

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Harris County Emergency
Services District No. 29
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 29 (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Commissioners
Harris County Emergency
Services District No. 29

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of District Contributions-Pensions, the Schedule of Changes in Net Other Postemployment Benefit Liability and Related Ratios and the Schedule of District Contributions-Other Postemployment Benefits 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by Harris County and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

August 5, 2021

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Management’s discussion and analysis of Harris County Emergency Services District No. 29’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes all the District’s assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for resources not accounted for in another fund, property tax revenues, sales tax receipts, costs of assessing and collecting taxes and general expenditures.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”). The budgetary comparison schedule is included as RSI for the General Fund. In addition, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of District Contributions-Pensions, the Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedule of District Contributions-Net Other Postemployment Benefits are included in RSI.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,136,015 as of December 31, 2020.

A portion of the District’s net position reflects its net investment in capital assets (land, buildings, emergency vehicles, trucks, furniture and equipment less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide firefighting and fire prevention services within the District.

The following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	\$ 7,856,274	\$ 9,210,179	\$ (1,353,905)
Capital Assets (Net of Accumulated Depreciation)	6,458,738	11,806,063	(5,347,325)
Total Assets	\$ 14,315,012	\$ 21,016,242	\$ (6,701,230)
Deferred Outflows of Resources	\$ 126,668	\$ 106,864	\$ 19,804
Long-Term Liabilities	\$ 3,367,368	\$ 4,870,860	\$ 1,503,492
Other Liabilities	594,937	2,232,845	1,637,908
Total Liabilities	\$ 3,962,305	\$ 7,103,705	\$ 3,141,400
Deferred Inflows of Resources	\$ 3,343,360	\$ 3,097,413	\$ (245,947)
Net Position:			
Net Investment in Capital Assets	\$ 2,893,227	\$ 5,978,932	\$ (3,085,705)
Unrestricted	4,242,788	4,943,056	(700,268)
Total Net Position	\$ 7,136,015	\$ 10,921,988	\$ (3,785,973)

The following table provides a summary of the District's operations for the years ended December 31, 2020, and December 31, 2019.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,091,140	\$ 2,896,750	\$ 194,390
Sales Tax Receipts	3,142,279	2,946,999	195,280
Other Revenues	116,267	216,235	(99,968)
Total Revenues	\$ 6,349,686	\$ 6,059,984	\$ 289,702
Expenses for Services	10,135,659	4,193,975	5,941,684
Change in Net Position	\$ (3,785,973)	\$ 1,866,009	\$ (5,651,982)
Net Position, Beginning of Year	10,921,988	9,055,979	1,866,009
Net Position, End of Year	\$ 7,136,015	\$ 10,921,988	\$ (3,785,973)

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's fund balance as of December 31, 2020, was \$4,179,476, a decrease of \$1,030,377 from the prior year. This decrease was primarily due to operating costs exceed property and sales tax revenues and early retirement of debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners did not amend the budget during the current year. Actual revenues were \$810,946 more than budgeted revenues primarily due to higher than expected sales tax receipts. Actual expenditures were \$1,967,075 more than budgeted expenditures primarily due to unbudgeted early retirement of debt.

CAPITAL ASSETS

Capital assets as of December 31, 2020, total \$6,458,738 (net of accumulated depreciation) and include land, buildings, emergency vehicles, trucks, furniture and equipment. Capital asset events in the current year included the purchase of 2020 Ford F150, 2020 Chevy Tahoe, and 2020 Pierce Velocity pumper truck. Construction in progress includes costs related to the extension of utilities, construction and other costs related to the new station on Cutten Road.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,299,906	\$ 1,299,906	\$
Deposit on Equipment		656,586	(656,586)
Construction in Progress	736,930	4,980,107	(4,243,177)
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	2,677,490	2,837,972	(160,482)
Vehicles and Trucks	1,587,911	1,855,273	(267,362)
Furniture and Equipment	156,501	176,219	(19,718)
Total Net Capital Assets	\$ 6,458,738	\$ 11,806,063	\$ (5,347,325)

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had long-term total debt payable of \$3,586,133. The changes in the debt position of the District during the fiscal year ended December 31, 2020, are summarized as follows:

Capital Leases Payable, January 1, 2020	\$ 988,687
Less: Principal Paid	<u>988,687</u>
Capital Leases Payable, December 31, 2020	<u>\$ - 0 -</u>
Notes Payable, January 1, 2020	\$ 5,379,253
Less: Principal Paid	<u>1,793,120</u>
Notes Payable, December 31, 2020	<u>\$ 3,586,133</u>

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Emergency Services District No. 29, 12730 Champion Forest Drive, Houston, Texas 77066.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash in Banks-Unrestricted	\$ 4,260,054	\$	\$ 4,260,054
Cash in Banks-Restricted	972		972
Petty Cash	310		310
Cash with Harris County	405,423		405,423
Receivables:			
Property Taxes	2,554,574		2,554,574
Sales Tax Receipts	530,513		530,513
Penalty and Interest on Delinquent Taxes		55,230	55,230
Prepaid Costs	49,198		49,198
Land		1,299,906	1,299,906
Construction in Progress		736,930	736,930
Capital Assets (Net of Accumulated Depreciation)		4,421,902	4,421,902
TOTAL ASSETS	<u>\$ 7,801,044</u>	<u>\$ 6,513,968</u>	<u>\$ 14,315,012</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows-Pension Plan	\$ - 0 -	\$ 126,668	\$ 126,668
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 7,801,044</u>	<u>\$ 6,640,636</u>	<u>\$ 14,441,680</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020

	General Fund	Adjustments	Statement of Net Position
LIABILITIES			
Accounts Payable	\$ 226,033	\$	\$ 226,033
Accrued Interest Payable		11,281	11,281
Long-Term Liabilities:			
Net Other Postemployment Benefit Liability		18,750	18,750
Net Pension Liability		120,108	120,108
Notes Payable:			
Due Within One Year		218,765	218,765
Due After One Year		3,367,368	3,367,368
TOTAL LIABILITIES	<u>\$ 226,033</u>	<u>\$ 3,736,272</u>	<u>\$ 3,962,305</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 3,395,535	\$ (99,326)	\$ 3,296,209
Deferred Inflows-Other Postemployment Benefit		4,890	4,890
Deferred Inflows-Pension Plan		42,261	42,261
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 3,395,535</u>	<u>\$ (52,175)</u>	<u>\$ 3,343,360</u>
FUND BALANCE			
Nonspendable:			
Prepaid Costs	\$ 49,198	\$ (49,198)	\$
Restricted for Construction	20,622	(20,622)	
Unassigned	4,109,656	(4,109,656)	
TOTAL FUND BALANCE	<u>\$ 4,179,476</u>	<u>\$ (4,179,476)</u>	<u>\$ - 0 -</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 7,801,044</u>		
NET POSITION			
Net Investment in Capital Assets		\$ 2,893,227	\$ 2,893,227
Unrestricted		4,242,788	4,242,788
TOTAL NET POSITION		<u>\$ 7,136,015</u>	<u>\$ 7,136,015</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020**

Total Fund Balance - Governmental Funds \$ 4,179,476

Amounts reported for governmental activities in the Statement of Net Position are different because:

Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 6,458,738

Portions of the change in net other postemployment benefit liability that are not immediately recognized as pension expense are recorded as deferred outflows and inflows of resources. (4,890)

Portions of the change in net pension liability that are not immediately recognized as pension expense are recorded as deferred outflows and inflows of resources. 84,407

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenues in the governmental activities of the District. 154,556

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Accrued Interest Payable	\$ (11,281)	
Net Other Postemployment Benefit Liability	(18,750)	
Net Pension Liability	(120,108)	
Notes Payable Within One Year	(218,765)	
Notes Payable After One Year	<u>(3,367,368)</u>	<u>(3,736,272)</u>

Total Net Position - Governmental Activities \$ 7,136,015

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	\$ 3,070,309	\$ 20,831	\$ 3,091,140
Sales Tax Receipts	3,142,279		3,142,279
Penalty and Interest	33,751	8,595	42,346
Investment Revenues	54,256		54,256
Miscellaneous Revenues	281,553	(261,888)	19,665
TOTAL REVENUES	\$ 6,582,148	\$ (232,462)	\$ 6,349,686
EXPENDITURES/EXPENSES			
Service Operations:			
District Fire Operations	\$ 4,021,812	\$ 24,652	\$ 4,046,464
Administrative, Accounting and Auditing	39,080		39,080
Appraisal District Fees	23,183		23,183
Legal - General	56,715		56,715
Legal - Delinquent Tax Collections	8,306		8,306
Other Consulting Fees	69,756		69,756
Sales Tax Consultant	75,805		75,805
Tax Assessor/Collector Fees	9,700		9,700
Depreciation		5,589,582	5,589,582
Other	1,152		1,152
Capital Outlay	285,091	(230,257)	54,834
Debt Service:			
Capital Lease Principal	988,687	(988,687)	
Capital Lease Interest	48,590	(17,063)	31,527
Note Principal	1,793,120	(1,793,120)	
Note Interest	191,528	(61,973)	129,555
TOTAL EXPENDITURES/EXPENSES	\$ 7,612,525	\$ 2,523,134	\$ 10,135,659
NET CHANGE IN FUND BALANCE	\$ (1,030,377)	\$ 1,030,377	\$
CHANGE IN NET POSITION		(3,785,973)	(3,785,973)
FUND BALANCE/NET POSITION - JANUARY 1, 2020	5,209,853	5,712,135	10,921,988
FUND BALANCE/NET POSITION - DECEMBER 31, 2020	\$ 4,179,476	\$ 2,956,539	\$ 7,136,015

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balance - Governmental Funds	\$ (1,030,377)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.	20,831
Governmental funds report penalty and interest on delinquent property taxes when collected. However, in the government-wide financial statements, revenues are recorded when the penalty and interest are assessed.	8,595
Governmental funds report other participant's share of District debt as miscellaneous revenues. However, in the government-wide financial statements, the principal portion received reduces the receivable and the interest portion reduces interest expense in the Statement of Activities.	(261,888)
The changes in the net pension liability, net other postemployment benefit liability as well as deferred inflows and outflows of resources are recorded in the government-wide financial statements.	(24,652)
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(5,589,582)
Governmental funds report capital costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital assets purchases are expensed in the Statement of Activities.	230,257
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.	2,781,807
Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the long-term debt through fiscal year-end.	<u>79,036</u>
Change in Net Position - Governmental Activities	<u>\$ (3,785,973)</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1. CREATION OF DISTRICT

Harris County Rural Fire Prevention District No. 29, located in Harris County, Texas was created as a political subdivision of the State of Texas under the provision of Section 48-d of Article III of the State Constitution in accordance with Title 44, Article 2351a-6 of The Revised Civil Statutes of the State of Texas. The District was created by order of the Harris County Court of Commissioners and held its first meeting on October 1, 1984. Effective September 1, 2003, 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. 29 (the "District"). The District is responsible for the protection of life and property from fire and for the conservation of natural resources within its boundaries.

Chapter 775 of the Health and Safety Code provides that an emergency services district may provide all or any one of the emergency services included in the code, including fire prevention and firefighting, but is not required to perform all emergency services.

The District is governed by a Board of Commissioners consisting of five individuals residing within the District who are elected by voters within the District. The Board of Commissioners sets the policies of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB").

The District is a political subdivision of the State of Texas governed by an elected board. The GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- * Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- * Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- * Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses in the government-wide Statement of Activities.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Funds Balance Sheet and a Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

Governmental Funds

The District has one governmental fund; therefore, this fund is a major fund.

General Fund - To account for resources not required to be accounted for in another fund, property tax revenues, costs of assessing and collecting taxes and general expenditures.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include the 2019 tax levy collections during the period October 1, 2019, to December 31, 2020, and taxes collected from January 1, 2020, to December 31, 2020, for all prior tax levies. The 2020 tax levy has been fully deferred to fund 2021 costs.

Capital Assets

Capital assets, which include land, buildings and equipment, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset after completion.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Capital assets are capitalized if they have an individual cost of \$5,000 or more (including installation costs and professional fees) and an estimated useful life of two years or more. Bunker/turnout gear, hoses, connections and fittings are expensed in the year purchased. Depreciation on trucks and vehicles is calculated using 20 percent to 30 percent salvage value and the declining balance method of depreciation. Depreciation on all other depreciable capital assets is calculated using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings and Improvements	30
Furniture and Equipment	2-15
Vehicles	7-15

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions and Other Postemployment Benefits

The District makes payments into the social security system for its employees. See Note 11 for the District’s pension plan and Note 12 for the District’s postemployment benefits plan. The Internal Revenue Service has determined that fees of office received by Commissioners are wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3. TAX LEVY

On May 10, 2008, voters of the District approved to increase the maximum tax rate from \$0.05 to \$0.10 per \$100 of assessed valuation on all taxable property within the District. During the year ended December 31, 2020, the District levied an ad valorem tax at the rate of \$0.10 per \$100 of assessed valuation, which resulted in a tax levy of \$3,296,209 on the adjusted taxable valuation of \$3,296,040,313 for the 2020 tax year.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$4,261,026 and the bank balance was \$4,134,315. Of the bank balance, \$250,000 was covered by federal depository insurance, the balance was covered by collateral pledged in the name of the District and held in a third-party depository.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2020, as listed below:

	Cash
GENERAL FUND	\$ 4,261,026

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Commissioners.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

As of December 31, 2020, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	<u>\$ 127,465</u>	<u>\$ 127,465</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District’s investment in TexPool was rated AAAM by Standard and Poor’s.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5. CAPITAL ASSETS

	January 1, 2020	Increases	Decreases	December 31, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,299,906	\$	\$	\$ 1,299,906
Deposit on Equipment	656,586		656,586	
Construction in Progress	4,980,107	242,257	4,485,434	736,930
Total Capital Assets Not Being Depreciated	<u>\$ 6,936,599</u>	<u>\$ 242,257</u>	<u>\$ 5,142,020</u>	<u>\$ 2,036,836</u>
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 4,622,544	\$ 4,329,964	\$	\$ 8,952,508
Vehicles and Trucks	3,216,225	812,056	77,622	3,950,659
Furniture and Equipment	379,840			379,840
Total Capital Assets Subject to Depreciation	<u>\$ 8,218,609</u>	<u>\$ 5,142,020</u>	<u>\$ 77,622</u>	<u>\$ 13,283,007</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ 1,784,572	\$ 4,490,446	\$	\$ 6,275,018
Vehicles and Trucks	1,360,952	1,079,418	77,622	2,362,748
Furniture and Equipment	203,621	19,718		223,339
Total Accumulated Depreciation	<u>\$ 3,349,145</u>	<u>\$ 5,589,582</u>	<u>\$ 77,622</u>	<u>\$ 8,861,105</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,869,464</u>	<u>\$ (447,562)</u>	<u>\$ - 0 -</u>	<u>\$ 4,421,902</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 11,806,063</u>	<u>\$ (205,305)</u>	<u>\$ 5,142,020</u>	<u>\$ 6,458,738</u>

NOTE 6. CAPITAL LEASES

On September 25, 2013, the District entered into a lease-purchase agreement with Oshkosh Capital for the purchase of two 2013 Pierce Velocity Pumper trucks in the amount of \$1,088,904. The trucks were delivered in July of 2014. Assets under this lease total \$1,130,548. Accumulated amortization/depreciation through December 31, 2020, totaled \$ 575,434. A lease payment of interest only was due on September 25, 2014. Lease payments and related interest of \$128,322.00 are due annually beginning January 25, 2015 and ending January 25, 2024. The incremental borrowing rate is 3.56%. On February 19, 2020, the District paid the balance due in full.

On March 1, 2017, the District entered into a lease-purchase agreement with Wells Fargo Bank for \$500,000 toward the purchase a Pierce Dash CF PUC 100' Platform Fire Truck, in the amount of \$963,349. Assets under this lease total \$1,006,035. Accumulated amortization/depreciation through December 31, 2020 totaled \$401,863. Lease payments and related interest of \$57,662.03 are due annually beginning March 1, 2018 and ending March 1, 2027. The incremental borrowing rate is 2.68%. On February 19, 2020, the District paid the balance due in full.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6. CAPITAL LEASES (Continued)

The following is a summary of transactions regarding capital leases payable for the year ended December 31, 2020:

Capital Leases Payable, January 1, 2020	\$	988,687
Less: Principal Paid		<u>988,687</u>
Capital Leases Payable, December 31, 2020	\$	<u>- 0 -</u>

NOTE 7. NOTES PAYABLE

On February 25, 2008, the District entered into a real estate lien note agreement with Wells Fargo Brokerage Services, LLC, in the amount of \$4,000,000 for the construction of the station at 12730 Champions Forest Drive. Construction of the station was completed in June 2009. On August 29, 2013, the District refinanced the balance of \$3,200,000 with Wells Fargo Bank, N.A at an interest rate of 3.0%, until August 1, 2020 (the “Reset Date”), at which time the interest rate shall be adjusted to the Five-Year Treasury Constant Maturity Index, in effect as of the Reset Date, plus 300 basis points (3.00%) and that number shall be multiplied by .652. Payments are due and payable in annual installments of \$345,848 beginning on August 1, 2014, and continuing through to and including August 1, 2020, the Reset Date. After the Reset Date, the four remaining annual payments due August 1, 2021 through August 1, 2024, will be adjusted to reflect the new interest rate. During the current year, this note was paid in full. See Note 8 for additional information.

On September 27, 2018, the District entered into a loan agreement with Capital One Public Funding, LLC, in the amount of \$4,000,000 for the construction of the station on Cutten Road. Payments are due and payable in annual installments of \$354,102 beginning September 27, 2019 and continuing through to and including September 27, 2033. The interest rate is 3.774%.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7. NOTES PAYABLE (Continued)

The following is a summary of transactions regarding notes payable for the year ended December 31, 2020:

Notes Payable, January 1, 2020	\$	5,379,253
Less: Principal Paid		1,793,120
Notes Payable, December 31, 2020		<u>3,586,133</u>
Notes Payable:		
Due Within One Year	\$	218,765
Due After One Year		3,367,368
Notes Payable, December 31, 2020		<u>3,586,133</u>

As of December 31, 2020, the debt service requirements on the note are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 218,765	\$ 135,338	\$ 354,103
2022	227,021	127,081	354,102
2023	235,589	118,514	354,103
2024	244,480	109,622	354,102
2025	253,707	100,396	354,103
2026-2030	1,419,591	350,921	1,770,512
2031-2033	<u>986,980</u>	<u>75,410</u>	<u>1,062,390</u>
	<u>\$ 3,586,133</u>	<u>\$ 1,017,282</u>	<u>\$ 4,603,415</u>

NOTE 8. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES

Construction, Financing and Cost-Sharing Agreement

On December 19, 2007, the District entered into a Construction, Financing, and Cost Sharing Agreement with Harris County Emergency Services District No. 11 (“ESD No. 11”) for ESD No. 11 to obtain a fractional ownership interest (16.8%) of the facility located at 12730 Champion Forest Drive.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES (Continued)

Construction, Financing and Cost-Sharing Agreement (Continued)

ESD No. 11 will house emergency service equipment and personnel in the station. ESD No. 11 agrees to reimburse the District for 16.8% of the construction costs and interest on the construction loan. The District shall hold legal title to the facilities and the site, subject to the ESD No. 11's 16.8% interest. ESD No. 11 will reimburse the District for monthly operating and maintenance fees for an amount equal to 16.8% of the total monthly operating costs incurred. Unless terminated by mutual agreement of the parties, this agreement shall continue in force and effect for 40 years from the date executed. During the current year, ESD No. 11 paid the balance due in full and the District paid the note in full. See Note 7.

Radio Channel Communications Dispatch System

Effective February 1, 2016, the District entered into an Interlocal Agreement for a Combined Radio Channel Communications Dispatch System. Harris County Emergency Services District Nos. 7, 13, 16, 17 and 28 (the "ESD Members"), Ponderosa Volunteer Fire Association, Spring Volunteer Fire Department, Cypress Creek Volunteer Fire Department, Klein Volunteer Fire Department, and Little York Volunteer Fire Department (the "VFD Members"), are parties to the agreement, collectively referred to as Radio Communications Consortium Members. The agreement sets out the understanding regarding the purchase, acquisition and maintenance of the radio channel communications dispatch system for the use and benefit of the Members and the related cost-sharing. The term of the agreement is through December 31, 2019 and will automatically renew every year for one-year terms unless agreed upon otherwise by the Members. The agreement may be terminated by a two-thirds vote by the Members. Any party to this agreement may exit and terminate its obligation under this agreement and remove itself from any further obligations by giving 90 days written notice to the other Members prior to the renewal date.

The combined fire department dispatch channels will be used to dispatch fire, first responder and emergency medical services to the Members. Initially three sites will maintain the three analog channels. The channels will be monitored for integrity in accordance with Insurance Services Organization ("ISO") requirements. Each host department will: allow any and all of their facilities to be used for the term of this agreement; promptly pay for any and all utility costs related to operation of the channels and will not seek reimbursements from other Members for these costs; maintain insurance coverage sufficient to replace, at full replacement value, any and all equipment owned or maintained by the host department, name other parties to this agreement as additional insured on such policies; and maintain adequate backup power to the equipment.

The Members agree the initial equipment and installation costs will be shared equally between the six ESD Members and their respective Department's. The estimated cost is \$271,456.38, each ESD or corresponding department will pay to Northwest Communications, Inc. ("NWC") one-sixth of the total cost of the equipment, \$45,242.73. There will be initial as well as

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES (Continued)

Radio Channel Communications Dispatch System (Continued)

reoccurring costs paid as follows: 1) Spring VFD will invoice the six ESD Members their pro-rata share of the rental cost for the Plum Creek Tower, \$9,816 per year; 2) NWC will invoice the six ESD Members their pro-rata share of the rental cost for the NWC Tower and the Greenspoint No. 4 site, \$8,400 each site per year. Maintenance, repair, replacement and upgrade costs, recurring costs, and Cypress Creek VFD administrator and project manager costs for the system operations will be shared equally between the six ESD Members or their corresponding department. Initially, it is not anticipated that there would be any cost to the Members for the administrative work.

During a prior year, the District paid \$41,897 to NWC for the District's share of the equipment and installation.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omissions; for which the District carries commercial insurance. The District participates in the Texas Political Subdivisions Joint Self-Insurance Fund ("TPS") to provide workers compensation insurance coverage. The District, along with other participating entities, contribute annual amounts determined by TPS' management. As claims arise, they are submitted and paid by TPS. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three years.

NOTE 10. SALES AND USE TAX ELECTION

In accordance with Chapter 775 of the Health and Safety Code, the District is authorized to adopt and impose a sale and use tax if authorized by a majority of the qualified voters of the District. The election to adopt sales and use tax is governed by the provision of Subchapter E, Chapter 323 of the Tax Code.

On May 11, 2013, the voters of the District approved the establishment and adoption of a sales and use tax of up to a maximum of one percent. On May 22, 2013, the Board set a local sales and use tax of one percent on all applicable sales and uses within the boundaries of the District, excluding any territory in the District where sales and use tax is currently two percent (2.0%) effective October 1, 2013. During the current year, the District recorded \$3,142,279 in sales tax receipts, of which \$530,513 was due from the State Comptroller at December 31, 2020.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. DEFINED BENEFIT PENSION PLAN

Plan Description

The District provides retirement, disability, and death benefits for all full-time and part-time non temporary employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide, agent multiple-employer public employee retirement system consisting of nearly 800 non-traditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) which includes financial statements, notes and required supplementary information which can be obtained at TCDRS, Finance Division, Barton Oaks Plaza IV Suite 500, 901 S. MoPac Expressway, Austin, Texas or at www.tcdrs.org.

Benefits Provided

Benefit provisions are adopted by the District, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 5 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 5 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the District.

Benefit amounts are determined by the sum of the employee’s deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At the valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-0-
Inactive employees entitled but not yet receiving benefits	4
Active employees	<u>83</u>
Total	<u><u>87</u></u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. DEFINED BENEFIT PENSION PLAN (Continued)

Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 4.15% for calendar year 2020. The deposit rate payable by the employee members for calendar year 2020 is 7.00% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

The District's contributions to TCDRS for the year ended December 31, 2020, were \$111,269; and were equal to the required contributions. The employee's contributions to TCDRS for the year ended December 31, 2020, were \$190,161.

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumption:

	<u>Actuarial Valuation Information</u>
Actuarial valuation date	12/31/19
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	17.4
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return ¹	8.0%
Projected salary increases ¹	4.9%
Inflation	2.75%
Cost-of-living adjustments	0.0%

¹Includes inflation at the stated rate

The actuarial assumptions that determined the total pension liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. DEFINED BENEFIT PENSION PLAN (Continued)

Mortality rates were based on the following:

Depositing members – 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females projected with 110% of the MP-2014 Ultimate Scale after 2014.

Service retirees, beneficiaries, and non-depositing members – 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 of the Healthy Annuitant Mortality Table for females, both projected with 110% Ultimate Scale after 2014.

Disabled retirees – 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate Scale after 2014.

Discount Rate

The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year.

To determine the discount rate to be used, the actuary used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under the District's funding policy and the legal requirements under the TCDRS Act:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- 2) Under the TCDRS Act, the District is legally required to make the contributions specified in the funding policy.
- 3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate (Continued)

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the District is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, the actuary has used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on April 2020 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon; the most recent analysis was performed in 2017 for the period January 1, 2013 – December 31, 2016. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	14.50 %	5.20 %
Private Equity	20.00	8.20
Global Equities	2.50	5.50
International Equities-Developed Markets	7.00	5.20
International Equities-Emerging Markets	7.00	5.70
Investment-Grade Bonds	3.00	(0.20)
Strategic Credit	12.00	3.14
Direct Lending	11.00	7.16
Distressed Debt	4.00	6.90
REIT Equities	3.00	4.50
Master Limited Partnerships (MLPs)	2.00	8.40
Private Real Estate Partnerships	6.00	5.50
Hedge Funds	8.00	2.30
	100.00 %	

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. DEFINED BENEFIT PENSION PLAN (Continued)

Changes in Net Pension Liability/(Asset)

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2019 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2018	\$ 435,256	\$ 296,149	\$ 139,107
Changes for the year:			
Service Cost	168,057		168,057
Interest on total pension liability	48,868		48,868
Effect of plan changes	161		161
Effect of economic/demographic gains or losses	13,272		13,272
Effect of assumption changes or inputs			
Administrative expenses		(416)	416
Member contributions		123,723	(123,723)
Net investment income		48,436	(48,436)
Employer contributions		70,876	(70,876)
Other	1	6,739	(6,738)
Balances of December 31, 2019	<u>\$ 665,615</u>	<u>\$ 545,507</u>	<u>\$ 120,108</u>

Sensitivity Analysis

The following presents the net pension liability of the District, calculated using the discount rate of 8.10%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total Pension Liability	\$ 788,816	\$ 665,615	\$ 565,451
Fiduciary Net Position	<u>545,507</u>	<u>545,507</u>	<u>545,507</u>
Net Pension Liability/(asset)	<u>\$ 243,309</u>	<u>\$ 120,108</u>	<u>\$ 19,944</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. DEFINED BENEFIT PENSION PLAN (Continued)

Deferred Inflows/Outflows of Resources

As of December 31, 2020, the deferred inflows and deferred outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 30,728
Changes of assumptions	2,224	
Net differences between projected and actual earnings	13,175	11,533
Contributions subsequent to the measurement date	111,269	
Total	\$ 126,668	\$ 42,261

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2020	\$ 3,484
2021	3,484
2022	2,903
2023	(553)
2024	2,740
Thereafter	14,804

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS

The District also participates in the retiree group-term life program, administered by TCDRS, known as the Group Term Life (“GTL”). This is an optional program. The District elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The District may elect to opt out of coverage as of January 1 each year. The District began participating January 1, 2020.

Current employees are insured for an amount equivalent to the employee’s current annual compensation. Retirees are insured for \$5,000. Life insurance proceeds are payable as a lump sum. The coverage to retirees is a postemployment benefit other than pension benefits (OPEB). As the GTL covers both active and retiree participants with no segregation of assets, the GTL is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District contributes to the GTL program at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. Contributions are not intended to pre-fund retiree term life insurance during the employee’s careers. The contribution rates for the District were 0.18% and 0.00% for the calendar year ended December 31, 2020 for active employees and retirees, respectively. The District’s contribution to the TCDRS GTL program for the fiscal year ended December 31, 2020 for active employees was \$4,890, for the retirees was \$-0-.

As of the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-0-
Inactive employees entitled but not yet receiving benefits	3
Active employees	83
Total	86

Actuarial Methods and Assumptions Used for GASB Calculations

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2013 to December 31, 2016, except where required to be different by GASB 75.

The assumptions are summarized below:

Investment Rate of Return (Discount Rate) - 2.74% based on 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2019

Mortality rates were based on the following:

Depositing members – 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.

Service retirees, beneficiaries and non-depositing members – 130% of the RP-2014 Healthy Annuitant Mortality Table for 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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions Used for GASB Calculations (Continued)

Disabled retirees –130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Discount Rate

The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.74% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2019.

Change in Total OPEB Liability for measurement year ended December 31, 2019 are as follows:

	<u>Total OPEB Liability</u>
Balances of December 31, 2018	\$ -0-
Changes for the year:	
Changes in benefit terms	<u>18,750</u>
Balances of December 31, 2019	<u>\$ 18,750</u>

Sensitivity Analysis – The following shows the Total OPEB liability of the District, calculated using the discount rate of 2.74%, as well as what the District’s Total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.74%) or 1 percentage point higher (3.74%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	1.74%	2.74%	3.74%
Total OPEB Liability	<u>\$ 23,593</u>	<u>\$ 18,750</u>	<u>\$ 15,157</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate (Continued)

As of December 31, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions by the City subsequent to the measurement date	\$ - 0 -	\$ 4,890

Deferred outflows of resources related to OPEB resulting from contributions subsequent to December 31, 2019 will be recognized as a reduction of the net OPEB liability for the year ending December 31, 2020 in the amount of \$4,890.

NOTE 13. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. Since that time, the District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 3,060,000	\$ 3,070,309	\$ 10,309
Sales Tax Receipts	2,634,000	3,142,279	508,279
Penalty and Interest	15,000	33,751	18,751
Investment Revenues	600	54,256	53,656
Miscellaneous Revenues	<u>61,602</u>	<u>281,553</u>	<u>219,951</u>
TOTAL REVENUES	<u>\$ 5,771,202</u>	<u>\$ 6,582,148</u>	<u>\$ 810,946</u>
EXPENDITURES			
Service Operations:			
District Fire Operations	\$ 4,150,000	\$ 4,021,812	\$ 128,188
Administrative, Accounting and Auditing	55,000	39,080	15,920
Appraisal District Fees	24,000	23,183	817
Legal - General	65,000	56,715	8,285
Legal - Delinquent Tax Collections		8,306	(8,306)
Other Consulting Fees	75,000	69,756	5,244
Sales Tax Consultant	125,000	75,805	49,195
Tax Assessor/Collector Fees	14,000	9,700	4,300
Other	44,100	1,152	42,948
Capital Outlay	207,414	285,091	(77,677)
Debt Service:			
Capital Lease Principal	185,987	988,687	(802,700)
Capital Lease Interest		48,590	(48,590)
Note Principal	508,393	1,793,120	(1,284,727)
Note Interest	<u>191,556</u>	<u>191,528</u>	<u>28</u>
TOTAL EXPENDITURES	<u>\$ 5,645,450</u>	<u>\$ 7,612,525</u>	<u>\$ (1,967,075)</u>
NET CHANGE IN FUND BALANCE	\$ 125,752	\$ (1,030,377)	\$ (1,156,129)
FUND BALANCE - JANUARY 1, 2020	<u>5,209,853</u>	<u>5,209,853</u>	<u> </u>
FUND BALANCE - DECEMBER 31, 2020	<u>\$ 5,335,605</u>	<u>\$ 4,179,476</u>	<u>\$ (1,156,129)</u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Year Ended December 31,		
	2019	2018	2017
Total Pension Liability			
Service Cost	\$ 168,057	\$ 130,022	\$ 177,129
Interest on total pension liability	48,868	27,603	14,347
Effect of plan changes	161	44,751	22,006
Effect of assumption changes or inputs			(2,890)
Effect of economic/demographic (gains) or losses	13,272	22,118	169
Other	<u>1</u>	<u>1</u>	<u></u>
Net change in total pension liability	\$ 230,359	\$ 224,495	\$ 210,761
Total pension liability, beginning	<u>435,256</u>	<u>210,761</u>	<u>-0-</u>
Total pension liability, ending (a)	<u>\$ 665,615</u>	<u>\$ 435,256</u>	<u>\$ 210,761</u>
Fiduciary Net Position			
Employer contributions	\$ 70,876	\$ 66,109	\$ 47,090
Member contributions	123,723	102,231	72,894
Investment income net of investment expenses	48,436	(419)	1,930
Administrative Expense	(416)	(238)	(82)
Other	<u>6,739</u>	<u>5,027</u>	<u>1,607</u>
Net change in fiduciary net position	\$ 249,358	\$ 172,710	\$ 123,439
Fiduciary net position, beginning	<u>296,149</u>	<u>123,439</u>	<u>-0-</u>
Fiduciary net position, ending (b)	<u>\$ 545,507</u>	<u>\$ 296,149</u>	<u>\$ 123,439</u>
Net pension liability/(asset), ending = (a) - (b)	<u>\$ 120,108</u>	<u>\$ 139,107</u>	<u>\$ 87,322</u>
Fiduciary net position as a percentage of total pension liability	81.96%	68.04%	58.57%
Pensionable covered payroll	\$ 1,767,470	\$ 1,703,847	\$ 1,455,436
Net pension liability as a percentage of covered payroll	6.80%	8.16%	6.00%

See accompanying independent auditor's report.

2016

N/A
N/A
N/A
N/A

N/A
N/A

N/A

N/A

N/A

N/A
N/A

N/A
N/A
N/A

N/A

N/A

N/A

N/A

N/A

N/A

N/A

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
SCHEDULE OF DISTRICT CONTRIBUTIONS-PENSIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

Fiscal Year Ending December 31	Actuarially Determined Contribution ⁽¹⁾	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽²⁾	Actual Contribution as a Percentage of Covered Payroll
2017	\$ 47,090	\$ 47,090	\$ - 0 -	\$ 1,455,436	3.2%
2018	\$ 66,109	\$ 66,109	\$ - 0 -	\$ 1,690,900	3.9%
2019	\$ 70,876	\$ 70,876	\$ - 0 -	\$ 1,767,470	4.0%
2020	\$ 111,651	\$ 111,651	\$ - 0 -	\$ 2,716,586	4.1%

⁽¹⁾ *TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.*

⁽²⁾ *Payroll is calculated based on contributions as reported to TCDRS.*

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO SCHEDULE OF DISTRICT CONTRIBUTIONS-PENSIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

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.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	17.4 years (based on contribution rate calculated in December 31, 2019 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, 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 for males and 110% of the RP-2014 Healthy Annuitant Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Change in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New Inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: District contributions reflect that the member contribution rate was increased to 6%. 2019: District contributions reflect that the member contribution rate was increased to 7%.

* Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to the Schedule.

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT LIABILITY
AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Year Ended December 31, 2019
Total OPEB Liability	
Changes of benefit terms	\$ 18,750
Net change in total OPEB liability	\$ 18,750
Total OPEB liability, beginning	
Total OPEB liability, ending	\$ 18,750
OPEB Covered-employee payroll	\$ 1,767,470
Net OPEB liability as a percentage of covered employee payroll	1.06%

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
SCHEDULE OF DISTRICT CONTRIBUTIONS – OTHER POSTEMPLOYMENT
BENEFITS FOR THE YEAR ENDED DECEMBER 31, 2020**

Fiscal Year Ending December 31	Actuarially Determined Contribution ⁽¹⁾	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽²⁾	Actual Contribution as a Percentage of Covered Payroll
2020	\$ 4,890	\$ 4,890	\$ - 0 -	\$ 1,455,436	0.3%

⁽¹⁾ *TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 75 indicates the employer should report employer contribution amounts on a fiscal year basis.*

⁽²⁾ *Payroll is calculated based on contributions as reported to TCDRS.*

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO SCHEDULE OF DISTRICT CONTRIBUTIONS – OTHER
POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2020

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 75.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic/ demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return (Discount Rate)	2.74% 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2019.
Cost-of-Living Adjustment	Does not apply
Disability	Members who become disabled are eligible to commence benefit payments regardless of age.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Retirement	Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility.
Other Termination of Employment	The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29

SUPPLEMENTARY INFORMATION

REQUIRED BY HARRIS COUNTY

DECEMBER 31, 2020

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
COMPUTATION OF NET LONG-TERM DEBT PER CAPITA
DECEMBER 31, 2020
(UNAUDITED)

Long-Term Debt at December 31, 2020	\$ 3,586,133
Less: Amount in Debt Service Fund	_____
Net Long-Term Debt at December 31, 2020	<u>\$ 3,586,133</u>
Estimated District Population*	<u>32,500</u>
Net Long-Term Debt Per Capita at December 31, 2020	<u>\$ 110.34</u>

* Per 2021 update to comprehensive review

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
LISTING OF THE NUMBER OF EMERGENCY RESPONSES
MADE WITHIN AND OUTSIDE THE DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Number of Emergency Responses made Within the District	930
Number of Emergency Responses made Outside of the District	<u>139</u>
Total Emergency Responses	<u><u>1,069</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2020

Type of Coverage	From To	Amount of Coverage	Insurer/Name
POSITION SCHEDULE COVERAGE Treasurer	05/17/20 05/17/21	\$ 100,000	Arch Insurance Company
UMBRELLA LIABILITY General Aggregate Each Occurrence	05/17/20 05/17/21	\$ 4,000,000 2,000,000	Arch Insurance Company
AUTOMOBILE Liability - Combined Single Limit Deductible Property Damage – Per Accident	05/17/20 05/17/21	\$ 1,000,000 1,000 Scheduled Vehicles	Arch Insurance Company
INLAND MARINE Deductible	05/17/20 05/17/21	Blanket Unlimited Coverage \$ 250	Arch Insurance Company
PROPERTY AND TERRORISM Buildings Contents Building and Content Deductible	05/17/20 05/17/21	\$ 6,331,953 422,130 2,500	Arch Insurance Company
ACCIDENT AND SICKNESS Accidental Death and Dismemberment Group Life Accident and Health/Death Benefit	08/07/20 08/07/21	\$ 100,000 50,000 100,000	Provident Insurance
WORKERS COMPENSATION Bodily Injury by Accident Bodily Injury by Disease Disease Policy Limit	09/05/20 09/05/21	\$ 1,000,000 1,000,000 1,000,000	Texas Political Subdivisions
GENERAL LIABILITY, INCLUDING MANAGEMENT, FIREFIGHTER AND EMS LIABILITY/CRIME General Aggregate Each Occurrence	05/17/20 05/17/21	\$ 10,000,000 1,000,000	Arch Insurance Company

See accompanying independent auditor's report.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Maintenance Taxes	
TAXES RECEIVABLE - JANUARY 1, 2020	\$ 1,878,387	
Adjustments to Beginning Balance	(3,827)	\$ 1,874,560
Original 2020 Tax Levy	\$ 3,013,728	
Adjustment to 2020 Tax Levy	282,481	3,296,209
 TOTAL TO BE ACCOUNTED FOR		 \$ 5,170,769
 TAX COLLECTIONS:		
Prior Years	\$ 1,775,234	
Current Year	840,961	2,616,195
 TAXES RECEIVABLE - DECEMBER 31, 2020		 \$ <u>2,554,574</u>
 TAXES RECEIVABLE BY YEAR:		
2020		\$ 2,455,248
2019		38,788
2018		17,566
2017		5,990
2016		6,370
2015		6,200
2014		4,455
2013		3,919
2012		3,727
2011		4,408
2010		3,532
2009		1,246
2008		696
2007		410
2006		407
2005		274
2004		301
2003		350
2002		152
2001		22
2000		20
1999		493
 TOTAL		 \$ <u>2,554,574</u>

See accompanying independent auditor's report.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PROPERTY VALUATIONS	<u>\$ 3,296,040,313</u>	<u>\$ 3,094,859,066</u>	<u>\$ 2,930,584,836</u>	<u>\$ 2,842,357,704</u>
TAX RATES PER \$100 VALUATION	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
ADJUSTED TAX LEVY*	<u>\$ 3,296,209</u>	<u>\$ 3,094,967</u>	<u>\$ 2,931,128</u>	<u>\$ 2,842,490</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>25.51 %</u>	<u>98.75 %</u>	<u>99.40 %</u>	<u>99.79 %</u>

* Based upon the adjusted levy at the time of the audit for the fiscal year in which the tax was levied.

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 3,070,309	\$ 2,885,925	\$ 2,813,586
Sales Tax Receipts	3,142,279	2,946,999	2,455,466
Penalty and Interest	33,751	33,665	35,770
Investment Revenues	54,256	157,991	67,256
Miscellaneous Revenues	<u>281,553</u>	<u>69,556</u>	<u>60,261</u>
TOTAL REVENUES	<u>\$ 6,582,148</u>	<u>\$ 6,094,136</u>	<u>\$ 5,432,339</u>
EXPENDITURES			
District Fire Operations	\$ 4,021,812	\$ 2,888,069	\$ 2,589,936
Administrative, Accounting and Auditing	39,080	38,264	46,041
Appraisal District Fees	23,183	21,764	21,656
Fire Marshall Services			
Legal - General	56,715	47,490	60,469
Legal - Delinquent Tax Collections	8,306	9,685	10,094
Other Consulting Fees	69,756	40,900	800
Sales Tax Consultant	75,805	238,844	134,505
Tax Assessor/Collector Fees	9,700	14,343	14,041
Other	1,152	5,022	2,317
Capital Outlay	285,091	5,109,106	837,000
Debt Service:			
Capital Lease Principal	988,687	149,476	144,714
Capital Lease Interest	48,590	36,508	41,270
Note Principal	1,793,120	492,071	280,400
Note Interest	<u>191,528</u>	<u>207,879</u>	<u>65,448</u>
TOTAL EXPENDITURES	<u>\$ 7,612,525</u>	<u>\$ 9,299,421</u>	<u>\$ 4,248,691</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,030,377)</u>	<u>\$ (3,205,285)</u>	<u>\$ 1,183,648</u>
OTHER FINANCING SOURCES (USES)			
Capital Lease Proceeds	\$	\$	\$
Note Proceeds	<u></u>	<u></u>	<u>4,000,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 4,000,000</u>
NET CHANGE IN FUND BALANCE	\$ (1,030,377)	\$ (3,205,285)	\$ 5,183,648
BEGINNING FUND BALANCE	<u>5,209,853</u>	<u>8,415,138</u>	<u>3,231,490</u>
ENDING FUND BALANCE	<u>\$ 4,179,476</u>	<u>\$ 5,209,853</u>	<u>\$ 8,415,138</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues						
2017	2016	2020	2019	2018	2017	2016		
\$ 2,507,147	\$ 2,439,294	46.7 %	47.4 %	51.8 %	57.1 %	61.6 %		
1,789,884	1,394,587	47.7	48.4	45.2	40.8	35.2		
30,414	39,685	0.5	0.5	0.7	0.7	1.0		
1,276	731	0.8	2.6	1.2				
60,260	88,125	4.3	1.1	1.1	1.4	2.2		
<u>\$ 4,388,981</u>	<u>\$ 3,962,422</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>		
\$ 2,210,416	\$ 2,052,439	61.1 %	47.4 %	47.7 %	50.4 %	51.8 %		
47,871	26,109	0.6	0.6	0.8	1.1	0.7		
18,793	18,447	0.4	0.4	0.4	0.4	0.5		
4,025					0.1			
34,171	37,234	0.9	0.8	1.1	0.8	0.9		
6,703	12,248	0.1	0.2	0.2	0.1	0.3		
29,250		1.1	0.7		0.7			
48,064	13,430	1.2	3.9	2.5	1.1	0.3		
15,007	12,356	0.2	0.2	0.3	0.3	0.3		
3,747	20,471		0.1		0.1	0.5		
1,374,543	1,408,956	4.3	83.8	15.4	31.3	35.5		
97,018	93,644	15.0	2.4	2.7	2.2	2.4		
31,304	34,658	0.7	0.6	0.8	0.7	0.9		
271,951	263,863	27.2	8.1	5.2	6.2	6.7		
73,897	81,984	2.9	3.4	1.2	1.7	2.1		
<u>\$ 4,266,760</u>	<u>\$ 4,075,839</u>	<u>115.7 %</u>	<u>152.6 %</u>	<u>78.3 %</u>	<u>97.2 %</u>	<u>102.9 %</u>		
<u>\$ 122,221</u>	<u>\$ (113,417)</u>	<u>(15.7) %</u>	<u>(52.6) %</u>	<u>21.7 %</u>	<u>2.8 %</u>	<u>(2.9) %</u>		
\$ 500,000	\$							
<u>\$ 500,000</u>	<u>\$ - 0 -</u>							
\$ 622,221	\$ (113,417)							
<u>2,609,269</u>	<u>2,722,686</u>							
<u>\$ 3,231,490</u>	<u>\$ 2,609,269</u>							

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2020

District Mailing Address - Harris County Emergency Services District No. 29
12730 Champion Forest Drive
Houston, TX 77066

District Telephone Number - (281) 444-2014

<u>Commissioners</u>	<u>Term of Office (Appointed or Elected)</u>	<u>Fees of Office for the year ended December 31, 2020</u>	<u>Expense Reimbursements for the year ended December 31, 2020</u>	<u>Title</u>
Scott Morgan	06/01/18 05/31/22 (Elected)	\$ -0-	\$ -0-	President
Richard Escott	06/01/18 05/31/22 (Elected)	\$ -0-	\$ -0-	Vice President
David J. Parker	06/01/20 05/31/24 (Elected)	\$ -0-	\$ -0-	Secretary
Kenneth Latimer	06/01/20 05/31/24 (Elected)	\$ -0-	\$ -0-	Treasurer/ Investment Officer
William Hogue, III	06/01/20 05/31/24 (Elected)	\$ -0-	\$ -0-	Assistant Secretary/ Assistant Treasurer

The limit on fees of office that a Commissioner may receive during a year is set by the Health and Safety Code-Chapter 775. Effective September 1, 2017, a Commissioner is entitled to receive compensation in the same manner and amount as are provided by Section 49.060 of the Texas Water Code, currently \$7,200 per fiscal year. The above fees of office and expense reimbursements are the amounts paid to a Commissioner during the District's current fiscal year.

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2020**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2020*</u>	<u>Title</u>
Coveler & Peeler, P.C.		\$ 56,715	General Counsel
McCall Gibson Swedlund Barfoot PLLC	01/22/09	\$ 21,500	Auditor
Better Bookkeepers, Inc.	05/01/20	\$ 12,625	Bookkeeper
Myrtle Cruz, Inc.	05/01/17	\$ 5,849	Prior Bookkeeper
Linebarger Goggan Blair & Sampson, LLP		\$ 8,306	Delinquent Tax Attorney
Sales Tax Assurance LLC	02/26/15	\$ 75,805	Sales Tax Consultant
Harris County Tax Assessor/Collector	Legislative Action	\$ 9,700	Tax Assessor/ Collector

* Accrual basis

See accompanying independent auditor's report.

