

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024



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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
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YEAR ENDED DECEMBER 31, 2024**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Harris County Emergency Services District No. 7
Spring, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of Harris County Emergency Services District No. 7 (District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Harris County Emergency Services District No. 7, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 12 to the basic financial statements, the beginning fund balance of the general fund and beginning net position have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, and pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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. 7's basic financial statements. The schedule of temporary investments, analysis of taxes receivable schedule, and the board members and consultants schedule, as listed in the table of contents, is 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 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 GAAS. In our opinion, the schedule of temporary investments, analysis of taxes receivable schedule, and the board members and consultants schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Assessed Valuation Summary presented in the Analysis of Taxes Receivable Schedule for the years ended December 30, 2020, 2021, 2022, and 2023, which is the responsibility of management, is presented for the purpose of additional analysis and is not part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Houston, Texas
August 21, 2025

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Our discussion and analysis of the financial performance of Harris County Emergency Services District No. 7 (the District) provides an overview of the District's financial activities for the year ended December 31, 2024. Please read it in conjunction with the District's financial statements, included in this annual report.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include (1) combined fund financial statements and government-wide financial statements, and (2) notes to the basic financial statements. The combined 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.

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 \$135,432,597 as of December 31, 2024.

With the implementation of Government Accounting Standards Board (GASB) Statement No. 34, the District is presenting comparable prior-year columns in the various comparisons and analyses. Certain of the 2023 amounts have been restated. See Note 12 in the Notes to Basic Financial Statements for discussion regarding the restatements.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Summary of Net Position

	2024	Restated 2023
ASSETS		
Current and Other Assets	\$ 98,054,157	\$ 97,178,232
Capital and Noncurrent Assets	91,394,247	65,173,685
Total Assets	<u>189,448,404</u>	<u>162,351,917</u>
DEFERRED OUTFLOWS OF RESOURCES	3,330,815	2,565,184
LIABILITIES		
Current Liabilities	9,991,333	6,848,501
Long-Term Liabilities	47,333,121	39,229,759
Total Liabilities	<u>57,324,454</u>	<u>46,078,260</u>
DEFERRED INFLOWS OF RESOURCES	<u>22,168</u>	<u>25,535</u>
NET POSITION		
Net Investment in Capital Assets	58,293,274	51,226,568
Unrestricted	77,139,323	67,415,443
Total Net Position	<u><u>\$ 135,432,597</u></u>	<u><u>\$ 118,642,011</u></u>

The following table provides a summary of the District's operations for the years ended December 31, 2024 and 2023. The District increased its net position by \$16,790,586.

Summary of Changes in Net Position

	2024	Restated 2023
REVENUES		
Property Taxes	\$ 19,630,153	\$ 17,773,957
Sales Taxes	22,698,782	23,923,502
Other Revenues	5,224,710	4,381,839
Total Revenues	<u>47,553,645</u>	<u>46,079,298</u>
EXPENSES		
Operating Expenses	27,103,294	24,444,105
Interest and Debt Issuance	1,453,133	1,099,465
Loss on Disposal of Capital Assets	187,907	-
Depreciation and Amortization	2,018,725	1,907,025
Total Expenses	<u>30,763,059</u>	<u>27,450,595</u>
CHANGE IN NET POSITION	16,790,586	18,628,703
Net Position - Beginning of Year	<u>118,642,011</u>	<u>100,013,308</u>
NET POSITION - END OF YEAR	<u><u>\$ 135,432,597</u></u>	<u><u>\$ 118,642,011</u></u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's fund balance as of December 31, 2024 was \$90,208,670. The General Fund balance decreased by \$3,317,669.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the basic financial statements provide information essential to a full understanding of government-wide and fund financial statements. The notes to the financial statements follow the financial statements in this annual report.

OTHER INFORMATION

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners amended the budget during the fiscal year. Actual revenues were greater than budgeted by \$10,024,059 due primarily to sales tax revenue being greater than budget by, \$4,698,782, interest on investments being greater than budget by \$2,699,422, and property tax revenues and penalty and interest on property taxes being greater than budget by \$1,841,580. Actual expenditures were less than budget by \$2,011,502.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

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)

The District currently has a \$56M capital project in progress for the W.W. Cotton Weaver Fire Training Center, with \$31.7M recorded as construction in progress as of December 31, 2024.

	2024	Restated 2023
Land	\$ 18,493,618	\$ 18,493,618
Construction in Progress	31,953,684	4,309,308
Capital Assets, Net of Depreciation	<u>40,228,141</u>	<u>41,687,776</u>
 Total Capital Assets	 <u><u>\$ 90,675,443</u></u>	 <u><u>\$ 64,490,702</u></u>

Debt

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

NOTES PAYABLE, BEGINNING OF YEAR	\$ 42,330,514
 Note Proceeds	10,000,000
Retirements of Principal	<u>(3,410,962)</u>
 NOTES PAYABLE - END OF YEAR	 <u><u>\$ 48,919,552</u></u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District is committed to maintaining a strong financial position while providing high quality services to the community. The \$38 million budget for 2025 is aligned with the District's strategic plan, reflecting a balanced approach to managing resources and addressing the needs of the community. The 2025 property tax rate is expected to be 10 cents, the maximum permitted for an Emergency Service District, after the 2024 and 2025 debt issues are added to the levy request.

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 Michelle Jahr, Finance Director, 656 East Louetta Road, Spring, Texas 77373.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2024

	General Fund	Adjustments	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Cash and Cash Equivalents	\$ 55,812,680	\$ -	\$ 55,812,680
Cash and Cash Equivalents - Restricted for Construction	17,974,605	-	17,974,605
Property Taxes Receivable	1,174,926	-	1,174,926
Due from Tax Assessor	17,397,280	-	17,397,280
Sales Tax Receivable	5,122,794	-	5,122,794
Accounts Receivable	83,337	-	83,337
Grants Receivable	237,271	-	237,271
Prepaid Expenses	251,264	-	251,264
Capital Assets:			
Land	-	18,493,618	18,493,618
Construction in Progress	-	31,953,684	31,953,684
Property and Equipment, Net of Accumulated Depreciation of \$15,578,038	-	40,228,141	40,228,141
Right-of-Use Lease Assets, Net	-	718,804	718,804
Total Assets	<u>98,054,157</u>	<u>91,394,247</u>	<u>189,448,404</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	-	3,330,815	3,330,815
Total Assets and Deferred Outflows of Resources	<u>\$ 98,054,157</u>	<u>\$ 94,725,062</u>	<u>\$ 192,779,219</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION			
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 5,082,100	\$ -	\$ 5,082,100
Accrued Interest Payable	-	86,032	86,032
Retainage Payable	1,351,190	-	1,351,190
Net Pension Liability	-	811,717	811,717
Compensated Absences:			
Due Within One Year	-	118,353	118,353
Due After One Year	-	236,706	236,706
Lease Liabilities:			
Due Within One Year	-	58,918	58,918
Due After One Year	-	659,886	659,886
Notes Payable:			
Due Within One Year	-	3,294,740	3,294,740
Due After One Year	-	45,624,812	45,624,812
Total Liabilities	<u>6,433,290</u>	<u>50,891,164</u>	<u>57,324,454</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	-	22,168	22,168
Unavailable Grant Revenue	237,271	(237,271)	-
Unavailable Property Tax Revenue	1,174,926	(1,174,926)	-
Total Deferred Inflows of Resources	<u>1,412,197</u>	<u>(1,390,029)</u>	<u>22,168</u>
FUND BALANCE/NET POSITION			
Fund Balance:			
Nonspendable	251,264	(251,264)	-
Restricted for Construction	17,974,605	(17,974,605)	-
Committed for Operating Expenses	31,420,550	(31,420,550)	-
Committed for Capital Replacement	4,865,542	(4,865,542)	-
Unassigned	35,696,709	(35,696,709)	-
Total Fund Balance	<u>90,208,670</u>	<u>(90,208,670)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 98,054,157</u>		
Net Position:			
Net Investment in Capital Assets		58,293,274	58,293,274
Unrestricted		77,139,323	77,139,323
Total Net Position		<u>135,432,597</u>	<u>135,432,597</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position		<u>\$ 94,725,062</u>	<u>\$ 192,779,219</u>

See accompanying Notes to Basic Financial Statements.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2024

	General Fund	Adjustments	Statement of Activities
REVENUES			
Program Revenues:			
State Grants	\$ 280,184	\$ 237,271	\$ 517,455
Federal Grants	118,537	-	118,537
Interlocal Agreements	45,000	-	45,000
General Revenues:			
Property Taxes - Maintenance and Operations	17,128,264	(22,505)	17,105,759
Property Taxes - Debt Service	2,524,394	-	2,524,394
Penalty and Interest on Property Taxes	103,742	-	103,742
Sales Taxes	22,698,782	-	22,698,782
Interest Earned on Temporary Investments	2,984,591	-	2,984,591
Interest Earned on Restricted Investments	1,114,831	-	1,114,831
Miscellaneous	340,554	-	340,554
Total Revenues	<u>47,338,879</u>	<u>214,766</u>	<u>47,553,645</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Salaries	15,066,624	37,594	15,104,218
Employee Benefits	2,616,123	-	2,616,123
Retirement Plan Contribution	1,788,626	(486,638)	1,301,988
Payroll Taxes	1,122,903	-	1,122,903
Supplies and Small Equipment	757,968	-	757,968
Insurance	481,239	-	481,239
Communications	1,033,583	-	1,033,583
Station Expenses	934,591	-	934,591
Training and Travel	636,704	-	636,704
Information Technology	936,027	-	936,027
Vehicles, Fuel, and Maintenance	444,042	-	444,042
Professional Services	387,521	-	387,521
Arbitrage	501,963	-	501,963
Fire Prevention and Outreach	317,474	-	317,474
Lease	103,686	-	103,686
Sales Tax Monitoring	8,872	-	8,872
District Administration	261,909	-	261,909
Miscellaneous	152,483	-	152,483
Capital Outlay	28,427,004	(28,427,004)	-
Loss on Disposal of Capital Assets	-	187,907	187,907
Debt Service:			
Principal	3,410,962	(3,410,962)	-
Interest	1,329,251	10,382	1,339,633
Debt Issuance Cost	113,500	-	113,500
Depreciation and Amortization	-	2,018,725	2,018,725
Total Expenditures/Expenses	<u>60,833,055</u>	<u>(30,069,996)</u>	<u>30,763,059</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,494,176)	13,494,176	-
OTHER FINANCING SOURCES (USES)			
Note Payable Issued	10,000,000	(10,000,000)	-
Lease Initiation	176,507	(176,507)	-
Total Other Financing Sources (Uses)	<u>10,176,507</u>	<u>(10,176,507)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(3,317,669)</u>	<u>3,317,669</u>	<u>-</u>
CHANGE IN NET POSITION	-	-	16,790,586
Fund Balance/Net Position - Beginning of Year, as Previously Reported	83,110,372	-	114,686,961
Correction of Errors (see Note 12)	10,415,967	-	3,955,050
Fund Balance/Net Position - Beginning of Year, as Restated	<u>93,526,339</u>	<u>25,111,739</u>	<u>118,642,011</u>
FUND BALANCE/NET POSITION - END OF YEAR	<u>\$ 90,208,670</u>	<u>\$ 45,223,987</u>	<u>\$ 135,432,597</u>

See accompanying Notes to Basic Financial Statements.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 CREATION OF DISTRICT

Harris County Emergency Services District No. 7 (the District) was created by popular vote on May 10, 1997. Harris County Emergency Services District No. 7 contracted with Spring Volunteer Association to provide emergency services until March 31, 2020. Effective April 1, 2020, Harris County Emergency Services District No. 7 became the direct service provider.

Emergency Services Districts (ESDs) are authorized by the Texas Constitution, Article 3, Section 48-e, and Chapter 775 of the Texas Health & Safety Code. ESDs are political subdivisions of the State of Texas. They may support or provide local emergency services, including emergency medical services, emergency ambulance services, rural fire prevention and control services, and other emergency services authorized by the Texas Legislature. ESDs may collect sales and use tax and/or property taxes to support or provide these services.

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.

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Total Governmental Fund" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items not included among program revenues are reported instead as general revenues.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

1. Governmental Funds

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

2. Fund Balances

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

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 commissioners). 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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

2. Fund Balances (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – 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 improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other net position balances 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 first.

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. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

The District has adopted GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. In compliance with GASB Statement No. 34, the District has presented a Statement of Net Position and Statement of Activities for the year ended December 31, 2024. These statements are presented on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded in the period they are earned, and expenses are recorded in the period they are incurred.

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 originally adopted and amended. Budgeted amounts lapse annually.

E. Cash Equivalents

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

F. Capital Assets

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

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

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets (Continued)

Right-of-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

G. Receivables

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

Amounts due from tax assessor at year end are amounts collected on behalf of the District that had not been deposited into the District's account at year end.

H. Reconciliation of Government-Wide and Fund Financial Statements

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

Total Fund Balance at December 31, 2024	\$ 90,208,670
Capital assets used in governmental activities are not financial and are not reported in the funds.	91,394,247
Conversion of Property Tax Assessments to Full Accrual Basis	1,174,926
Conversion of Grant Revenue to Full Accrual Basis	237,271
Interest paid on long-term debt is adjusted to accrual basis.	(86,032)
Notes payable obligations are not due and payable in the current period and are not reported in the funds.	(48,919,552)
Compensated Absences are not due and payable in the current period	(355,059)
Post employment liabilities (pension) and related deferred outflows and inflows do not represent assets or liabilities in the current period and are not recognized in the governmental fund financial statements.	
Deferred Outflows of Resources	3,330,815
Deferred Inflows of Resources	(22,168)
Net Pension Liability	(811,717)
Lease liability is not reported in the funds.	<u>(718,804)</u>
Total Net Position at December 31, 2024	<u><u>\$ 135,432,597</u></u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. 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	\$ (3,317,669)
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlay	28,427,004
Depreciation Expense	(1,874,105)
Loss on disposal of capital assets is not reported in the funds.	(187,907)
Amortization of right-of-use assets is not reported in the funds.	(144,620)
Governmental funds report proceeds from debt because they provide current financial resources to governmental funds. However, they do not affect net position.	(10,176,507)
Principal payments on debt are reported as expenditures in the funds. However, they do not affect net position.	3,410,962
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	
Compensated Absences	(37,594)
Accrued Interest	(10,382)
Deferred Outflow - Subsequent Contributions	174,263
Deferred Inflow - Change in Assumptions	3,167
Deferred Outflow - Differences between Expected and Actual Experience	786,285
Deferred Outflow - Change in Assumptions	(10,435)
Deferred Outflow - Difference between Projected and Actual Earnings	(184,482)
Net Pension Liability	(282,160)
Change in unavailable grant revenue on the accrual basis of accounting.	237,271
Change in unavailable property tax revenue on the accrual basis of accounting.	<u>(22,505)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 16,790,586</u></u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Leases

Pursuant to GASB Statement No. 87, *Leases*, as the lessee, the District determines whether a contract is, or contains a lease at inception. Lease agreements with a maximum lease term of twelve months or less are accounted for as a short-term lease. Lease agreements not classified as a short-term lease are accounted for as an intangible right of use lease asset. An intangible right of use lease asset represents the District's right to use an underlying asset during the lease term and the lease liability represents the District's obligation to make lease payments arising from the lease. Intangible right of use lease assets and lease liabilities are recognized at lease commencement based upon the estimated present value of unpaid lease payments over the lease term. The District uses its incremental borrowing rate based on information available at lease commencement in determining the present value of unpaid lease payments.

J. Compensated Absences

The liability for compensated absences reported in the financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources related to pensions and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCDRS' Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. At December 31, 2024, the District has only one item that qualifies for reporting in this category – a deferred outflow related to the District's net pension liability.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position includes a separate for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2024, the District has had three items which qualify for reporting in this category – deferred inflow related to the District's net pension liability, unavailable property taxes, and unavailable grant revenue.

NOTE 3 AD VALOREM TAX

During the year ended December 31, 2024, the District levied an ad valorem tax at the rate of \$0.09578 per \$100 of assessed valuation, which resulted in a tax levy of \$20,013,622 for 2024, on the taxable valuation of \$21,263,747,788 for the 2024 tax year. The ad valorem tax was due upon receipt and was considered delinquent if not paid by February 1, at which time penalties and interest were assessed. The levy date of the tax was the later of September 30 of the prior year or the 60th day after the receipt of the certified tax roll. The lien date was January 1 of the subsequent year.

Property taxes are initially recorded as receivables and unearned revenue at the time the tax levy is billed. Revenues recognized during the fiscal year ended December 31, 2024, include collections during the current period or within 60 days of year-end related to the 2024 and prior years' tax levies.

NOTE 4 DEPOSITS AND INVESTMENTS

Deposits were with various contracted depository banks in checking accounts and money market accounts during the year. The deposits were secured by FDIC coverage, and when necessary, additional securities were pledged.

The District holds investments at December 31, 2024 in accordance with the Board approved investment policy, in Texas CLASS, a local government investment pool. In following the Public Funds Collateral Act, Texas CLASS 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 Texas CLASS plus any accrued interest.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

The Texas CLASS pool is measured at net asset value and is exempt for fair value reporting. The pool maintains a Net Asset Value of approximately \$1 per share. The weighted average maturity of the pool at December 31, 2024, was 46 days and was rated AAAM by S&P Global Ratings. Texas CLASS does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts and does not impose any liquidity fees or redemption gates. The investment in Texas CLASS at December 31, 2024 had a net asset value of \$71,244,880.

A separate financial report for Texas CLASS 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 Texas CLASS Client Services, 717 17th St., Suite 1850, Denver, Colorado 80202.

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.

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 substantially complied with the Act's provisions during the year ended December 31, 2024.

NOTE 5 CAPITAL ASSETS

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

	Beginning of Year	Increases	Decreases	End of Year
Land	\$ 18,493,618	\$ -	\$ -	\$ 18,493,618
Construction in Progress	4,309,308	27,644,376	-	31,953,684
Total Nondepreciable Capital Assets	<u>\$ 22,802,926</u>	<u>\$ 27,644,376</u>	<u>\$ -</u>	<u>\$ 50,447,302</u>
Buildings and Improvements	\$ 40,880,511	\$ -	\$ -	\$ 40,880,511
Vehicles and Equipment	14,953,510	606,311	(634,153)	14,925,668
Right-of-Use Lease Assets	932,108	176,507	(173,689)	934,926
Total Depreciable/Amortized Capital Assets	<u>56,766,129</u>	<u>782,818</u>	<u>(807,842)</u>	<u>56,741,105</u>
Accumulated Depreciation/Amortization:				
Buildings and Improvements	(8,079,005)	(1,048,255)	-	(9,127,260)
Vehicles and Equipment	(6,071,174)	(825,850)	446,246	(6,450,778)
Right-of-Use Lease Assets	(245,191)	(144,620)	173,689	(216,122)
Total Accumulated Depreciation/Amortization	<u>(14,395,370)</u>	<u>(2,018,725)</u>	<u>619,935</u>	<u>(15,794,160)</u>
Total Capital Assets Being Depreciated/ Amortized, Net	<u>\$ 42,370,759</u>	<u>\$ (1,235,907)</u>	<u>\$ (187,907)</u>	<u>\$ 40,946,945</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 NOTES PAYABLE

On April 28, 2016, the District entered into a construction loan agreement with JP Morgan Chase Bank at an interest rate of 1.71%. The total agreed loan amount is \$10,000,000. One interest payment was due on October 15, 2016, and 29 semi-annual payments including interest and various principal amounts are due beginning April 15, 2017. At January 1, 2024, the balance due on the note was \$5,651,000. During the year ended December 31, 2024, the District made principal and interest payments of \$665,000 and \$90,946, respectively. At December 31, 2024, the balance due on the note was \$4,986,000. The loan was used for the construction of fire station No. 75 and No. 76. Sales tax revenue collected acts as collateral for the note.

On August 5, 2016, the District entered into a loan agreement (Sales Tax Revenue Note, Series 2016B) with JP Morgan Chase Bank at an interest rate of 1.49% to refinance prior construction loans with Trustmark National Bank and Wells Fargo Bank. The total agreed loan amount is \$8,052,005. A total of 16 semi-annual payments including interest and various principal amounts are due beginning February 1, 2017. At January 1, 2024 the balance due on the note was \$698,628. During the year ended December 31, 2024, the District made principal and interest payments of \$698,628 and \$7,817, respectively. At December 31, 2024, the balance due on the note was \$-0-. The loan was used for construction of new fire station No. 78 and No. 79. Sales tax revenue collected acts as collateral for the note.

On December 28, 2017 the District entered into a construction loan agreement (Sales Tax Revenue note, Series 2017) with Southside Bank at an interest rate of 3.35%. The total agreed loan amount is \$10,000,000. A total of 20 annual payments including interest and various principal amounts are due beginning on December 15, 2018. At January 1, 2024 the balance due on the note was \$7,647,758. During the year ended December 31, 2024, the District made principal and interest payments of \$437,083 and \$256,200, respectively. At December 31, 2024, the balance due on the note was \$7,210,676. The loan was used for the construction of station No. 74 and No. 75 and a maintenance facility. Sales tax revenue collected acts as collateral for the note.

On December 29, 2021 the District entered into a construction loan agreement (Property Tax Revenue note, Series 2021) with TIB N.A. at an interest rate of 2.06%. The total agreed loan amount is \$10,000,000. A total of 20 annual payments including interest and various principal amounts are due beginning on December 15, 2022. At January 1, 2024, the balance due on the note was \$8,836,635. During the year ended December 31, 2024, the District made principal and interest payments of \$599,718 and \$182,035, respectively. At December 31, 2024, the balance due on the note was \$8,236,917. The loan was used for the construction of a new training facility. Property tax pledges act as collateral for the note.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 NOTES PAYABLE (CONTINUED)

On December 22, 2022 the District entered into a construction loan agreement (Property Tax Revenue note, Series 2022) with Truist Bank at an interest rate of 3.89%. The total agreed loan amount is \$10,000,000. A total of 15 annual payments including interest and various principal amounts are due beginning on December 22, 2023. At January 1, 2024, the balance due on the note was \$9,496,493. During the year ended December 31, 2024, the District made principal and interest payments of \$523,093 and \$369,414, respectively. At December 31, 2024, the balance due on the note was \$8,973,400. The loan is being used for the construction of a new training facility. Property tax pledges act as collateral for the note.

On November 10, 2023 the District entered into a construction loan agreement (Sales Tax Revenue note, Series 2023) with JP Morgan Chase Bank at an interest rate of 4.28%. The total agreed loan amount is \$10,000,000. A total of 30 semi-annual payments including interest and various principal amounts are due beginning on May 10, 2024. At January 1, 2024, the balance due on the note was \$10,000,000. During the year ended December 31, 2024, the District made principal and interest payments of \$487,441 and \$422,839, respectively. At December 31, 2024, the balance due on the note was \$9,512,559. The loan is being used for construction of a new training facility. Property tax pledges act as collateral for the note.

On December 27, 2024, the District entered into a construction loan agreement with JP Morgan Chase Bank at an interest rate of 3.83%. The total agreed loan amount is \$10,000,000. A total of 30 semi-annual payments including interest and various principal amounts are due beginning June 27, 2025. The loan is being used for construction of a new training facility. Property tax pledges act as collateral for the note.

Future maturities of the notes payable balances outstanding are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,294,740	\$ 1,624,538	\$ 4,919,278
2026	3,397,277	1,522,733	4,920,010
2027	3,503,086	1,417,429	4,920,515
2028	3,612,345	1,308,503	4,920,848
2029	3,725,168	1,195,824	4,920,992
2030-2034	18,132,251	4,206,725	22,338,976
2035-2039	13,254,685	1,171,433	14,426,118
Total	<u>\$ 48,919,552</u>	<u>\$ 12,447,185</u>	<u>\$ 61,366,737</u>

Changes in long-term liabilities for the year ended December 31, 2024 are as follows:

	<u>Balance December 31, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2024</u>	<u>Due in One Year</u>
Notes Payable	\$ 42,330,514	\$ 10,000,000	\$ (3,410,962)	\$ 48,919,552	\$ 3,294,740
Lease Liabilities	686,917	176,507	(144,620)	718,804	58,918
Compensated Absences	317,465	539,444	(501,850)	355,059	118,353
Totals	<u>\$ 43,334,896</u>	<u>\$ 10,715,951</u>	<u>\$ (4,057,432)</u>	<u>\$ 49,993,415</u>	<u>\$ 3,472,011</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 SALES TAX REVENUE

On May 14, 2011, the residents of the District authorized the District to impose a 1% sales tax where eligible within the District. During the year ended December 31, 2024, the District recorded \$22,698,782 in sales tax revenue.

NOTE 8 LEASE AGREEMENTS

As of December 31, 2024, the CenterPoint Energy tower right-of-use lease asset had an original balance of \$28,760 included in total assets on the Statement of Financial Position. The lease liability of \$8,628 is included in total liabilities as of December 31, 2024. The lease asset was calculated utilizing the average monthly payment over the lease term for the year ended December 31, 2024. The lease liability is the total amount due on the lease at December 31, 2024.

As of December 31, 2024, the Old Town Spring right-of-use lease asset had an original balance of \$176,507 included in total assets on the Statement of Financial Position. The lease liability of \$125,026 is included in total liabilities as of December 31, 2024. The lease asset was calculated utilizing the average monthly payment over the lease term for the year ended December 31, 2024. The lease liability is the total amount due on the lease at December 31, 2024.

As of December 31, 2024, the SBA Treaschwig Site right-of-use lease asset had an original balance of \$436,654 included in total assets on the Statement of Financial Position. The lease liability of \$344,957 is included in total liabilities as of December 31, 2024. The lease asset was calculated utilizing the average monthly payment over the lease term for the year ended December 31, 2024. The lease liability is the total amount due on the lease at December 31, 2024.

As of December 31, 2024, the SBA West Tower right-of-use lease asset had an original balance of \$291,103 included in total assets on the Statement of Financial Position. The lease liability of \$238,704 is included in total liabilities as of December 31, 2024. The lease asset was calculated utilizing the average monthly payment over the lease term for the year ended December 31, 2024. The lease liability is the total amount due on the lease at December 31, 2024.

As of December 31, 2024, the Pitney Bowes right-of-use lease asset had an original balance of \$1,900 included in total assets on the Statement of Financial Position. The lease liability of \$1,489 is included in total liabilities as of December 31, 2024. The lease asset was calculated utilizing the average monthly payment over the lease term for the year ended December 31, 2024. The lease liability is the total amount due on the lease at December 31, 2024.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 LEASE AGREEMENTS (CONTINUED)

Maturities of the lease liabilities as of December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 58,918	\$ 74,340	\$ 133,258
2026	123,496	11,107	134,603
2027	29,490	9,800	39,290
2028	29,490	11,355	40,845
2029	29,110	12,932	42,042
2030-2034	145,552	87,714	233,266
2035-2039	145,552	142,581	288,133
2040-2044	145,552	205,006	350,558
2045	11,644	19,116	30,760
Total	<u>\$ 718,804</u>	<u>\$ 573,951</u>	<u>\$ 1,292,755</u>

NOTE 9 INTERLOCAL AGREEMENTS

On September 1, 2021, the District entered into a lease agreement with Harris County Emergency Services District No. 11 (ESD 11). The lease agreement is for lease and usage of District owned facilities, Stations 73, 74 and 75. ESD 11 will lease the facilities for operation of an emergency medical services facility. ESD 11 agrees to lease the real property for a term commencing on September 1, 2021, and ending on September 1, 2022. It will renew annually at the end of each one (1)-year term for a total of five (5) one (1)-year terms, unless otherwise terminated prior to such renewal. ESD 11 will make rental payments for the use and occupancy of the real property at a rate of One Thousand (\$1,000.00) per station per month, due no later than forty-five (45) days after receipt of invoice. on each anniversary date thereof. A party may withdraw its participation from this agreement by providing thirty (30) days' prior written notice to the other party. Upon receipt and expiration of such notices, ESD 11 shall vacate the premises. Due to the one (1) year term of the lease, as well as the unknown cost of future years' fees, this agreement does not meet the reportable criteria of a lease under GASB Statement No. 87, *Leases*.

On June 1, 2021, the District entered into an interlocal agreement with four other Harris County Emergency Service Districts (the Parties) with the Texas Emergency Communications Center, Inc. (TECC). The purpose of the interlocal agreement is to provide for the construction and operation of a joint, integrated, emergency communications system to serve the Parties and potentially other emergency service providers. The agreement shall continue for a period of thirty years from the date of the agreement and from year to year thereafter unless terminated by at least six months written notice served by any Party to all other Parties. As of December 31, 2024, the District has made capital contributions of \$400,000 to TECC.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 10 DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code, Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, death, or unforeseeable emergencies. Federal law requires all assets and income of Section 457 plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries. The District's deferred compensation plan is administered by a private corporation under contract with the District. The District does not contribute to this plan.

The District offers its volunteers deferred compensation plan (TESRS) created in accordance with Government Code Title 8 – Public Retirement Systems Subtitle H. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, death, or unforeseeable emergencies. Active members are covered by survivor and disability benefits. Federal law requires all assets and income of Section 457 plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries. The District's deferred compensation plan is administered by a governor appointed Board. The District contributed \$46,600 to this plan in 2024.

NOTE 11 RETIREMENT PLAN

Plan Description

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

Employee membership data related to the Plan as of December 31, 2024 was as follows:

Inactive Employees Entitled to But Not Yet	
Receiving Benefits	24
Active Plan Members	165
Total	<u>189</u>

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 250%) 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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11 RETIREMENT PLAN (CONTINUED)

Plan Description (Continued)

For the year ended December 31, 2024, the District's total covered payroll for all employees was \$14,647,836. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan and was calculated by the actuary based on contributions as reported to the Plan.

Contributions

Employees of the District are required to contribute 7% of covered compensation to the Plan. The contributions are deducted from the employee's wages or salary and remitted by the District to the Plan on a monthly basis. The District's contractually required contribution rate for the year ended December 31, 2024 was 11.8% 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, 2024 were \$1,702,079.

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

At December 31, 2024, the District reported a liability of \$811,717 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2024, the District recognized pension expense of \$1,215,442. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Results	\$ -	\$ 1,299,934
Changes of Assumptions	22,168	93,914
Net Difference Between Projected and Actual Earnings	-	234,888
Contributions Subsequent to the Measurement Date	-	1,702,079
Total	<u>\$ 22,168</u>	<u>\$ 3,330,815</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11 RETIREMENT PLAN (CONTINUED)

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

Deferred outflows of \$1,702,079 related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 222,843
2026	214,153
2027	272,522
2028	128,250
2029	150,720
Thereafter	618,080
Total	<u>\$ 1,606,568</u>

Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	Varies by Age and Service. 4.7% Average Over Career Including Inflation.
Investment Rate of Return	7.60%, Net of Investment Expenses, Including Inflation

In the 2023 actuarial valuation, assumed life expectancies were 135% of the Pub 2010 General Retirees Table of males and 120% of the Pub 2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period from January 1, 2017 through December 31, 2020, except where required to be different by GASB Statement No. 68.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11 RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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 2024 information for a 10-year time horizon.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
U.S. Equities	11.50 %	4.75 %
Global Equities	2.50	4.75
International Equities - Developed	5.00	4.75
International Equities - Emerging	6.00	4.75
Investment - Grade Bonds	3.00	2.35
Strategic Credit	9.00	3.65
Direct Lending	16.00	7.25
Distressed Debt	4.00	6.90
REIT Equities	2.00	4.10
Master Limited Partnerships	2.00	5.20
Private Real Estate Partnerships	6.00	5.70
Private Equity	25.00	7.75
Hedge Funds	6.00	3.25
Cash Equivalents	2.00	0.60
Total	100.00 %	

Discount Rate

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11 RETIREMENT PLAN (CONTINUED)

Changes in District's Net Pension Liability (Asset)

Changes in the District's net pension liability (asset) for the year ended December 31, 2024 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability (Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2023	\$ 5,926,114	\$ 5,396,557	\$ 529,557
Changes for the Year:			
Service Cost	1,953,390	-	1,953,390
Interest on Total Pension Liability	597,038	-	597,038
Effect of Plan Changes	-	-	-
Effect of Economic/Demographic Gains or Losses	929,737	-	-
Effect of Assumptions Changes or Inputs	-	-	-
Refund of Contributions	(48,365)	(48,365)	-
Benefit Payments	-	-	-
Administrative Expenses	-	(4,463)	4,463
Member Contributions	-	934,657	(934,657)
Net Investment Income	-	616,975	(616,975)
Employer Contributions	-	1,527,816	(1,527,816)
Other	-	123,020	(123,020)
Balances as of December 31, 2024	<u>\$ 9,357,914</u>	<u>\$ 8,546,197</u>	<u>\$ 811,717</u>

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 liability 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:

	1% Decrease in Discount Rate 6.60%	Current Discount Rate 7.60%	1% Increase in Discount Rate 8.60%
Net Pension Liability (Asset)	\$ 3,223,632	\$ 811,717	\$ (1,059,863)

Plan Fiduciary Net Position

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

Payable to the Plan

At December 31, 2024, the District had no outstanding amounts owed to the pension plan for contributions for the year ended December 31, 2024.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 12 PRIOR PERIOD ADJUSTMENTS

The 2023 financial statements have been restated to correct misstatements. The following is a summary of the prior period adjustments:

- Payroll costs from December 18, 2023 through December 31, 2023 (pay date January 5, 2024) were not accrued at December 31, 2023. The amount of that payroll was \$569,142. As a result of this error, salaries expenditures/expenses and accrued liabilities were understated by this amount.
- In Texas, the Comptroller's office allocates local sales tax revenues to cities, counties, special purpose districts and transit authorities. These allocation payments generally represent taxes collected on sales made two or more months prior to the allocation payment date. The amount of sales tax collected for November 2023 and December 2023 that were received in January and February 2024 was \$3,842,559 was not recorded at December 31, 2023. As a result of this error, sales tax receivable and sales tax revenue were understated by this amount.
- Property tax collections within sixty days of December 31, 2023, were not recorded as revenue. The amount of property tax collections in January and February 2024 was \$9,144,288. As a result of this error, property tax revenue was understated, and unavailable property tax revenue was overstated by this amount.
- The amount of compensated absences that was not used that is attributable to services already rendered that accumulates was not recorded at December 31, 2023. The amount of these compensated absences was \$317,465. As a result of this error, accrued compensated absences was understated, and unrestricted net position was overstated by this amount.
- Certain of the District's leases include options to extend the lease. In accordance with GASB Statement No. 87, the lease term includes periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option. The District intends to renew all options to extend. These extension periods were not included in the lease terms at December 31, 2023. As a result of this error, lease liabilities were understated by \$570,366 and right-of-use lease assets were understated by \$575,582.
- The District participates in an interlocal agreement with the Texas Emergency Communications Center, Inc. (TECC) but has no equity interest in TECC. As of December 31, 2023, the District had made capital contributions of \$400,000 to TECC and recorded these contributions as an investment in TECC. As a result of this error, the investment in TECC and fund balance/net position were overstated by this amount.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 12 PRIOR PERIOD ADJUSTMENTS (CONTINUED)

- During 2024, the District reviewed its detail capital asset listing and noted certain assets were required to be added/removed from the listing as of December 31, 2023. As a result of this review, the District noted construction in progress was understated by \$577,803, vehicles were overstated by \$1,481,468, and accumulated depreciation was overstated by \$1,740,368 which resulted in net investment in capital assets being understated by \$836,703.
- During the District's review of its capital assets, it was also noted that that an invoice from Abercrombie for November/December 2023 construction costs was not accrued. The amount of this invoice was \$806,885. As a result of this error, capital outlay expenditures and accrued liabilities were understated by this amount.
- At December 31, 2023, the District's net pension liability and deferred outflows of resources and deferred inflows of resources related to the net pension liability were recorded in the general fund. The net effect of these items being recorded in the general fund resulted in unassigned fund balance being overstated by \$794,854.
- At December 31, 2023, the District also used the actuarial valuation for the fiscal year ended December 31, 2024, to record its net pension liability and deferred outflows of resources and deferred inflows of resources related to its net pension liability. Additionally, a deferred outflow of resources was not recorded for contributions subsequent to the measurement date. The net effect of these errors resulted in unrestricted net position being understated by \$557,179.

	General Fund	Statement of Activities
Fund Balance/Net Position - Beginning of Year - as Previously Reported	\$ 83,110,372	\$ 114,686,961
Correction to Record Compensated Absences	-	(317,465)
Correction to Capital Assets	-	836,703
Correction to Right-of-Use Lease Assets	-	5,216
Correction to Capital Outlay Expenditures	(806,885)	-
Correction to Investment in TECC	(400,000)	(400,000)
Correction to Pension Related Accounts	(794,853)	557,179
Correction to Accrued Payroll Liability	(569,142)	(569,142)
Correction to Sales Tax Revenue	3,842,559	3,842,559
Correction to Property Tax Revenue	9,144,288	-
Fund Balance/Net Position - Beginning of Year - as Restated	<u>\$ 93,526,339</u>	<u>\$ 118,642,011</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 13 RISK MANAGEMENT

The District has insurable risks in various areas. During the year, the District obtained insurance against risks through a commercial carrier. The District believes the amount and types of coverage are adequate to protect the District from losses which could reasonably be expected to occur. There were no significant reductions in insurance coverages in the past year and settled claims resulting from these risks have not exceeded coverage in any of the past three years.

NOTE 14 GROUP TERM LIFE INSURANCE

The District participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. GTLF is a separate trust administered by the TCDRS board of trustees. Funding Policy: Each participating employer contributes to GTLF at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The District's contribution to the GTLF for the year ended December 31, 2024 was \$10,288, which equaled the contractually required contribution.

NOTE 15 COMMITMENTS AND CONTINGENCIES

At December 31, 2024, the District had active construction projects. The outstanding commitments of \$32,222,909 with contractors are as follows:

Project	Spent to Date	Remaining Commitment
W.W "Cotton" Weaver Training Facility	\$ 26,962,957	\$ 26,014,244
Fire Station 72	\$ 3,684,055	\$ 3,708,704
Fire Station 77	\$ 1,077,932	\$ 2,499,961

The District will pay for the outstanding commitments with a combination of direct loan financing and reserves.

NOTE 16 SUBSEQUENT EVENTS

On June 10, 2025, the District entered into a loan agreement with JPMorgan Chase Bank, N.A. for a direct loan in the amount of \$10,000,000. The loan is intended to finance the construction of a new training facility. The loan agreement stipulates that the loan will be repaid over a period of 20 years, with an interest rate of 3.98% per annum. The loan is secured by the District's property tax revenues.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Original Budget	Final Budget	Actual	Over (Under)
REVENUES				
Property Taxes - Maintenance and Operations	\$ 17,914,819	\$ 16,227,535	\$ 17,128,264	\$ 900,729
Property Taxes - Debt Service	-	1,687,285	2,524,394	837,109
Penalty and Interest on Property Taxes	-	-	103,742	103,742
Sales Tax Revenue	18,000,000	18,000,000	22,698,782	4,698,782
Interest Earned on Temporary Investments	-	-	2,984,591	2,984,591
Interest Earned on Restricted Investments	1,400,000	1,400,000	1,114,831	(285,169)
Miscellaneous	-	-	340,554	340,554
Interlocal Agreements	-	-	45,000	45,000
State Grants	-	-	280,184	280,184
Federal Grant	-	-	118,537	118,537
Total Revenues	37,314,819	37,314,820	47,338,879	10,024,059
EXPENDITURES/EXPENSES				
Service Operations:				
Salaries and Benefits	16,021,035	18,521,036	14,492,259	(4,028,777)
Employee Benefits	1,627,945	1,627,945	2,135,855	507,910
Payroll Taxes	1,078,803	1,078,803	1,590,748	511,945
Retirement Plan Contribution	9,301	9,301	1,750,596	1,741,295
Supplies and Small Equipment	800,000	800,000	758,581	(41,419)
Insurance	1,016,000	1,016,000	796,591	(219,409)
Communications	131,153	131,153	1,033,583	902,430
Station Expenses	150,000	150,000	203,237	53,237
Training	675,000	675,000	730,546	55,546
Information Technology	1,119,928	1,119,928	1,234,727	114,799
Vehicles, Fuel, and Maintenance	1,000,000	1,000,000	887,125	(112,875)
Professional Services	20,000	20,000	610,061	590,061
Arbitrage	550,000	550,000	501,963	(48,037)
Fire Prevention and Outreach	350,000	350,000	317,474	(32,526)
Appraisal District Fees	100,000	100,000	145,568	45,568
Collection Fees	85,000	85,000	49,372	(35,628)
Lease	83,300	83,300	103,686	20,386
Sales Tax Monitoring	3,877	3,877	8,872	4,995
District Administration	1,869,000	1,869,000	201,494	(1,667,506)
Capital Outlay	4,580,000	28,924,000	28,427,004	(496,996)
Debt Service:				
Note Principal	3,400,963	3,400,963	3,410,962	9,999
Note Interest	1,329,251	1,329,251	1,329,251	-
Debt Issuance Cost	-	-	113,500	113,500
Total Expenditures/Expenses	36,000,555	62,844,556	60,833,055	(2,011,502)
CHANGE IN FUND BALANCE	1,314,264	(25,529,736)	(13,494,176)	12,035,561
OTHER FINANCING SOURCES	-	-	10,176,507	10,176,507
Fund Balance - Beginning of Year, as Restated	93,526,339	93,526,339	93,526,339	-
FUND BALANCE - END OF YEAR	<u>\$ 94,840,603</u>	<u>\$ 67,996,603</u>	<u>\$ 90,208,670</u>	<u>\$ 22,212,068</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS
(SEE INDEPENDENT AUDITORS' REPORT)

	2023	2022	2021	2020
TOTAL PENSION LIABILITY				
Service Cost	\$ 1,953,390	\$ 1,745,056	\$ 1,722,597	\$ 1,106,307
Interest on Total Pension Liability	597,038	390,605	231,938	89,580
Effect of Assumption Changes or Inputs	-	-	(31,669)	135,654
Effect of Economic/Demographic (Gains) or Losses	929,737	419,560	168,457	1,664
Benefits Payments/Refunds of Contributions	(48,365)	(46,325)	(6,535)	(775)
Net Changes in Total Pension Liability	<u>3,431,800</u>	<u>2,508,896</u>	<u>2,084,788</u>	<u>1,332,430</u>
Total Pension Liability, Beginning	<u>5,926,114</u>	<u>3,417,218</u>	<u>1,332,430</u>	<u>-</u>
TOTAL PENSION LIABILITY, ENDING	9,357,914	5,926,114	3,417,218	1,332,430
PLAN FIDUCIARY NET POSITION				
Employer Contributions	1,527,816	1,431,224	944,320	640,320
Member Contributions	934,657	796,388	707,734	479,897
Investment Income Net of Investment Expenses	616,975	(378,723)	442,615	2,287
Benefit Payments/Refunds of Contributions	(48,365)	(46,325)	(6,535)	(775)
Administrative Expenses	(4,463)	(3,162)	(1,778)	(844)
Other	123,018	309,854	46,937	33,125
Net Change in Fiduciary Net Position	<u>3,149,636</u>	<u>2,109,256</u>	<u>2,133,293</u>	<u>1,154,010</u>
Plan Fiduciary Net Position, Beginning	<u>5,396,557</u>	<u>3,287,302</u>	<u>1,154,009</u>	<u>-</u>
PLAN FIDUCIARY NET POSITION, ENDING	<u>8,546,196</u>	<u>5,396,557</u>	<u>3,287,302</u>	<u>1,154,009</u>
NET POSITION LIABILITY (ASSET), ENDING	<u><u>\$ 811,717</u></u>	<u><u>\$ 529,555</u></u>	<u><u>\$ 129,916</u></u>	<u><u>\$ 178,421</u></u>
Fiduciary Net Position as a Percentage of Total Pension Liability	91.33%	91.06%	96.20%	86.61%
Pensionable Covered Payroll	\$ 13,352,247	\$ 11,376,976	\$ 10,110,491	\$ 6,855,670
Net Pension Liability (Asset) as a Percentage of Covered Payroll	6.08%	4.65%	1.28%	2.60%

Note: The District implemented GASB 68 in fiscal year 2020. Ten years of data will accumulate over time. The amounts are for the measurement date for the applicable year.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS
(SEE INDEPENDENT AUDITORS' REPORT)

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a Percent of Covered Payroll</u>
2020	\$ 640,320	\$ 640,320	\$ -	\$ 6,855,670	9.34 %
2021	944,320	944,320	-	10,110,491	9.34
2022	1,431,224	1,431,224	-	11,376,976	12.58
2023	1,527,497	1,527,816	(319)	13,352,247	11.44
2024	1,702,079	1,702,079	-	14,647,836	11.62

Notes to Schedule:

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:	16.6 Years (Based on Contribution Rate Calculated in December 31, 2023 Valuation)
Asset Valuation Method:	5-Year Smoothed Market
Inflation:	2.50%
Salary Increases:	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return:	7.6%, 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:	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule:	
2015	New inflation, mortality, and other assumptions were reflected.
2017	New mortality assumptions were reflected.
2019	New inflation, mortality, and other assumptions were reflected.
2022	New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule:	
2015-2024	No changes in plan provisions were reflected.

The District implemented GASB 68 in fiscal year 2020. Ten years of data will accumulate over time. The amounts are for the applicable fiscal year.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
SCHEDULE OF TEMPORARY INVESTMENTS (CASH EQUIVALENTS)
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

<u>Bank</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Texas CLASS - General Operating Fund	-	5.5744	\$ 39,284,835
Texas CLASS - Sales Tax	-	5.5744	13,985,440
Texas CLASS - Series 2023	-	5.5744	7,968,190
Texas CLASS - Series 2024			<u>10,006,414</u>
Total			<u><u>\$ 71,244,879</u></u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
ANALYSIS OF TAXES RECEIVABLE
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

Taxes Receivable - Beginning of Year	\$ 1,032,663
2024 Tax Roll	20,013,622
Adjustments	<u>(337,802)</u>
Total to Be Accounted For	20,708,483
 Tax Collections Received from Tax Collector	 <u>(19,533,557)</u>
 Taxes Receivable - End of Year	 <u><u>\$ 1,174,926</u></u>
 Taxes Receivable - By Years:	
2024	\$ 924,999
2023	40,765
2022	54,510
2021	31,516
2020 and Prior	<u>123,136</u>
 Taxes Receivable - End of Year	 <u><u>\$ 1,174,926</u></u>

ASSESSED VALUATION SUMMARY

	2024	2023	2022	2021	2020
Property Valuations:					
Total Property Valuations	<u>\$ 21,263,747,788</u>	<u>\$ 20,216,043,235</u>	<u>\$ 17,731,587,211</u>	<u>\$ 15,411,162,268</u>	<u>\$ 14,381,124,911</u>
Tax Rate per \$100 Valuations	<u>\$ 0.09578</u>	<u>\$ 0.09000</u>	<u>\$ 0.09390</u>	<u>\$ 0.09750</u>	<u>\$ 0.09970</u>
Tax Rolls	<u>\$ 20,013,622</u>	<u>\$ 18,194,439</u>	<u>\$ 16,649,960</u>	<u>\$ 15,025,883</u>	<u>\$ 14,337,982</u>
Percent of Taxes Collected to Taxes Levied	94.1%	99.8 %	99.7 %	99.8%	99.9 %

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 7
BOARD MEMBERS AND CONSULTANTS
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

District Mailing Address: Harris County Emergency Services District No. 7
656 East Louetta Road
Spring, Texas 77373

District Telephone Number: (281) 355-1266

<u>Board Members</u>	<u>Term of Office or Date Hired</u>	<u>Fees Paid* FYE 12/31/24</u>	<u>Expense Reimbursements FYE 12/31/24</u>	<u>Title at Year End</u>
Melanie Gander	(Elected) 06/01/24-05/31/26	\$ 1,950	\$ -	President
Gayle Fuller	(Elected) 06/01/24-09/30/24	1,200	-	Vice President
David Mills	(Elected) 06/01/24-05/31/26	3,150	-	Treasurer
Keith Willingham	(Elected) 06/01/24-05/31/26	2,250	-	Secretary
Bob Schmanski	(Elected) 06/01/24-05/31/26	2,850	-	Assistant Treasurer
Todd Anderson	(Former Treasurer)	300	-	Former Treasurer

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

<u>Consultants</u>	<u>Date Hired</u>	<u>Fees Paid* and Expense Reimbursements FYE 12/31/24</u>	<u>Title at Year End</u>
Coveler & Peeler, P.C.	2000	\$ 115,389	Attorney
Thrower Law, P.C.	2017	40,169	Attorney
Andrews Myers Coulter & Hayes, P.C.	2021	6,714	Attorney
Ann Harris Bennett	2003	49,371	Tax Collector
McLennan & Associates, L.P.	2003	20,404	Bookkeeper
Breedlove & Co., P.C.	2009	23,115	Auditor
Harris County Appraisal District	2003	109,034	Appraisal District

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



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