HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

T A B L E   O F   C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 29 (the "District") as of and for the year ended December 31, 2025, 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 major fund of the District as of December 31, 2025, 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.

Change in Accounting Principal

As described in Note 15 to the financial statements, in the current fiscal year, the District adopted new accounting guidance GASB Statement No. 101, Compensated Absences, resulting in restatement of the District's government-wide financial statements as of and for the fiscal year ended December 31, 2024. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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.

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Auditor's 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of District Contributions-Pensions, the Schedule of Changes in Net Other Postemployment Liability and Related Ratios and the Schedule of District's Contributions-Other Postemployment Benefits, 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 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.

Board of Commissioners
Harris County Emergency Services District No. 29

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

August 6, 2026

Management's discussion and analysis of Harris County Emergency Services District No. 29's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $19,956,250 as of December 31, 2025.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	(Restated) 2024	Change Positive (Negative)
Current and Other Assets	$ 21,359,980	$ 18,246,132	$ 3,113,848
Capital Assets (Net of Accumulated Depreciation)	5,163,272	5,388,831	(225,559)
Total Assets	$ 26,523,252	$ 23,634,963	$ 2,888,289
Deferred Outflows of Resources	$ 1,054,505	$ 965,278	$ 89,227
Long-Term Liabilities	$ 2,143,206	$ 2,406,487	$ 263,281
Other Liabilities	796,410	756,427	(39,983)
Total Liabilities	$ 2,939,616	$ 3,162,914	$ 223,298
Deferred Inflows of Resources	$ 4,681,891	$ 4,523,289	$ (158,602)
Net Position:			
Net Investment in Capital Assets	$ 2,756,785	$ 2,728,637	$ 28,148
Unrestricted	17,199,465	14,185,401	3,014,064
Total Net Position	$ 19,956,250	$ 16,914,038	$ 3,042,212

The following table provides a summary of the District's operations for the years ended December 31, 2025, and December 31, 2024.

	Summary of Changes in the Statement of Activities		
	2025	(Restated) 2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 4,260,389	$ 4,110,966	$ 149,423
Sales Tax Receipts	5,314,693	4,971,086	343,607
Other Revenues	539,884	593,572	(53,688)
Total Revenues	$ 10,114,966	$ 9,675,624	$ 439,342
Expenses for Services	7,072,754	6,673,652	(399,102)
Change in Net Position	$ 3,042,212	$ 3,001,972	$ 40,240
Net Position, Beginning of Year	16,914,038	13,912,066	3,001,972
Net Position, End of Year	$ 19,956,250	$ 16,914,038	$ 3,042,212

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's fund balance as of December 31, 2025, was $16,051,911, an increase of $2,753,028 from the prior year. This increase was primarily due to property and sales tax revenues exceeding operating costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners did not amend the budget during the current year. Actual revenues were $981,814 more than budgeted revenues, actual expenditures were $232,617 less than budgeted expenditures. This resulted in a positive budget variance of $1,214,431. See the budget to actual variance analysis for further information.

CAPITAL ASSETS

Capital assets as of December 31, 2025, total $5,163,272 (net of accumulated depreciation) and include land, buildings, emergency vehicles, trucks, furniture and equipment. Capital asset events in the current year included new air conditioner and kitchen improvements at Station No. 11, purchase of AED equipment, and completion of the Memorial Garden. Construction in progress includes improvements at Station No. 12.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 1,299,906	$ 1,299,906	$
Construction in Progress	41,631		41,631
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	3,004,755	3,100,783	(96,028)
Vehicles and Trucks	481,957	758,516	(276,559)
Furniture and Equipment	335,023	229,626	105,397
Total Net Capital Assets	$ 5,163,272	$ 5,388,831	$ (225,559)

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

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had long-term total debt payable of $2,406,487. The changes in the debt position of the District during the fiscal year ended December 31, 2025, are summarized as follows:

Loans Payable, January 1, 2025	$ 2,660,194
Less: Principal Paid	253,707
Loans Payable, December 31, 2025	$ 2,406,487

CONTACTING THE DISTRICT'S MANAGEMENT

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2025

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash in Banks-Unrestricted	$ 3,551,069	$	$ 3,551,069
Petty Cash	111		111
Investments-Unrestricted	11,984,306		11,984,306
Due from Harris County Tax Assessor/Collector	1,146,075		1,146,075
Receivables:			
Property Taxes	2,966,003		2,966,003
Sales Tax Receipts	962,874		962,874
Penalty and Interest on Delinquent Taxes		94,894	94,894
Accrued Interest	2,093		2,093
Advance for Texas Emergency Communications Center Operations	400,000		400,000
Net Pension Asset		252,555	252,555
Land		1,299,906	1,299,906
Construction in Progress		41,631	41,631
Capital Assets (Net of Accumulated Depreciation)		3,821,735	3,821,735
TOTAL ASSETS	$ 21,012,531	$ 5,510,721	$ 26,523,252
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows-Other Postemployment Benefits	$	$ 14,289	$ 14,289
Deferred Outflows-Pension Plan		1,040,216	1,040,216
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ -0-	$ 1,054,505	$ 1,054,505
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 21,012,531	$ 6,565,226	$ 27,577,757

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2025

	General Fund	Adjustments	Statement of Net Position
LIABILITIES			
Accounts Payable	$ 310,100	$	$ 310,100
Accrued Compensated Absences		86,298	86,298
Accrued Interest Payable		90,291	90,291
Long-Term Liabilities:			
Net Other Postemployment Benefit Liability		46,440	46,440
Loans Payable:			
Due Within One Year		263,281	263,281
Due After One Year		2,143,206	2,143,206
TOTAL LIABILITIES	$ 310,100	$ 2,629,516	$ 2,939,616
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 4,650,520	$ (159,481)	$ 4,491,039
Deferred Inflows-Other Postemployment Benefit		26,089	26,089
Deferred Inflows-Pension Plan		164,763	164,763
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 4,650,520	$ 31,371	$ 4,681,891
FUND BALANCE			
Nonspendable:			
Advance TECC Operations	$ 400,000	$ (400,000)	$
Unassigned	15,651,911	(15,651,911)	
TOTAL FUND BALANCE	$ 16,051,911	$ (16,051,911)	$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 21,012,531		
NET POSITION			
Net Investment in Capital Assets		$ 2,756,785	$ 2,756,785
Unrestricted		17,199,465	17,199,465
TOTAL NET POSITION		$ 19,956,250	$ 19,956,250

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Fund Balance - Governmental Fund		$ 16,051,911
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		5,163,272
Portions of the change in net pension asset/liability that are not immediately recognized as pension expense are recorded in the Statement of Net Position.		252,555
Portions of the change in net pension liability that are not immediately recognized as pension expense are recorded as deferred outflows and inflows of resources.		863,653
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2024 and prior tax levies became part of recognized revenues in the governmental activities of the District.		254,375
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:		
Accrued Compensated Absences	$ (86,298)	
Accrued Interest Payable	(90,291)	
Net Other Postemployment Benefit Liability	(46,440)	
Loans Payable Within One Year	(263,281)	
Loans Payable After One Year	(2,143,206)	(2,629,516)
Total Net Position - Governmental Activities		$ 19,956,250

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	$ 4,242,081	$ 18,308	$ 4,260,389
Sales Tax Receipts	5,314,693		5,314,693
Penalty and Interest	64,177	9,436	73,613
Investment Revenues	452,902		452,902
Miscellaneous Revenues	15,661	(2,292)	13,369
TOTAL REVENUES	$ 10,089,514	$ 25,452	$ 10,114,966
EXPENDITURES/EXPENSES			
Service Operations:			
District Fire Operations	$ 6,426,337	$ (223,777)	$ 6,202,560
Administrative, Accounting and Auditing	52,300		52,300
Appraisal District Fees	33,668		33,668
Legal - General	50,820		50,820
Legal - Delinquent Tax Collections	16,012		16,012
Other Consulting Fees	5,900		5,900
Sales Tax Consultant	35,915		35,915
Tax Assessor/Collector Fees	15,285		15,285
Depreciation		509,261	509,261
Other	52,080		52,080
Capital Outlay	294,067	(285,994)	8,073
Debt Service:			
Loan Principal	253,707	(253,707)	
Loan Interest	100,395	(9,515)	90,880
TOTAL EXPENDITURES/EXPENSES	$ 7,336,486	$ (263,732)	$ 7,072,754
NET CHANGE IN FUND BALANCE	$ 2,753,028	$ (2,753,028)	$
CHANGE IN NET POSITION		3,042,212	3,042,212
FUND BALANCE/NET POSITION -			
JANUARY 1, 2025, AS REPORTED	13,298,883	3,685,923	16,984,806
CHANGE DUE TO ACCOUNTING POLICY		(70,768)	(70,768)
JANUARY 1, 2025, AS RESTATED	$ 13,298,883	$ 3,615,155	$ 16,914,038
FUND BALANCE/NET POSITION -			
DECEMBER 31, 2025	$ 16,051,911	$ 3,904,339	$ 19,956,250

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balance - Governmental Fund	$	2,753,028
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.		18,308
Governmental funds report penalty and interest on delinquent property taxes when collected. However, in the government-wide financial statements, revenues are recorded when the penalty and interest are assessed.		9,436
Governmental funds report other participant's share of District debt as miscellaneous revenues. However, in the government-wide financial statements, the principal portion received reduces the receivable and the interest portion reduces interest expense in the Statement of Activities.		(2,292)
The changes in the net pension liability, net other postemployement benefit liability as well as deferred inflows and outflows of resources are recorded in the government-wide financial statements.		223,777
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(509,261)
Governmental funds report capital costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital assets purchases are expensed in the Statement of Activities.		285,994
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.		253,707
Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the long-term debt through fiscal year-end.		9,515
Change in Net Position - Governmental Activities	$	3,042,212

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

NOTE 1. CREATION OF DISTRICT

Harris County Rural Fire Prevention District No. 29, located in Harris County, Texas was created as a political subdivision of the State of Texas under the provision of Section 48-d of Article III of the State Constitution in accordance with Title 44, Article 2351a-6 of The Revised Civil Statutes of the State of Texas. The District was created by order of the Harris County Court of Commissioners and held its first meeting on October 1, 1984. Effective September 1, 2003, Texas Legislature Senate Bill 1021 converted all rural fire prevention districts to emergency services districts and mandated a name change to Harris County Emergency Services District No. 29 (the “District”). The District is responsible for the protection of life and property from fire and for the conservation of natural resources within its boundaries.

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

* Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

* Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

* Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Fund Financial Statements

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

Governmental Funds

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include the 2025 tax levy collections during the period October 1, 2025, to December 31, 2025, and taxes collected from January 1, 2025, to December 31, 2025, for all prior tax levies. The 2025 tax levy has been fully deferred to fund 2026 costs.

Capital Assets

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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

Budgeting

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

Pensions and Other Postemployment Benefits

The District makes payments into the social security system for its employees. See Notes 10 and 13 for the District's pension plans and Note 11 for the District's postemployment benefits plan. The Internal Revenue Service has determined that fees of office received by Commissioners are wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. TAX LEVY

On May 10, 2008, voters of the District approved to increase the maximum tax rate from $0.05 to $0.10 per $100 of assessed valuation on all taxable property within the District. During the year ended December 31, 2025, the District levied an ad valorem tax at the rate of $0.10 per $100 of assessed valuation, which resulted in a tax levy of $4,491,039 on the adjusted taxable valuation of $4,490,819,947 for the 2025 tax year.

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

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was $4,066,209 and the bank balance was $4,066,209. Of the bank balance, $250,000 was covered by federal depository insurance, the balance was covered by collateral pledged in the name of the District and held in a third-party depository.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2025, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 3,551,180	$ 515,029	$ 4,066,209

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of December 31, 2025, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 11,469,277	$ 11,469,277
Certificates of Deposit	515,029	515,029
TOTAL INVESTMENTS	$ 11,984,306	$ 11,984,306

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in TexPool was rated AAAm by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

NOTE 5. CAPITAL ASSETS

	January 1, 2025	Increases	Decreases	December 31, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 1,299,906	$	$	$ 1,299,906
Construction in Progress		285,994	244,363	41,631
Total Capital Assets Not Being Depreciated	$ 1,299,906	$ 285,994	$ 244,363	$ 1,341,537
Capital Assets Subject to Depreciation				
Buildings and Improvements	$ 10,214,845	$ 108,838	$	$ 10,323,683
Vehicles and Trucks	4,255,568		467,897	3,787,671
Furniture and Equipment	541,552	135,525	107,941	569,136
Total Capital Assets Subject to Depreciation	$ 15,011,965	$ 244,363	$ 575,838	$ 14,680,490
Less Accumulated Depreciation				
Buildings and Improvements	$ 7,114,062	$ 204,866	$	$ 7,318,928
Vehicles and Trucks	3,497,052	276,559	467,897	3,305,714
Furniture and Equipment	311,926	27,836	105,649	234,113
Total Accumulated Depreciation	$ 10,923,040	$ 509,261	$ 573,546	$ 10,858,755
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 4,088,925	$ (264,898)	$ 2,292	$ 3,821,735
Total Capital Assets, Net of Accumulated Depreciation	$ 5,388,831	$ 21,096	$ 246,655	$ 5,163,272

NOTE 6. LOANS PAYABLE

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

NOTE 6. LOANS PAYABLE (Continued)

The following is a summary of transactions regarding loans payable for the year ended December 31, 2025:

Loans Payable, January 1, 2025	$ 2,660,194
Less: Principal Paid	253,707
Loans Payable, December 31, 2025	$ 2,406,487
Loans Payable:	
Due Within One Year	$ 263,281
Due After One Year	2,143,206
Loans Payable, December 31, 2025	$ 2,406,487

As of December 31, 2025, the debt service requirements on the loans are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 263,281	$ 90,821	$ 354,102
2027	273,218	80,885	354,103
2028	283,529	70,573	354,102
2029	294,229	59,873	354,102
2030	305,334	48,769	354,103
2031-2032	986,896	75,410	1,062,306
	$ 2,406,487	$ 426,331	$ 2,832,818

NOTE 7. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES

On December 19, 2007, the District entered into a Construction, Financing, and Cost Sharing Agreement with Harris County Emergency Services District No. 11 ("ESD No. 11") for ESD No. 11 to obtain a fractional ownership interest (16.8%) of the facility located at 12730 Champion Forest Drive. ESD No. 11 will house emergency service equipment and personnel in the station. ESD No. 11 agrees to reimburse the District for 16.8% of the construction costs and interest on the construction loan. The District shall hold legal title to the facilities and the site, subject to the ESD No. 11's 16.8% interest. ESD No. 11 will reimburse the District for monthly operating and maintenance fees for an amount equal to 16.8% of the total monthly operating costs incurred. Unless terminated by mutual agreement of the parties, this agreement shall continue in force and effect for 40 years from the date executed. During a prior year, ESD No. 11 paid the balance due in full.

NOTE 7. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES (Continued)

Radio Channel Communications Dispatch System

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

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

The Members agree the initial equipment and installation costs will be shared equally between the six ESD Members and their respective Department's. The estimated cost is $271,456.38, each ESD or corresponding department will pay to Northwest Communications, Inc. ("NWC") one-sixth of the total cost of the equipment, $45,242.73. There will be initial as well as reoccurring costs paid as follows: 1) Spring VFD will invoice the six ESD Members their pro-rata share of the rental cost for the Plum Creek Tower, $9,816 per year; 2) NWC will invoice the six ESD Members their pro-rata share of the rental cost for the NWC Tower and the Greenspoint No. 4 site, $8,400 each site per year. Maintenance, repair, replacement and upgrade costs, recurring costs, and Cypress Creek VFD administrator and project manager costs for the system operations will be shared equally between the six ESD Members or their corresponding department. Initially, it is not anticipated that there would be any cost to the Members for the administrative work.

During a prior year, the District paid $41,897 to NWC for the District's share of the equipment and installation. Current year operations costs were $5,438.

NOTE 8. RISK MANAGEMENT

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

NOTE 9. SALES AND USE TAX ELECTION

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

On May 11, 2013, the voters of the District approved the establishment and adoption of a sales and use tax of up to a maximum of one percent. On May 22, 2013, the Board set a local sales and use tax of one percent on all applicable sales and uses within the boundaries of the District, excluding any territory in the District where sales and use tax is currently two percent (2.0%) effective October 1, 2013. During the current year, the District recorded $5,314,693 in sales tax receipts, of which $962,874 was due from the State Comptroller at December 31, 2025.

NOTE 10. DEFINED BENEFIT PENSION PLAN

<u>Plan Description</u>

The District provides retirement, disability, and death benefits for all full-time and part-time non temporary employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide, agent multiple-employer public employee retirement system consisting of nearly 900 non-traditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report (ACFR) which includes financial statements, notes and required supplementary information which can be obtained at www.tcdrs.org.

NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided

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

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic cost-of-living adjustments. Each year the District, may elect an ad hoc cost-of-living adjustment for its retirees (if any).

At December 31, 2024, the valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled but not yet receiving benefits	18
Active employees	77
Total	97

Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 8.54% for calendar year 2025. The deposit rate payable by the employee members for calendar year 2025 is 7.00% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

The District's contributions to TCDRS for the year ended December 31, 2025, were $335,391; and were equal to the required contributions. The District made an additional contribution of $135,000 during the current fiscal year. The employee's contributions to TCDRS for the year ended December 31, 2025, were $277,252.

NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability in December 31, 2024, actuarial valuation was determined using the following actuarial assumption:

	Actuarial Valuation Information
Actuarial valuation date	12/31/24
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	17.4
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return[1]	7.5%
Projected salary increases[1]	4.7%
Inflation	2.50%
Cost-of-living adjustments	0.0%

[1]Includes inflation at the stated rate

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by the TCDRS actuary, Milliman, and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2024. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Mortality rates were based on the following:

Depositing members – 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service retirees, beneficiaries and non-depositing members – 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males, and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Disabled retirees – 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected from 2010 using 100% of the MP-2021 Ultimate scale after 2010.

Discount Rate

The discount rate used to measure the total pension liability was 7.5%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68. There was no change in the discount rate since the previous year. To determine the discount rate to be used, the actuary used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under the District's funding policy and the legal requirements under the TCDRS Act:

1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.

2) Under the TCDRS Act, the District is legally required to make the contributions specified in the funding policy.

3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.

4) Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. The actuary has used a discount rate of 7.60% which reflects the long-term assumed rate of return on assets of 7.5%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2025 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Estimated geometric real rates of return for each major asset class are summarized below.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	13.00 %	5.35 %
Global Equities	4.00	5.15
International Equities-Developed Markets	6.00	4.75
International Equities-Emerging Markets	0.00	4.75
Investment-Grade Bonds	3.00	2.55
Strategic Credit	9.00	3.70
Direct Lending	16.00	6.85
Distressed Debt	4.00	6.80
REIT Equities	2.00	3.95
Master Limited Partnerships (MLPs)	2.00	4.95
Commodities	2.00	1.00
Private Real Estate Partnerships	6.00	5.75
Private Equity	25.00	8.15
Hedge Funds	6.00	3.60
Cash Equivalents	2.00	1.10
	100.00 %	

NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

Changes in Net Pension Liability/(Asset)

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2024 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2023	$ 3,327,953	$ 3,420,245	$ (92,292)
Changes for the year:			
Service Cost	450,016		450,016
Interest on total pension liability	285,346		285,346
Effect of economic/demographic gains or losses	156,577		156,577
Effect of assumption changes or inputs			
Refund of contributions	(32,192)	(32,192)	
Benefit payments	(15,526)	(15,526)	
Administrative expenses		(2,409)	2,409
Member contributions		252,031	(252,031)
Net investment income		361,574	(361,574)
Employer contributions		406,381	(406,381)
Other		34,625	(34,625)
Balances of December 31, 2024	$ 4,172,174	$ 4,424,729	$ (252,555)

Sensitivity Analysis - The following presents the net pension liability/(asset) of the District, calculated using the discount rate of 7.50%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total Pension Liability	$ 4,889,718	$ 4,172,174	$ 3,578,213
Fiduciary Net Position	4,424,729	4,424,729	4,424,729
Net Pension Liability/(asset)	$ 464,989	$ (252,555)	$ (846,516)

NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

Deferred Inflows/Outflows of Resources

As of December 31, 2025, the deferred inflows and deferred outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 18,692	$ 371,273
Changes of assumptions	1,114	56,552
Net differences between projected and actual earnings	144,957	142,000
Contributions subsequent to the measurement date		470,391
Total	$ 164,763	$ 1,040,216

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

Year ended December 31:	
2025	$ 56,071
2026	96,213
2027	25,213
2028	39,442
2029	54,972
Thereafter	133,151

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

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

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

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District contributes to the GTL program at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. Contributions are not intended to pre-fund retiree term life insurance during the employee's careers. The contribution rates for the District were 0.15% for the calendar year ended December 31, 2025 for active employees and retirees, respectively. The District's contribution to the TCDRS GTL program for the fiscal year ended December 31, 2025 for active employees was $5,649, for the retirees was $-0-.

As of the December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled but not yet receiving benefits	16
Active employees	77
Total	95

Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions that determined the total OPEB liability as of December 31, 2024 were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2020, except where required to be different by GASB 75. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

The assumptions are summarized below:

Investment Rate of Return (Discount Rate) - 4.08% based on 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2024.

Mortality rates were based on the following:

Depositing members – 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service retirees, beneficiaries and non-depositing members – 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions Used for GASB Calculations (Continued)

Disabled retirees –160% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Discount Rate

The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.08% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2024.

Change in Total OPEB Liability for measurement year ended December 31, 2024 are as follows:

	Total OPEB Liability
Balances of December 31, 2023	$ 48,555
Changes for the year:	
Service Costs	7,585
Interest on Total OPEB Liability	1,824
Effect of economic/demographic experience	(1,264)
Effect of assumptions changes or inputs	(9,900)
Benefit payments	(360)
Balances of December 31, 2024	$ 46,440

Sensitivity Analysis – The following table shows the Total OPEB liability of the District, calculated using the discount rate of 4.08%, as well as what the District's Total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
Total OPEB Liability	$ 58,863	$ 46,440	$ 37,207

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate (Continued)

As of December 31, 2025, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 2,319	$ 1,636
Changes in assumptions and other inputs	23,770	7,004
Contributions by the District subsequent to the measurement date		5,649
Total	$ 26,089	$ 14,289

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

Year ended December 31:	
2025	$ (1,974)
2026	(1,974)
2027	(1,974)
2028	(1,974)
2029	(1,974)
Thereafter	(7,579)

NOTE 12. EMERGENCY COMMUNICATIONS SERVICES FACILITY

The District is pursuing an Interlocal Agreement with Harris County ESD No.'s 7, 13, 16 and 28 (the "Parties") for the construction and operation of a joint, integrated, emergency communications system to serve the Parties and potentially other emergency services providers. As of the date of this report, this agreement has not been fully executed.

Each of the Parties agree to provide its share of the costs related to the creation of the Texas Emergency Communications Center, Inc. (the "TECC"), the Texas non-profit corporation of which each Party to this agreement is a member. Services of the TECC will be made available to each Party as limited by each Parties payment for those services. Each Party shall appoint one representative to serve as a delegate to the TECC. That representative will serve until their successors have been duly appointed and qualified as determined by the Board of Commissioners of each District.

NOTE 12. EMERGENCY COMMUNICATIONS SERVICES FACILITY (Continued)

Each Party agrees to provide $300,000 for the initial cash call for the design and construction of a future facility (the "Center"). The total cost to each Party for the construction of the Center will be calculated in proportion to the membership interest allocated to each Party, at this time each Parties share is 20%.

Each Party agrees to advance its share of a three months operating reserve. The reserve is based on the operating budget for the upcoming fiscal year. In a prior year, the District advanced $400,000 for the TECC operating reserve. During the current year, the District recorded $131,877 for operations costs for the 2025 operations.

NOTE 13. RETIREMENT PLAN

In April 2022, the District established a 457(b)-retirement plan for its employees. The plan is a qualified prototype plan approved by the Internal Revenue Service. One America is the service provider and record keeper for the plan. The 457(b)-retirement plan is a deferred compensation plan open to regular full-time employees only and is funded 100 percent by employee pre-tax contributions. Each employee participant directs the investment in his/her respective account. During, the current year, the employees contributed $88,413 to the plan.

NOTE 14. COMPENSATED ABSENCES

In addition to other benefits provided, the District compensates dedicated full-time employees for vacation and sick time. Vacation time received each year increases with the length of their employment, as follows:

	Years of Service				
Eligible Full-Time	1-3	4-6	7-9	10-14	15+
Firefighters					
Accrual per pay period in hours	5.54	6.69	7.85	9	11.08
May maintain hours up to	288	348	408	468	576
Non-firefighters					
Accrual per pay period in hours	3.08	4.23	5.38	6.54	8.46
May maintain hours up to	160	220	280	340	440

Sick time for eligible firefighters accrue 5.538 hours per pay period and may maintain a balance of up to 432 hours. Sick time for eligible non-firefighters accrue 3.077 hours per pay period and may maintain a balance of up to 320 hours. Unused sick time will not be paid upon termination.

NOTE 14. COMPENSATED ABSENCES (Continued)

The following is a summary of transactions regarding the compensated absences for the year ended December 31, 2025:

	January 1, 2025	Net Change	December 31, 2025	Due within One Year
Compensated Absences	$ 70,768	$ 15,530	$ 86,298	$ 30,204

NOTE 15. PRIOR PERIOD ADJUSTMENT

In accordance with GASB Statement No. 101, Compensated Absences, which the District was required to implement, compensated absences liability was recorded in the government-wide financial statements. The effect of this change on the government-wide financial statements resulted in a decrease to prior fiscal year's net position in the amount of $70,768.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original & Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 4,200,000	$ 4,242,081	$ 42,081
Sales Tax Receipts	4,600,000	5,314,693	714,693
Penalty and Interest		64,177	64,177
Investment Revenues	300,000	452,902	152,902
Miscellaneous Revenues	7,700	15,661	7,961
TOTAL REVENUES	$ 9,107,700	$ 10,089,514	$ 981,814
EXPENDITURES			
Service Operations:			
District Fire Operations	$ 6,880,000	$ 6,426,337	$ 453,663
Administrative, Accounting and Auditing	50,000	52,300	(2,300)
Appraisal District Fees	40,000	33,668	6,332
Legal - General	80,000	50,820	29,180
Legal - Delinquent Tax Collections		16,012	(16,012)
Other Consulting Fees	74,000	5,900	68,100
Sales Tax Consultant	10,000	35,915	(25,915)
Tax Assessor/Collector Fees		15,285	(15,285)
Other	11,000	52,080	(41,080)
Capital Outlay	70,000	294,067	(224,067)
Debt Service:			
Loan Principal	253,707	253,707	
Loan Interest	100,396	100,395	1
TOTAL EXPENDITURES	$ 7,569,103	$ 7,336,486	$ 232,617
NET CHANGE IN FUND BALANCE	$ 1,538,597	$ 2,753,028	$ 1,214,431
FUND BALANCE - JANUARY 1, 2025	13,298,883	13,298,883	
FUND BALANCE - DECEMBER 31, 2025	$ 14,837,480	$ 16,051,911	$ 1,214,431

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Year Ended December 31,			
	2024	2023	2022	2021
Total Pension Liability				
Service Cost	$ 450,016	$ 410,064	$ 346,416	$ 322,703
Interest on total pension liability	285,346	225,894	158,441	117,846
Effect of plan changes			297,814	117,338
Effect of assumption changes or inputs				10,017
Effect of economic/demographic (gains) or losses	156,577	138,913	50,622	(31,152)
Benefit payments/refunds of contributions	(47,718)	(17,953)	(40,456)	(12,691)
Other			1	
Net change in total pension liability	$ 844,221	$ 756,918	$ 812,838	$ 524,061
Total pension liability, beginning	3,327,953	2,571,035	1,758,197	1,234,136
Total pension liability, ending (a)	$ 4,172,174	$ 3,327,953	$ 2,571,035	$ 1,758,197
Fiduciary Net Position				
Employer contributions	$ 406,381	$ 335,692	$ 354,785	$ 734,007
Member contributions	252,031	223,502	197,417	187,367
Investment income net of investment expenses	361,574	287,293	(169,737)	304,899
Benefit payments/refunds of contributions	(47,718)	(17,953)	(40,456)	(12,691)
Administrative Expense	(2,409)	(1,786)	(1,503)	(1,164)
Other	34,624	28,125	73,848	25,995
Net change in fiduciary net position	$ 1,004,483	$ 854,873	$ 414,354	$ 1,238,413
Fiduciary net position, beginning	3,420,246	2,565,373	2,151,019	912,607
Fiduciary net position, ending (b)	$ 4,424,729	$ 3,420,246	$ 2,565,373	$ 2,151,020
Net pension liability/(asset), ending = (a) - (b)	$ (252,555)	$ (92,293)	$ 5,662	$ (392,823)
Fiduciary net position as a percentage of total pension liability	106.05%	102.77%	99.78%	122.34%
Pensionable covered payroll	$ 3,600,441	$ 3,192,893	$ 2,820,237	$ 2,676,667
Net pension liability as a percentage of covered payroll	-7.01%	-2.89%	0.20%	-14.68%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

See accompanying independent auditor’s report.

2020	2019	2018	2017	2016
$ 178,262	$ 168,057	$ 130,022	$ 177,129	N/A
68,354	48,868	27,603	14,347	N/A
104,813	161	44,751	22,006	N/A
92,663			(2,890)	N/A
124,429	13,272	22,118	169	N/A
	1	1		N/A
$ 568,521	$ 230,359	$ 224,495	$ 210,761	N/A
665,615	435,256	210,761	-0-	N/A
$ 1,234,136	$ 665,615	$ 435,256	$ 210,761	N/A
$ 111,651	$ 70,876	$ 66,109	$ 47,090	N/A
190,161	123,723	102,231	72,894	N/A
56,971	48,436	(419)	1,930	N/A
				N/A
(668)	(416)	(238)	(82)	N/A
8,985	6,739	5,027	1,607	N/A
$ 367,100	$ 249,358	$ 172,710	$ 123,439	N/A
545,507	296,149	123,439	-0-	N/A
$ 912,607	$ 545,507	$ 296,149	$ 123,439	N/A
$ 321,529	$ 120,108	$ 139,107	$ 87,322	N/A
73.95%	81.96%	68.04%	58.57%	N/A
$ 2,716,579	$ 1,767,470	$ 1,703,847	$ 1,455,436	N/A
11.84%	6.80%	8.16%	6.00%	N/A

See accompanying independent auditor’s report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
SCHEDULE OF DISTRICT CONTRIBUTIONS-PENSIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

Fiscal Year Ending December 31	Actuarially Determined Contribution[1]	Actual Employer Contribution[1]	Contribution Deficiency (Excess)	Pensionable Covered Payroll[2]	Actual Contribution as a Percentage of Covered Payroll
2017	$ 47,011	$ 47,090	$ (79)	$ 1,455,436	3.2%
2018	$ 66,109	$ 66,109	$ - 0 -	$ 1,703,847	3.9%
2019	$ 70,876	$ 70,876	$ - 0 -	$ 1,767,470	4.0%
2020	$ 111,651	$ 111,651	$ - 0 -	$ 2,716,579	4.1%
2021	$ 152,838	$ 734,007	$ (581,169)	$ 2,676,667	27.4%
2022	$ 176,829	$ 354,785	$ (177,956)	$ 2,820,237	12.6%
2023	$ 271,396	$ 335,692	$ (64,296)	$ 3,192,893	10.5%
2024	$ 306,037	$ 406,381	$ (100,344)	$ 3,600,441	11.3%
2025	$ 335,391	$ 470,391	$ (135,000)	$ 3,960,742	11.9%

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

[2] *Payroll is calculated based on contributions as reported to TCDRS.*

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO SCHEDULE OF DISTRICT CONTRIBUTIONS-PENSIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	17.4 years (based on contribution rate calculated in December 31, 2024 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.5%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.5%, 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.
Change in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015 & 2016: Not applicable, prior to TCDRS participation. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: District contributions reflect that the member contribution rate was increased to 6%. 2019: District contributions reflect that the member contribution rate was increased to 7%. 2020 No changes in plan provisions were reflected in the Schedule. 2021: Employer contributions reflect that the current service matching rate was increased to 125% for future benefits. 2022: Employer contributions reflect that the current service matching rate was increased to 150% for future benefits. 2023: Employer contributions reflect that the current service matching rate was increased to 200% for future benefits 2024: No changes in plan provisions were reflected in the Schedule

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

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022
Total OPEB Liability			
Service Cost	$ 7,585	$ 6,537	$ 10,333
Interest on total OPEB liability	1,824	1,576	1,112
Effect of plan changes			
Effect of assumption changes or inputs	(9,900)	5,088	(18,171)
Effect of economic/demographic (gains) or losses	(1,264)	(467)	(1,098)
Benefit payments	(360)		
Net change in total OPEB liability	$ (2,115)	$ 12,734	$ (7,824)
Total OPEB liability, beginning	48,555	35,821	43,645
Total OPEB liability, ending	$ 46,440	$ 48,555	$ 35,821
OPEB Covered-employee payroll	$ 3,600,441	$ 3,192,893	$ 2,820,237
Net OPEB liability as a percentage of covered employee payroll	1.29%	1.52%	1.27%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/76, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

See accompanying independent auditor's report.

Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
$ 9,631	$ 8,149	$ -0-
953	737	
		18,750
(2,745)	5,212	
475	2,483	
$ 8,314	$ 16,581	$ 18,750
35,331	18,750	
$ 43,645	$ 35,331	$ 18,750
$ 2,676,667	$ 2,716,579	$ 1,767,470
1.63%	1.30%	1.06%

See accompanying independent auditor’s report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
SCHEDULE OF DISTRICT CONTRIBUTIONS – OTHER POSTEMPLOYMENT BENEFITS FOR THE YEAR ENDED DECEMBER 31, 2025

Fiscal Year Ending December 31	Actuarially Determined Contribution[1]	Actual Employer Contribution[1]	Contribution Deficiency (Excess)	Pensionable Covered Payroll[2]	Actual Contribution as a Percentage of Covered Payroll
2020	$ 4,890	$ 4,890	$ - 0 -	$ 2,716,579	0.2%
2021	$ 5,086	$ 5,086	$ - 0 -	$ 2,676,667	0.2%
2022	$ 4,835	$ 4,835	$ - 0 -	$ 2,820,237	0.2%
2023	$ 4,835	$ 4,835	$ - 0 -	$ 3,192,893	0.2%
2024	$ 5,169	$ 5,169	$ - 0 -	$ 3,600,441	0.1%
2025	$ 5,649	$ 5,649	$ - 0 -	$ 3,960,742	0.1%

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

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

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
NOTES TO SCHEDULE OF DISTRICT CONTRIBUTIONS – OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2025

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2024 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 75.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	
Recognition of economic/ demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Note that salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method
Investment Rate of Return (Discount Rate)	4.08% 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2024.
Cost-of-Living Adjustment	Does not apply
Disability	Members who become disabled are eligible to commence benefit payments regardless of age.
Mortality	Depositing members-135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Service retirees, beneficiaries and non-depositing members-135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Disabled retirees-160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Retirement	Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility.
Other Termination of Employment	The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement vary by length of service, entry-age group (age at hire). No termination after eligibility for retirement is assumed.

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29

SUPPLEMENTARY INFORMATION

REQUIRED BY HARRIS COUNTY

DECEMBER 31, 2025

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
COMPUTATION OF NET LONG-TERM DEBT PER CAPITA
DECEMBER 31, 2025
(UNAUDITED)

Long-Term Debt at December 31, 2025	$ 2,660,194
Less: Amount in Debt Service Fund	
Net Long-Term Debt at December 31, 2025	$ 2,406,487
Estimated District Population*	30,725
Net Long-Term Debt Per Capita at December 31, 2025	$ 78.32

* Per June 2025 update to comprehensive review

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29

LISTING OF THE NUMBER OF EMERGENCY RESPONSES
MADE WITHIN AND OUTSIDE THE DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

Number of Emergency Responses made Within the District	927
Number of Emergency Responses made Outside of the District	102
Total Emergency Responses	1,029

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2025

Type of Coverage	From To	Amount of Coverage	Insurer/Name
UMBRELLA LIABILITY	05/17/25		Arch Insurance Company
General Aggregate	05/17/26	$ 4,000,000	
Each Occurrence		2,000,000	
Personal and Advertising Injury		2,000,000	
AUTOMOBILE	05/17/25		Arch Insurance Company
Liability - Combined Single Limit	05/17/26	$ 1,000,000	
Deductible		5,000	
Property Damage – Per Accident		Scheduled Vehicles	
INLAND MARINE	05/17/25 05/17/26	Blanket Unlimited Coverage	Arch Insurance Company
Deductible		$ 1,000	
PROPERTY AND TERRORISM	05/17/25		Arch Insurance Company
Buildings	05/17/26	$ 13,341,678	
Contents		1,023,613	
Building and Content Deductible		25,000	
GROUP LIFE	08/07/25		Provident Insurance
Group Life	08/07/26	$ 50,000	
WORKERS COMPENSATION	09/05/25		Texas Political Subdivisions
Bodily Injury by Accident	09/05/26	$ 1,000,000	
Bodily Injury by Disease		1,000,000	
Disease Policy Limit		1,000,000	
GENERAL LIABILITY, INCLUDING MANAGEMENT, FIREFIGHTER AND EMS LIABILITY/CYBER/ CRIME (Includes Treasurer Position coverage)	05/17/25 05/17/26		Arch Insurance Company
General Aggregate		$ 10,000,000	
Each Occurrence		1,000,000	
Employee Theft		1,000,000	
Forgery		100,000	
Computer & Funds Transfer Fraud		250,000	
CYBER LIABILITY	05/17/25		Texas Political Subdivisions
General Aggregate	05/17/26	$ 500,000	
Cyber Extortion		25,000	
Network Security and Privacy		500,000	
Data Incident Response Expense		500,000	

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025

	Maintenance Taxes	
TAXES RECEIVABLE - JANUARY 1, 2025	$ 2,676,723	
Adjustments to Beginning Balance	(84,345)	$ 2,592,378
Original 2025 Tax Levy	$ 4,445,884	
Adjustment to 2025 Tax Levy	45,155	4,491,039
TOTAL TO BE ACCOUNTED FOR		$ 7,083,417
TAX COLLECTIONS:		
Prior Years	$ 2,432,897	
Current Year	1,684,517	4,117,414
TAXES RECEIVABLE - DECEMBER 31, 2025		$ 2,966,003
TAXES RECEIVABLE BY YEAR:		
2025		$ 2,806,522
2024		53,696
2023		24,125
2022		15,836
2021		13,404
2020		11,994
2019		9,637
2018		5,178
2017		4,140
2016		5,442
2015		5,400
2014		2,214
2013		1,688
2012		1,372
2011		1,428
2010		1,006
2009		683
2008		557
2007		328
2006		333
2005		199
2004		821
TOTAL		$ 2,966,003

See accompanying independent auditor’s report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024	2023	2022
PROPERTY VALUATIONS	$ 4,490,819,947	$ 4,357,910,991	$ 4,298,652,816	$ 3,790,582,008
TAX RATES PER $100 VALUATION	$ 0.10	$ 0.10	$ 0.098851	$ 0.10
ADJUSTED TAX LEVY*	$ 4,491,039	$ 4,344,734	$ 4,246,352	$ 3,766,292
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	37.51 %	98.76 %	99.43 %	99.58 %

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

See accompanying independent auditor’s report.

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

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 4,242,081	$ 4,093,571	$ 3,730,156
Sales Tax Receipts	5,314,693	4,971,086	4,651,658
Penalty and Interest	64,177	55,721	70,194
Investment Revenues	452,902	513,830	401,347
Miscellaneous Revenues	15,661	12,212	22,161
TOTAL REVENUES	$ 10,089,514	$ 9,646,420	$ 8,875,516
EXPENDITURES			
District Fire Operations	$ 6,426,337	$ 5,894,101	$ 4,985,755
Administrative, Accounting and Auditing	52,300	49,125	45,450
Appraisal District Fees	33,668	34,940	28,948
Legal - General	50,820	67,638	48,277
Legal - Delinquent Tax Collections	16,012	10,427	19,026
Other Consulting Fees	5,900	70,800	70,800
Sales Tax Consultant	35,915	60,059	6,000
Tax Assessor/Collector Fees	15,285	19,522	14,542
Other	52,080	30,706	17,710
Capital Outlay	294,067	276,800	128,386
Debt Service:			
Loan Principal	253,707	244,480	235,589
Loan Interest	100,395	109,622	118,513
TOTAL EXPENDITURES	$ 7,336,486	$ 6,868,220	$ 5,718,996
NET CHANGE IN FUND BALANCE	$ 2,753,028	$ 2,778,200	$ 3,156,520
BEGINNING FUND BALANCE	13,298,883	10,520,683	7,364,163
ENDING FUND BALANCE	$ 16,051,911	$ 13,298,883	$ 10,520,683

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
$ 3,317,967	$ 3,228,572	42.0 %	42.4 %	42.0 %	44.6 %	48.0 %
4,056,346	3,443,889	52.7	51.5	52.4	54.5	51.3
30,615	35,244	0.6	0.6	0.8	0.4	0.5
12,437	4,594	4.5	5.3	4.5	0.2	0.1
23,133	7,880	0.2	0.2	0.3	0.3	0.1
$ 7,440,498	$ 6,720,179	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 4,497,841	$ 4,572,640	63.7 %	61.1 %	56.2 %	60.5 %	68.0 %
48,081	43,150	0.5	0.5	0.5	0.6	0.6
25,839	23,902	0.3	0.4	0.3	0.3	0.4
99,785	57,456	0.5	0.7	0.5	1.3	0.9
8,353	9,164	0.2	0.1	0.2	0.1	0.1
70,800	71,129	0.1	0.7	0.8	1.0	1.1
6,298	7,722	0.4	0.6	0.1	0.1	0.1
14,895	18,586	0.1	0.2	0.2	0.2	0.3
35,190	3,487	0.5	0.3	0.2	0.4	
91,442	562,026	2.9	2.9	1.4	1.2	8.4
227,021	218,849	2.5	2.5	2.7	3.1	3.3
127,081	135,253	1.0	1.1	1.3	1.7	2.0
$ 5,252,626	$ 5,723,364	72.7 %	71.1 %	64.4 %	70.5 %	85.2 %
$ 2,187,872	$ 996,815	27.3 %	28.9 %	35.6 %	29.5 %	14.8 %
5,176,291	4,179,476					
$ 7,364,163	$ 5,176,291					

See accompanying independent auditor’s report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2025

District Mailing Address	-	Harris County Emergency Services District No. 29 12730 Champion Forest Drive Houston, TX 77066
District Telephone Number	-	(281) 444-2014

Commissioners	Term of Office (Appointed or Elected)	Fees of Office for the year ended December 31, 2025	Expense Reimbursements for the year ended December 31, 2025	Title
Scott Morgan	06/01/22 05/31/26 (Elected)	$ 2,873	$ 522	President
David J. Parker	06/01/24 05/31/28 (Elected)	$ -0-	$ 238	Vice President
Jon Taylor	06/01/22 05/31/26 (Elected)	$ 3,536	$ 797	Treasurer/ Investment Officer
Ed Wasser	09/05/24 05/31/28 (Appointed)	$ 6,630	$ 895	Secretary
Scott Bay	01/02/25 05/31/28 (Appointed)	$ 4,199	$ 1,979	Commissioner

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 29
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2025

Consultants:	Date Hired	Fees for the year ended December 31, 2025*	Title
Coveler & Peeler, P.C.		$ 50,820	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	01/22/09	$ 28,000	Auditor
Better Bookkeepers, Inc.	05/01/20	$ 21,550	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP		$ 16,012	Delinquent Tax Attorney
Sales Tax Assurance LLC	02/26/15	$ 35,915	Sales Tax Consultant
Harris County Tax Assessor/Collector	Legislative Action	$ 15,285	Tax Assessor/ Collector

* Accrual basis

See accompanying independent auditor's report.