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September 10, 2021

Mr. James Hastings
Harris County Clerk
Office of Commissioners' Court
1001 Preston, Suite 610
Houston, Texas 77002

***Re: Harris County Emergency Services District No. 13;
Submission of Annual Report for 2020***

Dear Mr. Hastings:

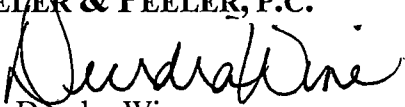
This office is counsel to the Harris County Emergency Services District No. 13, and acting pursuant to their instructions, we are filing herewith the 2020 Audit for the District pursuant to Section 775.082 of the Texas Health and Safety Code.

Please do not hesitate to contact our office should you have questions or need additional information regarding the enclosed submissions.

Very truly yours,

COVELER & PEELER, P.C.

By:



Deirdra Wine

Legal Assistant to Ira A. Coveler

/dw

Enclosure

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

REPORT ON FINANCIAL STATEMENTS
(With Supplemental Material)

FOR THE YEAR ENDED DECEMBER 31, 2020

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

TABLE OF CONTENTS

Independent Auditors' Report.....	1-2
Management's Discussion & Analysis	3-6

FINANCIAL STATEMENTS

Statement of Net Position and Governmental Funds Balance Sheet.....	7
Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balance	8
Notes to Financial Statements.....	9-20

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	21
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios	22-23
Schedule of Employer Contributions	24

SUPPLEMENTARY INFORMATION

Analysis of Taxes Receivable	25
Board Members and Consultants	26-27

BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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JILL A. HENZE, CPA
President

NICOLE BREEDLOVE HUNT, CPA
CEO

INDEPENDENT AUDITORS' REPORT

July 26, 2021

Board of Commissioners
Harris County Emergency Services District No. 13
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harris County Emergency Services District No. 13, as of and for the year ended December 31, 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 an opinion 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 of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Harris County Emergency Services District No. 13, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in conformity 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 budgetary comparison information on pages 3 through 6 and 21 through 24 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 an opinion on the financial statements that collectively comprise Harris County Emergency Service District No. 13's financial statements as a whole. The Supplementary Information on pages 25 to 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information was the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Breslow & Co., P.C.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

MANAGEMENT'S DISCUSSION & ANALYSIS DECEMBER 31, 2020

Our discussion and analysis of the financial performance of Harris County Emergency Services District No. 13 (the "District") provides an overview of the District's financial activities for the year ended December 31, 2020. Please read it in conjunction with the District's financial statements, included in this annual report.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$28,290,185 as of December 31, 2020.

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Net Position

	2020	2019
Current and other assets	\$ 21 418 104	\$ 12 508 912
Capital assets	<u>16 442 016</u>	<u>14 928 175</u>
Total assets	<u>\$ 37 860 120</u>	<u>\$ 27 437 087</u>
Deferred outflows of resources	<u>\$ 194 639</u>	<u>\$ 230 900</u>
Current liabilities	\$ 948 391	\$ 324 315
Long term liabilities	<u>8 800 941</u>	<u>2 305 312</u>
Total liabilities	<u>\$ 9 749 332</u>	<u>\$ 2 629 627</u>
Deferred inflows of resources	<u>\$ 15 242</u>	<u>\$ 6 143</u>
Net Position:		
Net investment in capital assets	\$ 7 041 535	\$ 12 371 443
Unrestricted	<u>21 248 650</u>	<u>12 660 774</u>
Total net position	<u>\$ 28 290 185</u>	<u>\$ 25 032 217</u>

The following table provides a summary of the District's operations for the year ended December 31, 2020. The District increased its net position by \$3,257,968.

Summary of Changes in Net Position

	2020	2019
Revenues:		
Property taxes	\$ 8 085 133	\$ 7 768 929
Other revenues	<u>3 629 012</u>	<u>439 132</u>
Total revenues	11 714 145	8 208 061
Expenses	<u>8 456 177</u>	<u>6 906 620</u>
Change in net position	3 257 968	1 301 441
Net position, beginning of year	<u>25 032 217</u>	<u>23 730 776</u>
Net position, end of year	<u>\$ 28 290 185</u>	<u>\$ 25 032 217</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's fund balances as of December 31, 2020 and 2019 were \$14,937,086 and \$8,488,378, respectively, an increase of \$6,448,708.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

(Continued)

FUND FINANCIAL STATEMENTS

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

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners did not amend the budget during the fiscal year. Actual excess of revenues over expenditures was \$5,443,217 more than the budgeted excess of revenues over expenditures because (1) revenues were budgeted on collections at 100% with no change in property values, (2) sales tax revenue was greater than expected, and (3) debt proceeds were received for the construction of station no. 25.

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)

	2020	2019
Land	\$ 4 991 750	\$ 4 991 750
Property and equipment	10 680 829	9 936 425
Construction in progress	769 437	-
Total capital assets	<u>\$ 16 442 016</u>	<u>\$ 14 928 175</u>

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2020 are summarized as follows:

Long term debt, beginning of year	\$ 2 556 732
Debt proceeds	8 625 000
Retirements of principal	<u>(1 781 251)</u>
Long term debt, end of year	<u>\$ 9 400 481</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2020
(Continued)

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Scott Johnson, Secretary/Treasurer of the District, Harris County ESD No. 13, 11900 Cypress North Houston Road, Cypress, Texas 77429-5948.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET DECEMBER 31, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 13 760 146	\$ -	\$ 13 760 146
Property taxes receivable	6 356 965	-	6 356 965
Due from tax assessor	1 068 011	-	1 068 011
Miscellaneous receivable	81 404	-	81 404
Net pension asset	151 578	-	151 578
Capital assets			
Land	-	4 991 750	4 991 750
Property and equipment (net of accumulated depreciation of \$7,551,573)	-	10 680 829	10 680 829
Construction in progress	-	769 437	769 437
Total Assets	<u>21 418 104</u>	<u>16 442 016</u>	<u>37 860 120</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources	194 639	-	194 639
Total Deferred Outflows of Resources	194 639	-	194 639
Total Assets and Deferred Outflows of Resources	<u>\$ 21 612 743</u>	<u>\$ 16 442 016</u>	<u>\$ 38 054 759</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 303 450	\$ 45 401	\$ 348 851
Long term liabilities			
Due within one year	-	599 540	599 540
Due after one year	-	8 800 941	8 800 941
Total Liabilities	<u>303 450</u>	<u>9 445 882</u>	<u>9 749 332</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows of resources	15 242	-	15 242
Unavailable tax revenues	6 356 965	(6 356 965)	-
Total Deferred Inflows of Resources	<u>6 372 207</u>	<u>(6 356 965)</u>	<u>15 242</u>
<u>FUND BALANCE/NET POSITION</u>			
Unassigned fund balance	14 937 086	(14 937 086)	-
Total Fund Balance	14 937 086	(14 937 086)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 21 612 743</u>		
Net position			
Net investment in capital assets		7 041 535	7 041 535
Unrestricted		21 248 650	21 248 650
Total Net Position		<u>28 290 185</u>	<u>28 290 185</u>
Total Liabilities, Deferred Inflows of Resources and Net Position		<u>\$ 16 442 016</u>	<u>\$ 38 054 759</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Property taxes	\$ 5 910 804	\$ 2 174 329	\$ 8 085 133
Sales taxes	3 382 174	-	3 382 174
Penalties and interest on taxes	74 132	-	74 132
Interest income on temporary investments	28 434	-	28 434
Contract income	70 096	-	70 096
Gain on disposal of assets	50 000	-	50 000
Miscellaneous	24 176	-	24 176
Total Revenues	<u>9 539 816</u>	<u>2 174 329</u>	<u>11 714 145</u>
Expenditures/Expenses			
Service Operations			
Administration	1 995 553	-	1 995 553
Appraisal district	62 013	-	62 013
Dispatching	23 487	-	23 487
Equipment maintenance	650 918	-	650 918
Firefighter appreciation	41 976	-	41 976
Firefighter payroll	3 434 435	-	3 434 435
Firefighting supplies and equipment	70 780	-	70 780
Fuel	33 019	-	33 019
Insurance	228 307	-	228 307
Office	21 441	-	21 441
Professional fees	598 993	-	598 993
Tax assessor	20 587	-	20 587
Training	59 761	-	59 761
Utilities	128 300	-	128 300
Capital Outlay	2 363 300	(2 363 300)	-
Debt Service			
Principal	1 781 251	(1 781 251)	-
Interest	65 121	35 161	100 282
Debt issuance costs	136 866	-	136 866
Depreciation	-	849 459	849 459
Total Expenditures/Expenses	<u>11 716 108</u>	<u>(3 259 931)</u>	<u>8 456 177</u>
Excess (Deficiency) of Revenues Over Expenditures	(2 176 292)	5 434 260	
Debt proceeds	<u>8 625 000</u>	<u>(8 625 000)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Debt Proceeds Over Expenditures	6 448 708	(3 190 740)	
Change in Net Position			3 257 968
Fund Balance/Net Position			
Beginning of Year	<u>8 488 378</u>	<u>16 543 839</u>	<u>25 032 217</u>
End of Year	<u>\$ 14 937 086</u>	<u>\$ 13 353 099</u>	<u>\$ 28 290 185</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

NOTE (1) CREATION OF DISTRICT

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

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

On January 1, 2019, the District began to provide fire protection and rescue services within.

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

B. BASIS OF PRESENTATION

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

The District uses the following fund types:

a. Governmental Funds

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

b. Fund Balances

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

b. Fund Balances

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

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

The District uses the following classifications for net position:

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

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

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

C. BASIS OF ACCOUNTING

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

The District has adopted GASB 34, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*." In compliance with GASB 34, the District has presented a Statement of Net Position and Statement of Activities for the year ended December 31, 2020. These statements are presented on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded in the period they are earned, and expenses are recorded in the period they are incurred. The "Adjustments" column on these statements represents tax revenues adjusted to reflect an accrual basis rather than a modified accrual basis of accounting. All fund balances are adjusted to reflect net position.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGET

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

E. CASH EQUIVALENTS

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

F. CAPITAL ASSETS

Acquisitions of capital assets are recorded at cost and depreciated on a straight-line basis. During the year ended December 31, 2020, the District recorded \$849,459 as depreciation expense related to capital assets. Buildings are depreciated using a useful life of 39-40 years. Improvements are depreciated using a useful life of 10-20 years. Furniture and fixtures are depreciated using a useful life of 6-10 years. Vehicles are depreciated using a useful life of 5-15 years. Land is not a depreciable asset.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

I. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Total Fund Balance at December 31, 2020	<u>\$ 14 937 086</u>
Capital assets used in governmental activities are not financial and are not reported in the funds	16 442 016
Conversion of property tax assessments to full accrual basis	6 356 965
Unpaid interest on debt adjusted to accrual basis	(45 401)
Long-term debt obligations are not reported in the funds	<u>(9 400 481)</u>
Adjustment to fund balance to arrive at net position	<u>13 353 099</u>
Total Net Position at December 31, 2020	<u>\$ 28 290 185</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Change in fund balance	\$ 6 448 708
Governmental funds report capital outlays as expenditures. However, for government-wide financials statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	1 513 841
Unpaid interest on debt adjusted to accrual basis	(35 161)
Governmental funds report proceeds from debt because they provide current financial resources to governmental funds. However, they do not affect net position.	(8 625 000)
Principal payments on debt are reported as expenditures in the funds. However, they do not affect net position.	1 781 251
Conversion of property tax assessments to full accrual basis	<u>2 174 329</u>
Change in net position of governmental activities	<u>\$ 3 257 968</u>

NOTE (3) AD VALOREM TAX

During the year ended December 31, 2020, the District levied an ad valorem tax at the rate of \$.10 per \$100 of assessed valuation, which resulted in a tax levy of \$8,256,737 for 2020, on the taxable valuation of \$8,256,737,066 for the 2020 tax year. The ad valorem tax was due upon receipt and was considered delinquent if not paid by February 1 of the subsequent year, at which time penalties and interest were assessed. The levy date of the tax was September 1 of the year prior to the delinquent date, or as soon after September 1 as it took to set the tax rate. The lien date was January 1 of the subsequent year.

In the governmental funds, property taxes are initially recorded as receivables and unearned revenue at the time the tax levy is billed. Revenues recognized during the fiscal year ended December 31, 2020, include collections during the current period or within 60 days of year-end related to the 2020 and prior years' tax levies.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Continued)

NOTE (4) DEPOSITS AND INVESTMENTS

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

The contracted depository bank used by the District was Trustmark Bank. The largest cash, savings, and time deposit combined balance during the year ended December 31, 2020 was \$12,550,385 and occurred in October 2020. The bank internally pledged funds to secure deposits in excess of FDIC coverage. During the year, amounts were adequately collateralized with securities maintained by the bank.

Statutes authorize the District to invest in direct or indirect obligations of the United States, the state, or any county, school district, or other political subdivision of the state. Funds of the District may also be placed in certificates of deposit of state or national banks or savings associations within the state. The District holds investments at December 31, 2020, in accordance with the Board approved investment policy, in TexPool State Treasury ("TexPool"). In following the Public Funds Collateral Act, TexPool invests the District's funds in obligations of the United States, obligations issued by a public agency that is payable from taxes, revenues, or a combination thereof that has been rated by a nationally recognized rating agency with a rating of not less than A, or any security in which a public entity may invest under the Public Funds Investment Act of 1987. Surety bonds and investment securities are used as collateral to secure both the amount of the deposits with TexPool plus any accrued interest. A separate financial report for TexPool is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from TexPool Participant Services, c/o Federated Investors, 1001 Texas Ave., 14th Floor, Houston, Texas 77002. The District held investments in TexPool with a total carrying value and market value of \$2,032,304 at December 31, 2020.

Local governments are subject to the Public Funds Investment Act as amended during the 1995 legislative session. The Act directs local governments to adopt a written investment policy that primarily emphasizes safety of principal and liquidity. Also addressed under the Act are the areas of investment diversification, yield, maturity, and quality of investment management. The District has complied with the Act's provisions during the year ended December 31, 2020.

NOTE (5) CHANGES IN CAPITAL ASSETS

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

	Beginning of Year	Additions (Disposals), net	Depreciation Expense	End of Year
Land	\$ 4 991 750	\$ -	\$ -	\$ 4 991 750
Buildings	9 520 887	47 593	-	9 568 480
Improvements	340 280	-	-	340 280
Furniture, fixtures and equipment	760 681	693 146	-	1 453 827
Vehicles	6 248 836	620 979	-	6 869 815
Less: Accumulated depreciation	(6 934 259)	232 145	(849 459)	(7 551 573)
	<u>9 936 425</u>	<u>1 593 863</u>	<u>(849 459)</u>	<u>10 680 829</u>
Construction in progress	-	769 437	-	769 437
Totals, net	<u>\$ 14 928 175</u>	<u>\$ 2 363 300</u>	<u>\$ (849 459)</u>	<u>\$ 16 442 016</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Continued)

NOTE (6) LONG-TERM DEBT

On August 17, 2017, the District entered a loan agreement with Capital One Public Funding, LLC for the construction of fire station no. 21 for \$1,060,000 with an annual interest rate of 3.124%. The station project served as collateral for the note. Ten principal and interest payments of \$125,052 are due annually beginning August 17, 2018. At January 1, 2020, the balance due on the note was \$873,252. During the year ended December 31, 2020, the District made interest and principal payments in the amount of \$27,735 and \$97,771 respectively. The balance due at December 31, 2020 was \$775,481.

On August 28, 2019, the District entered a loan agreement with Trustmark National Bank for the purchase of 3.79 acres of land for \$1,733,470 with an annual interest rate of 2.82%. The land serves as collateral for the note. Twenty-three principal and interest payments of \$16,595 are due annually beginning September 28, 2019. The remaining balance is due August 28, 2021. At January 1, 2020 the balance due on the note was \$1,683,480. During the year ended December 31, 2020, the District made interest and principal payments in the amount of \$37,386 and \$1,683,480, respectively. The loan was paid off as a part of refinancing during the year.

On October 20, 2020, the District entered a loan agreement with Government Capital Corporation for the refinancing of the land note and the construction of a new fire station \$8,625,000 with an annual interest rate of 2.19%. The sales tax revenue serves as collateral for the note. Fifteen principal and interest payments of \$680,256 are due annually beginning October 1, 2021. During the year ended December 31, 2020, the District did not make any interest and principal payments. The balance due at December 31, 2020 was \$8,625,000.

Further maturities of the balances outstanding are as follows:

Year Ending	Amount
December 31, 2021	\$ 599 540
December 31, 2022	606 266
December 31, 2023	620 514
December 31, 2024	635 105
December 31, 2025	650 047
December 31, 2026-2030	3 100 256
Thereafter	3 188 753
Total Amount	<u>\$ 9 400 481</u>

NOTE (7) OPERATING LEASE

The District leases a copier for \$176 per month plus print charges for a 60-month period. Future minimum lease payments are \$2,112 per year until 2025. For the year ended December 31, 2020, the District paid \$3,302 for lease payments.

NOTE (8) RETIREMENT PLAN

Plan Description

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Continued)

NOTE (8) RETIREMENT PLAN (Continued)

Plan Description (Continued)

Note that retirement plan information disclosed in this audit report was based on the GASB 68 Report for TCDRS furnished by Milliman to the District for the year ended December 31, 2019. This is due to the delayed issuance of Milliman annual evaluation.

Employee membership data related to the Plan, as of December 31, 2019 was as follows:

Inactive employees entitled to but not yet receiving benefits	9
Active plan members	<u>101</u>
	<u>180</u>

Any participant over 65 years old, with 5 or more years of continuous employment, or any participant with 20 or more years of continuous employment, or any participant whose years of continuous employment, when added to the participant's age equals or exceeds 75, may retire without a reduction in the monthly benefit.

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

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

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

For the year ended December 31, 2019, the District's total payroll for all employees was \$3,427,631. Total covered payroll was \$3,360,426. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan and was calculated by the actuary based on contributions as reported to the Plan.

Contributions

Employees of the District are required to contribute 7% of covered compensation to the Plan. The contributions are deducted from the employee's wages or salary and remitted by the District to the Plan on a monthly basis. The District's contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The District's contractually required contribution rate for the year ended December 31, 2019, was 9.26% 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, 2019 were \$311,175.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (8) RETIREMENT PLAN (Continued)

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

At December 31, 2019, the District reported an asset of \$151,578 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2019, the District's proportion was (4.51%).

For the year ended December 31, 2019, the District recognized pension expense of \$301,762. At December 31, 2019, 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	\$ 878	\$ 194 639
Changes of assumptions	4 942	-
Net difference between projected and actual earnings	9 422	-
Contributions subsequent to the measurement date	N/A	Employer determined
Total	<u>\$ 15 242</u>	<u>\$ 194 639</u>

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

<u>Year ending December 31,</u>	
2020	\$ 13 115
2021	11 451
2022	11 969
2023	(4 909)
2024	10 262
Thereafter	137 509

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (8) RETIREMENT PLAN (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career including inflation.

In the 2019 actuarial valuation, assumed life expectancies were adjusted as a result of adopting 130% of the RP-2014 Healthy Annuitant Mortality Table of males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2013-December 31, 2016.

The long-term expected rate of return on pension plan investments was determined by adding expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by the Plan's investment consultant, Cliffwater, LLC. The numbers shown are based on January 2019 information for a 10 year time horizon.

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	7.00%	5.20%
International Equities - Emerging	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	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%
	<u>100.00%</u>	

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE (8) RETIREMENT PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive, and retired employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Changes in the District's net pension liability/(asset) for the year ended December 31, 2019 was as follows:

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2018	\$ 1 155 831	\$ 1 176 051	\$ (20 220)
Changes for the year:			
Service cost	451 484	-	451 484
Interest on total pension liability	129 312	-	129 312
Effect of Plan changes	-	-	-
Effect of economic/demographic gains or losses	43 609	-	43 609
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(16 225)	(16 225)	-
Benefit payments	(5 950)	(5 950)	-
Administrative expenses	-	(1 455)	1 455
Member contributions	-	235 230	(235 230)
Net investment income	-	192 598	(192 598)
Employer contributions	-	311 175	(311 175)
Other	-	18 215	(18 215)
Balances as of December 31, 2019	<u>\$ 1 758 061</u>	<u>\$ 1 909 639</u>	<u>\$ (151 578)</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Continued)

NOTE (8) RETIREMENT PLAN (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's net pension liability calculated using the discount rate of 8.10%, 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 (7.10%) or 1-percentage-point higher (9.10%) than the current rate:

	Discount Rate	Net Pension Liability/(Asset)
1% Decrease	7.10%	\$ 204 777
Current Discount Rate	8.10%	\$ (151 578)
1% Increase	9.10%	\$ (436 290)

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, 2020, the District reported a payable of \$43,849 for the outstanding amount of contributions due to the Plan for the year.

NOTE (9) AGREEMENT WITH CITY OF HOUSTON

The City of Houston, Texas ("City"), a municipal corporation, has an agreement with the Cypress Creek Volunteer Fire Department ("Contractor"), a non-profit corporation doing business in Texas, to provide supplemental fire fighting and fire protection services within the Fire Protection Area. The original agreement was effective on January 1, 2012 and was in effect for three years. The City and Contractor extended the term of the original agreement by adding five successive one-year renewal terms. Upon expiration of the initial term, the agreement is renewed for seven successive one-year terms upon the same terms and conditions. The City shall pay Contractor each year for the three year term of this agreement an amount of compensation determined annually based upon a rate of \$0.1 per \$100 of assessed valuation of all taxable property within the Fire Protection Area as certified by the Harris County Appraisal District for the immediately preceding tax year. The first calculation was made by December 31, 2012, and the last calculation will be made by December 31, 2021. Such calculation of compensation shall be made by December 31st of each tax year within the term of the agreement. Such compensation shall be paid to Contractor on or before every January 31st, beginning January 31, 2013 and extending through January 31, 2022. For the year ended December 31, 2020, the District earned contract income in the amount of \$70,096 from the City.

NOTE (10) SALES TAX REVENUES

On May 4, 2019, the residents of the District authorized the District to impose a 1% sales tax where eligible within the District. During the year end December 31, 2020, the District earned \$3,382,174 in sales tax revenue.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE (12) SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 26, 2021 (the date the financial statements were available to be issued), and noted no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2020

	Actual	Original and Final Budget*	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 5 910 804	\$ 7 728 678	\$ (1 817 874)
Sales taxes	3 382 174	1 000 000	2 382 174
Penalties and interest on taxes	74 132	-	74 132
Interest income	28 434	120 000	(91 566)
Contract income	70 096	-	70 096
Miscellaneous	24 176	67 349	(43 173)
Total Revenues	<u>9 489 816</u>	<u>8 916 027</u>	<u>573 789</u>
Expenditures/expenses:			
Service Operations			
Administration	1 995 553	1 544 545	(451 008)
Appraisal district	62 013	56 500	(5 513)
Dispatching	23 487	28 000	4 513
Equipment maintenance	650 918	765 545	114 627
Firefighter appreciation	41 976	52 000	10 024
Firefighter payroll	3 434 435	3 213 144	(221 291)
Firefighting supplies and equipment	70 780	54 704	(16 076)
Fuel	33 019	45 000	11 981
Insurance	228 307	251 500	23 193
Office	21 440	20 040	(1 400)
Professional fees	598 993	126 800	(472 193)
Tax assessor	20 587	36 000	15 413
Training	59 761	75 700	15 939
Utilities	128 299	119 600	(8 699)
Capital Outlay	2 363 300	1 434 590	(928 710)
Debt Service			
Principal	1 781 251	-	(1 781 251)
Interest	65 121	-	(65 121)
Total Expenditures/Expenses	<u>11 579 240</u>	<u>7 823 668</u>	<u>(3 755 572)</u>
Excess (Deficiency) of Revenues over Expenditures	(2 089 424)	1 092 359	(3 181 783)
Debt proceeds	8 625 000	-	8 625 000
Excess (Deficiency) of Revenues and Debt Proceeds Over Expenditures	6 535 576	1 092 359	-
Fund Balance/Net Position:			
Beginning of the Period	8 488 378	8 488 378	-
End of the Period	<u>\$ 15 023 954</u>	<u>\$ 9 580 737</u>	<u>\$ 5 443 217</u>

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

See Independent Auditors' Report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Year Ended December 31</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability			
Service cost	\$ 451 484	\$ 433 951	\$ 232 108
Interest on total pension liability	129 312	86 680	34 748
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	-	-	(5 764)
Effect of economic/demographic (gains) or losses	43 609	(976)	178 476
Benefit payments/refunds of contributions	(22 175)	-	(545)
Net change in total pension liability	\$ 602 230	\$ 519 655	439 023
Total pension liability, beginning	1 155 831	636 176	197 153
Total pension liability, ending	1 758 061	1 155 831	636 176
Fiduciary Net Position			
Employer contributions	311 175	264 861	278 844
Member contributions	235 230	196 818	178 534
Investment income net of investment expenses	192 598	(8 062)	37 883
Benefit payments/refunds of contributions	(22 175)	-	(545)
Administrative expenses	(1 455)	(945)	(472)
Other	18 215	13 825	6 118
Net change in fiduciary net position	733 588	466 497	500 362
Fiduciary net position, beginning	1 176 051	709 554	209 192
Fiduciary net position, ending	1 909 639	1 176 051	709 554
Net pension liability/(asset), ending	\$ (151 578)	\$ (20 220)	\$ (73 378)
Fiduciary net position as a % of total pension liability/(asset)	108.62%	101.75%	111.53%
Pensionable covered payroll	\$ 3 360 426	\$ 2 811 686	\$ 2 550 482
Net pension liability/(asset) as a % of covered payroll	-4.51%	-0.72%	-2.88%

See Independent Auditors' Report.

Year Ended December 31

<u>2016</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 189 466	N/A	N/A	N/A	N/A	N/A	N/A
7 524	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
163	N/A	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A	N/A
197 153	N/A	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A	N/A
197 153	N/A	N/A	N/A	N/A	N/A	N/A
125 664	N/A	N/A	N/A	N/A	N/A	N/A
80 407	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	N/A	N/A	N/A
3 121	N/A	N/A	N/A	N/A	N/A	N/A
209 192	N/A	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A	N/A
209 192	N/A	N/A	N/A	N/A	N/A	N/A
\$ (12 039)	N/A	N/A	N/A	N/A	N/A	N/A
106.11%	N/A	N/A	N/A	N/A	N/A	N/A
\$ 1 148 670	N/A	N/A	N/A	N/A	N/A	N/A
-1.05%	N/A	N/A	N/A	N/A	N/A	N/A

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2010					
2011					
2012					
2013					
2014					
2015					
2016	\$ 125 664	\$ 125 664	\$ -	\$ 1 148 670	10.94%
2017	\$ 278 844	\$ 278 844	\$ -	\$ 2 550 482	10.94%
2018	\$ 264 861	\$ 264 861	\$ -	\$ 2 811 686	9.42%
2019	\$ 311 175	\$ 311 175	\$ -	\$ 3 360 426	9.26%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE (1) VALUATION DATE

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

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

Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	17.8 years (based on contribution rate calculated in 12/31/19 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	8.0%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table of males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule	2015 and 2016: No changes in plan provisions were reflected. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018 and 2019: No changes in plan provisions were reflected in the Schedule.

See Independent Auditors' Report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

SUPPLEMENTARY INFORMATION

ANALYSIS OF TAXES RECEIVABLE DECEMBER 31, 2020

Taxes Receivable - Beginning of Year	\$ 4 182 636
2020 Tax Roll	8 256 737
Adjustments	<u>(171 604)</u>

Total to be Accounted for 12 267 769

Tax Collections Received from Tax Collector 5 910 804

Taxes Receivable - End of Year \$ 6 356 965

Taxes Receivable - By Years

2020	\$ 6 229 827
2019	53 712
2018	19 022
2017	14 501
2016 and prior	<u>39 903</u>

Taxes Receivable - End of Year \$ 6 356 965

Assessed Valuation Summary

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Property Valuations					
Real Property	\$ 7 661 811 763	\$ 7 250 177 323	\$ 6 761 833 119	\$ 6 778 413 323	\$ 6 224 406 610
Personal Property	<u>594 925 303</u>	<u>651 081 177</u>	<u>656 966 209</u>	<u>596 444 821</u>	<u>702 668 733</u>
Total Property Valuations	<u>\$ 8 256 737 066</u>	<u>\$ 7 901 258 500</u>	<u>\$ 7 418 799 328</u>	<u>\$ 7 374 858 144</u>	<u>\$ 6 927 075 343</u>
Tax Rate per \$100 Valuations	<u>\$ 0.10000</u>	<u>\$ 0.10000</u>	<u>\$ 0.10000</u>	<u>\$ 0.10000</u>	<u>\$ 0.09173</u>
Tax Rolls	<u>\$ 8 256 737</u>	<u>\$ 7 901 259</u>	<u>\$ 7 418 799</u>	<u>\$ 7 374 858</u>	<u>\$ 6 354 206</u>
Percent of Taxes Collected to Taxes Levied	<u>24.5%</u>	<u>99.3%</u>	<u>99.7%</u>	<u>99.8%</u>	<u>99.9%</u>

See Independent Auditors' Report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

SUPPLEMENTARY INFORMATION

BOARD MEMBERS AND CONSULTANTS DECEMBER 31, 2020

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

District Telephone Number: (281) 894-0151

<u>Names</u>	<u>Term of office (Elected or Appointed) or Date Hired</u>	<u>Fees Paid* FYE 12/31/20</u>	<u>Expense Reimburse- ments FYE 12/31/20</u>	<u>Title at Year End</u>
Board Members:				
F. B Henderson	(Elected) 6/18 - 6/22	\$ -	\$ -	President
Vincent M. Tobin	(Elected) 6/16 - 6/20 6/20 - 6/24	\$ -	\$ -	Vice President
Scott A. Johnson	(Elected) 6/18 - 6/22	\$ -	\$ 107	Treasurer
Kathleen M. Clark	(Elected) 6/20 - 6/24	\$ -	\$ -	Secretary
JoAnne L. Arosell	(Elected) 6/16 - 6/20 6/20 - 6/24	\$ -	\$ -	Asst. Secretary/ Treasurer
Homer Stevens, II	(Elected) 6/16 - 6/20	\$ -	\$ -	

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 13

SUPPLEMENTARY INFORMATION

BOARD MEMBERS AND CONSULTANTS DECEMBER 31, 2020 (Continued)

<u>Names</u>	<u>Term of office (Elected or Appointed) or Date Hired</u>	<u>Amount Paid* FYE 12/31/20</u>	<u>Title at Year End</u>
Consultants:			
Coveler & Peeler, P.C.	1988	\$ 66 857	Attorney
Andrews Myers, P.C.	2015	\$ 19 715	Attorney
Ann Harris Bennett	2008	\$ 20 587	Tax Collector
Breedlove & Co., P.C.	2009	\$ 22 045	Auditor
Harris County Appraisal District	2003	\$ 58 463	Appraisal District

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