMENT

On June 1, 2021, the District entered into an agreement with several local districts to provide for the construction and operation of a joint, integrated, emergency communications system to serve the participating districts and potentially other emergency service providers. The administrative body created and established by this agreement is called Texas Emergency Communications Center, Inc. (TECC). Each participating district was required to remit \$300,000 (20%) by July 1, 2021 to establish an operating account for the TECC. This amount is included as an investment in TECC on the Statement of Financial Position and Governmental Funds Balance Sheet. Operation and maintenance of TECC shall be allocated to the participating districts on the based on the size of the district based on square mileage, call volume where the district is a direct provider, and call volume where the district is not a direct provider. During the year ended December 31, 2021, the District paid TECC \$86,686 for dispatch services.

NOTE (12) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 27, 2022 (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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Actual	Original Budget	Final Budget	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 9 700 109	\$ 8 056 995	\$ 8 056 995	\$ 1 643 114
Sales taxes	4 359 942	2 400 000	2 400 000	1 959 942
Penalties and interest on taxes	73 749	-	-	73 749
Interest income	23 387	-	-	23 387
Contract income	68 587	134 000	134 000	(65 413)
Gain on disposal of assets	95 442	-	-	95 442
Miscellaneous	64 237	453 924	-	64 237
	<u>14 385 453</u>	<u>11 044 919</u>	<u>10 590 995</u>	<u>3 794 458</u>
Total Revenues				
Expenditures/expenses:				
Service Operations				
Administration	2 160 591	2 271 692	2 428 865	268 274
Appraisal district	60 702	60 000	45 000	(15 702)
Dispatching	152 205	100 000	99 996	(52 209)
Equipment maintenance	643 142	515 040	815 437	172 295
Firefighter appreciation	30 816	37 800	37 800	6 984
Firefighter payroll	4 285 591	4 345 662	4 345 662	60 071
Firefighting supplies and equipment	212 788	364 273	58 500	(154 288)
Fuel	44 964	36 000	36 000	(8 964)
Insurance	261 627	260 000	260 000	(1 627)
Office	19 152	51 344	20 844	1 692
Professional fees	329 252	180 000	184 800	(144 452)
Tax assessor	51 449	36 000	36 000	(15 449)
Training	69 983	74 208	66 208	(3 775)
Utilities	184 546	60 000	133 080	(51 466)
Capital Outlay	7 772 751	2 204 652	1 977 475	(5 795 276)
Debt Service				
Principal	602 163	602 163	602 163	-
Interest	203 481	202 821	202 821	(660)
	<u>17 085 203</u>	<u>11 401 655</u>	<u>11 350 651</u>	<u>(5 734 552)</u>
Total Expenditures/Expenses				
Excess (Deficiency) of Revenues over Expenditures	(2 699 750)	(356 736)	(759 656)	(1 940 094)
Fund Balance/Net Position:				
Beginning of the Period	<u>14 937 086</u>	<u>14 937 086</u>	<u>14 937 086</u>	<u>-</u>
End of the Period	<u>\$ 12 237 336</u>	<u>\$ 14 580 350</u>	<u>\$ 14 177 430</u>	<u>\$ (1 940 094)</u>

See Independent Auditors' Report.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Year Ended December 31</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability			
Service cost	\$ 550 931	\$ 451 484	\$ 433 951
Interest on total pension liability	186 651	129 312	86 680
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	232 537	-	-
Effect of economic/demographic (gains) or losses	33 905	43 609	(976)
Benefit payments/refunds of contributions	<u>(9 507)</u>	<u>(22 175)</u>	<u>-</u>
Net change in total pension liability	\$ 994 517	\$ 602 230	\$ 519 655
Total pension liability, beginning	<u>1 758 061</u>	<u>1 155 831</u>	<u>636 176</u>
Total pension liability, ending	<u>2 752 578</u>	<u>1 758 061</u>	<u>1 155 831</u>
 Fiduciary Net Position			
Employer contributions	368 895	311 175	264 861
Member contributions	277 365	235 230	196 818
Investment income net of investment expenses	198 580	192 598	(8 062)
Benefit payments/refunds of contributions	(9 507)	(22 175)	-
Administrative expenses	(2 021)	(1 455)	(945)
Other	<u>19 031</u>	<u>18 215</u>	<u>13 825</u>
Net change in fiduciary net position	852 343	733 588	466 497
Fiduciary net position, beginning	<u>1 909 639</u>	<u>1 176 051</u>	<u>709 554</u>
Fiduciary net position, ending	<u>2 761 982</u>	<u>1 909 639</u>	<u>1 176 051</u>
 Net pension liability/(asset), ending	<u>\$ (9 404)</u>	<u>\$ (151 578)</u>	<u>\$ (20 220)</u>
 Fiduciary net position as a % of total pension liability/(asset)	100.34%	108.62%	101.75%
 Pensionable covered payroll	\$ 3 962 352	\$ 3 360 426	\$ 2 811 686
 Net pension liability/(asset) as a % of covered payroll	-0.24%	-4.51%	-0.72%

See Independent Auditors' Report.

Year Ended December 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$	232 108	\$ 189 466	N/A	N/A	N/A	N/A	N/A
	34 748	7 524	N/A	N/A	N/A	N/A	N/A
	-	-	N/A	N/A	N/A	N/A	N/A
	(5 764)	-	N/A	N/A	N/A	N/A	N/A
	178 476	163	N/A	N/A	N/A	N/A	N/A
	(545)	-	N/A	N/A	N/A	N/A	N/A
	<u>439 023</u>	<u>197 153</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	<u>197 153</u>	<u>-</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	<u>636 176</u>	<u>197 153</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	278 844	125 664	N/A	N/A	N/A	N/A	N/A
	178 534	80 407	N/A	N/A	N/A	N/A	N/A
	37 883	-	N/A	N/A	N/A	N/A	N/A
	(545)	-	N/A	N/A	N/A	N/A	N/A
	(472)	-	N/A	N/A	N/A	N/A	N/A
	<u>6 118</u>	<u>3 121</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	<u>500 362</u>	<u>209 192</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	<u>209 192</u>	<u>-</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	<u>709 554</u>	<u>209 192</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$	<u>(73 378)</u>	<u>(12 039)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
	111.53%	106.11%	N/A	N/A	N/A	N/A	N/A
\$	2 550 482	\$ 1 148 670	N/A	N/A	N/A	N/A	N/A
	-2.88%	-1.05%	N/A	N/A	N/A	N/A	N/A

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

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
2011					
2012					
2013					
2014					
2015					
2016	\$ 125 664	\$ 125 664	\$ -	\$ 1 148 670	10.94%
2017	\$ 278 844	\$ 278 844	\$ -	\$ 2 550 482	10.93%
2018	\$ 264 861	\$ 264 861	\$ -	\$ 2 811 686	9.42%
2019	\$ 311 175	\$ 311 175	\$ -	\$ 3 360 426	9.26%
2020	\$ 368 895	\$ 368 895	\$ -	\$ 3 962 352	9.31%

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.

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

Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/20 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation.
Investment Rate of Return	7.50% , net of administrative and 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	130% of the RP-2014 Healthy Annuitant Mortality Table of males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule	2015 and 2016: No changes in plan provisions were reflected. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018 - 2020: No changes in plan provisions were reflected in the Schedule.

See Independent Auditors' Report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

SUPPLEMENTARY INFORMATION

ANALYSIS OF TAXES RECEIVABLE
DECEMBER 31, 2021

Taxes Receivable - Beginning of Year	\$ 6 356 965
2021 Tax Roll	8 694 722
Adjustments	<u>(148 945)</u>
 Total to be Accounted for	 14 902 742
Tax Collections Received from Tax Collector	<u>9 700 109</u>
Taxes Receivable - End of Year	<u>\$ 5 202 633</u>
 Taxes Receivable - By Years	
2021	\$ 5 042 698
2020	57 952
2019	24 315
2018	21 481
2017 and prior	<u>56 187</u>
 Taxes Receivable - End of Year	 <u>\$ 5 202 633</u>

Assessed Valuation Summary

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Property Valuations					
Real Property	\$ 8 235 119 369	\$ 7 661 811 763	\$ 7 250 177 323	\$ 6 761 833 119	\$ 6 778 413 323
Personal Property	<u>634 149 985</u>	<u>594 925 303</u>	<u>651 081 177</u>	<u>656 966 209</u>	<u>596 444 821</u>
Total Property Valuations	<u>\$ 8 869 269 354</u>	<u>\$ 8 256 737 066</u>	<u>\$ 7 901 258 500</u>	<u>\$ 7 418 799 328</u>	<u>\$ 7 374 858 144</u>
 Tax Rate per \$100 Valuations	<u>\$ 0.098032</u>	<u>\$ 0.100000</u>	<u>\$ 0.100000</u>	<u>\$ 0.100000</u>	<u>\$ 0.100000</u>
 Tax Rolls	<u>\$ 8 694 722</u>	<u>\$ 8 256 737</u>	<u>\$ 7 901 259</u>	<u>\$ 7 418 799</u>	<u>\$ 7 374 858</u>
 Percent of Taxes Collected to Taxes Levied	<u>42.0%</u>	<u>99.3%</u>	<u>99.7%</u>	<u>99.7%</u>	<u>99.7%</u>

See Independent Auditors' Report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

SUPPLEMENTARY INFORMATION

**BOARD MEMBERS AND CONSULTANTS
DECEMBER 31, 2021**

District Mailing Address: Harris County Emergency Services District No. 13
11900 Cypress North Houston
Cypress, Texas 77429-5948

District Telephone Number: (281) 894-0151

<u>Names</u>	<u>Term of office (Elected or Appointed) or Date Hired</u>	<u>Fees Paid* FYE 12/31/21</u>	<u>Expense Reimburse- ments FYE 12/31/21</u>	<u>Title at Year End</u>
Board Members:				
F. B Henderson	(Elected) 6/18 - 6/22	\$ -	\$ -	President
Vincent M. Tobin	(Elected) 6/20 - 6/24	\$ -	\$ -	Vice President
Scott A. Johnson	(Elected) 6/18 - 6/22	\$ -	\$ -	Treasurer
Kathleen M. Clark	(Elected) 6/20 - 6/24	\$ -	\$ -	Secretary
JoAnne L. Arosell	(Elected) 6/20 - 6/24	\$ -	\$ -	Asst. Secretary/ Treasurer

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

SUPPLEMENTARY INFORMATION

BOARD MEMBERS AND CONSULTANTS

DECEMBER 31, 2021

(Continued)

<u>Names</u>	<u>Term of office (Elected or Appointed) or Date Hired</u>	<u>Amount Paid* FYE 12/31/21</u>	<u>Title at Year End</u>
Consultants:			
Coveler & Peeler, P.C.	1988	\$ 54 548	Attorney
Andrews Myers, P.C.	2015	\$ 5 331	Attorney
Ann Harris Bennett	2008	\$ 51 449	Tax Collector
Breedlove & Co., P.C.	2009	\$ 18 554	Auditor
Harris County Appraisal District	2003	\$ 60 702	Appraisal District

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