

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2020**

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
Certified Public Accountants



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2020**



## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET	8-9
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	10
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	11-12
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	13
NOTES TO THE FINANCIAL STATEMENTS	14-24
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-EMERGENCY SERVICE DISTRICT	26
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-HUFFMAN EMS	27
SUPPLEMENTARY INFORMATION REQUIRED BY HARRIS COUNTY	
COMPUTATION OF NET LONG-TERM DEBT PER CAPITA	29
LISTING OF THE NUMBER OF EMERGENCY RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT	30
SCHEDULE OF INSURANCE AND BONDING COVERAGE	31
STATEMENT OF ACTIVITIES – HUFFMAN VOLUNTEER FIRE DEPARTMENT	32
OTHER SUPPLEMENTARY INFORMATION	
TAXES LEVIED AND RECEIVABLE	34-35
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES – GENERAL FUND – FIVE YEARS	36-37
BOARD OF COMMISSIONERS AND CONSULTANTS	38-39



**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
*Certified Public Accountants*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708

PO Box 29584  
Austin, TX 78755-5126  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Harris County Emergency  
Services District No. 4  
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 4 (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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





Board of Commissioners  
Harris County Emergency  
Services District No. 4

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Emergency Service District and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Huffman EMS be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

June 14, 2021



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Management’s discussion and analysis of Harris County Emergency Services District No. 4’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental 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 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 portion of these statements provides both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of the government-wide statements is the Statement of Net Position. This information is found in the Statement of Net Position column. The Statement of Net Position is the district-wide statement of its financial position presenting information that includes all of the District’s assets, liabilities and 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 government-wide portion of 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 sales tax revenues, property tax revenues, operating costs, EMS services and general expenditures.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**FUND FINANCIAL STATEMENTS (Continued)**

Governmental funds are reported in each of the financial statements. The focus in the fund 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 Fund 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.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$4,009,134 as of December 31, 2020.

A portion of the District's net position reflects its net investment in capital assets (land, buildings, vehicles and equipment less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide for firefighting and emergency services. The following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 3,698,130	\$ 3,221,339	\$ 476,791
Capital Assets (Net of Accumulated Depreciation)	<u>2,030,910</u>	<u>2,127,056</u>	<u>(96,146)</u>
Total Assets	<u>\$ 5,729,040</u>	<u>\$ 5,348,395</u>	<u>\$ 380,645</u>
Long-Term Liabilities	\$ 335,378	\$ 490,564	\$ 155,186
Other Liabilities	<u>210,100</u>	<u>364,460</u>	<u>154,360</u>
Total Liabilities	<u>\$ 545,478</u>	<u>\$ 855,024</u>	<u>\$ 309,546</u>
Deferred Inflows of Resources	<u>\$ 1,174,428</u>	<u>\$ 1,112,730</u>	<u>\$ (61,698)</u>
Net Position:			
Net Investment in Capital Assets	\$ 1,540,346	\$ 1,412,156	\$ 128,190
Unrestricted	<u>2,468,788</u>	<u>1,968,485</u>	<u>500,303</u>
Total Net Position	<u>\$ 4,009,134</u>	<u>\$ 3,380,641</u>	<u>\$ 628,493</u>

The following table provides a summary of the District's operations for the years ended December 31, 2020, and December 31, 2019. The District's net position increased by \$628,493.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 1,114,044	\$ 1,022,960	\$ 91,084
Sales Tax Receipts	1,380,664	1,183,052	197,612
EMS Services	219,601	205,672	13,929
Other Revenues	<u>93,206</u>	<u>114,205</u>	<u>(20,999)</u>
Total Revenues	<u>\$ 2,807,515</u>	<u>\$ 2,525,889</u>	<u>\$ 281,626</u>
Expenses for Services	<u>2,179,022</u>	<u>2,198,034</u>	<u>19,012</u>
Change in Net Position	\$ 628,493	\$ 327,855	\$ 300,638
Net Position, Beginning of Year	<u>3,380,641</u>	<u>3,052,786</u>	<u>327,855</u>
Net Position, End of Year	<u>\$ 4,009,134</u>	<u>\$ 3,380,641</u>	<u>\$ 628,493</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND**

The District's General Fund fund balance as of December 31, 2020, was \$2,368,626, an increase of \$482,881 from the prior year. The increase was primarily due to property tax, sales tax and EMS revenues exceeding operating costs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Commissioners amended the General Fund budget during the current fiscal year to reflect more accurately anticipated activity. Actual revenues were \$440,883 more than budgeted primarily due to higher than expected sales tax revenues. Actual expenditures were \$75,492 more than budgeted.

The Board of Commissioners did not amend the Huffman EMS budget during the current fiscal year. Actual revenues were \$290,308 less than budgeted primarily due to lower than anticipated EMS revenues. Actual expenditures were \$106,527 less than budgeted.

**CAPITAL ASSETS**

Capital assets as of December 31, 2020, total \$2,030,910 (net of accumulated depreciation) and includes land, buildings, vehicles and equipment. Capital asset activity during the current fiscal year included the purchase of an ambulance.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 431,663	\$ 431,663	\$
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	874,191	905,703	(31,512)
Vehicles	499,718	467,705	32,013
Equipment	225,338	321,985	(96,647)
Total Net Capital Assets	<u>\$ 2,030,910</u>	<u>\$ 2,127,056</u>	<u>\$ (96,146)</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**LONG-TERM DEBT ACTIVITY**

At year-end, the District had total debt payable of \$490,564. The changes in the debt position of the District during the fiscal year ended December 31, 2020, are summarized as follows:

Capital Leases Payable, January 1, 2020	\$ 714,900
Less: Capital Lease Principal Paid	<u>224,336</u>
Capital Leases Payable, December 31, 2020	<u>\$ 490,564</u>

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Emergency Services District No. 4, c/o Coveler & Peeler, P.C., 820 Gessner, Suite 1710, Houston, TX 77024.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**DECEMBER 31, 2020**

	General Fund	
	Emergency Service District	Huffman EMS
<b>ASSETS</b>		
Cash	\$ 460,057	\$ 279,292
Investments	1,442,518	240,057
Receivables:		
EMS Operations		24,562
Property Taxes	908,759	
Sales Tax Receipts	273,015	
Penalty and Interest on Delinquent Taxes		
Accrued Interest	217	
Prepaid Costs	25,841	
Land		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 3,110,407</b>	<b>\$ 543,911</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 40,468	\$
Accrued Interest Payable		
Long Term Liabilities:		
Capital Leases Payable Within One Year		
Capital Leases Payable After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 40,468</b>	<b>\$ -0-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 1,245,224	\$ -0-
<b>FUND BALANCE</b>		
Nonspendable: Prepaid Costs	\$ 25,841	\$
Unassigned	1,798,874	543,911
<b>TOTAL FUND BALANCE</b>	<b>\$ 1,824,715</b>	<b>\$ 543,911</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 3,110,407</b>	<b>\$ 543,911</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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



<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 739,349	\$	\$ 739,349
1,682,575		1,682,575
24,562		24,562
908,759		908,759
273,015		273,015
	43,812	43,812
217		217
25,841		25,841
	431,663	431,663
	1,599,247	1,599,247
\$ 3,654,318	\$ 2,074,722	\$ 5,729,040
\$ 40,468	\$ 8,854	\$ 49,322
	5,592	5,592
	155,186	155,186
	335,378	335,378
\$ 40,468	\$ 505,010	\$ 545,478
\$ 1,245,224	\$ (70,796)	\$ 1,174,428
\$ 25,841	\$ (25,841)	\$
2,342,785	(2,342,785)	
\$ 2,368,626	\$ (2,368,626)	\$ - 0 -
\$ 3,654,318		
	\$ 1,540,346	\$ 1,540,346
	2,468,788	2,468,788
	\$ 4,009,134	\$ 4,009,134

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

Total Fund Balance - Governmental Fund \$ 2,368,626

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 2,030,910

Deferred inflows of resources related to property tax revenues and penalty and interest receivables on delinquent taxes for the 2019 and prior tax levies became part of recognized revenues in the governmental activities of the District. 114,608

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

Accrued Interest Payable	\$	5,592	
Compensated Absences		8,854	
Capital Leases Payable Within One Year		155,186	
Capital Leases Payable After One Year		<u>335,378</u>	<u>(505,010)</u>

Total Net Position - Governmental Activities \$ 4,009,134

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Fund	
	Emergency Service District	Huffman EMS
<b>REVENUES</b>		
Property Taxes	\$ 1,105,263	\$
Sales Tax Receipts	1,380,664	
EMS Revenues		219,601
Penalty and Interest	21,984	
Investment and Miscellaneous Revenues	74,813	691
<b>TOTAL REVENUES</b>	<b>\$ 2,582,724</b>	<b>\$ 220,292</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
District Services - Huffman VFD	\$ 628,449	\$
Accounting and Auditing Fees	52,301	
Appraisal District Fees	8,394	
Commissioner Fees	36,000	
Equipment	102,835	2,969
Insurance	60,695	
Legal Fees-General	38,068	
Legal Fees-Delinquent Tax Collections	6,952	
Maintenance-Building and Vehicles	88,814	11,035
Medical Supplies		26,502
Salaries and Benefits	664,890	
Tax Collector Fees	6,169	
Utilities	29,774	4,134
Depreciation		
Other	72,032	48,303
Capital Outlay	190,489	
Debt Service:		
Capital Lease Principal	224,336	
Capital Lease Interest	16,994	
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 2,227,192</b>	<b>\$ 92,943</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 355,532</b>	<b>\$ 127,349</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCE/NET POSITION -</b>		
<b>JANUARY 1, 2020</b>	<b>1,469,183</b>	<b>416,562</b>
<b>FUND BALANCE/NET POSITION -</b>		
<b>DECEMBER 31, 2020</b>	<b>\$ 1,824,715</b>	<b>\$ 543,911</b>

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

Total	Adjustments	Statement of Activities
\$ 1,105,263	\$ 8,781	\$ 1,114,044
1,380,664		1,380,664
219,601		219,601
21,984	2,622	24,606
75,504	(6,904)	68,600
<u>\$ 2,803,016</u>	<u>\$ 4,499</u>	<u>\$ 2,807,515</u>
\$ 628,449	\$	\$ 628,449
52,301		52,301
8,394		8,394
36,000		36,000
105,804		105,804
60,695		60,695
38,068		38,068
6,952		6,952
99,849		99,849
26,502		26,502
664,890		664,890
6,169		6,169
33,908		33,908
	279,731	279,731
120,335		120,335
190,489	(190,489)	
224,336	(224,336)	
16,994	(6,019)	10,975
<u>\$ 2,320,135</u>	<u>\$ (141,113)</u>	<u>\$ 2,179,022</u>
\$ 482,881	\$ (482,881)	\$
	628,493	628,493
<u>1,885,745</u>	<u>1,494,896</u>	<u>3,380,641</u>
<u>\$ 2,368,626</u>	<u>\$ 1,640,508</u>	<u>\$ 4,009,134</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balance - Governmental Fund	\$	482,881
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenues are recorded in the accounting period for which the taxes are levied.		8,781
Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the Statement of Activities, revenues are recorded when penalty and interest are assessed.		2,622
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(279,731)
Governmental funds report capital asset purchases as expenditures in the period purchased. However, in the Statement of Net Position, 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 asset purchases are expensed in the Statement of Activities.		183,585
Governmental funds report capital lease and note principal payments as expenditures. However, in the Statement of Net Position, capital lease and note principal payments decrease long-term liabilities and the Statement of Activities is not affected.		224,336
Governmental funds report interest payments on capital leases and notes as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on leases and notes through fiscal year-end.		<u>6,019</u>
Change in Net Position - Governmental Activities	\$	<u><u>628,493</u></u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1. CREATION OF DISTRICT**

Harris County Emergency Services District No. 4 (the “District”) was created on January 28, 1984, as a Rural Fire Prevention District and converted to an Emergency Services District on March 9, 1994, in accordance with Article III, Section 48-e, of the Texas Constitution. The District operates under the Chapter 775 of the Health and Safety Code. The District was established to provide operating funds for the contracting of fire prevention and provide emergency medical services within the boundaries of the District.

The District has entered into contracts with the Huffman Volunteer Fire Department to provide the service of fire suppression and extinguishment within the boundaries 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. 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”).

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.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- 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 of the government-wide Statement of Activities.

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.



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Financial Statements (Continued)

Governmental Funds (Continued)

General Fund - To account for resources not required to be accounted for in another fund, property tax revenues, sales tax receipts, costs of assessing and collecting taxes, EMS 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 recorded as revenue include the 2019 tax levy collections during the period October 1, 2019, to December 31, 2020, and taxes collected from January 1, 2020, to December 31, 2020, for all prior tax levies. The 2020 tax levy has been fully deferred to fund 2021 costs.

Sales tax receipts considered available by the District and included in revenue include sales taxes collected during the period of January 1, 2020, to December 31, 2020.

Capital Assets

Capital assets, which include land, buildings, vehicles and equipment, 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.

All personal tangible assets (computers, office machines, office furniture, etc.) with a total cost of \$500 or more (including installation costs and professional fees) and a useful life of at least two years are capitalized. All other capital assets are capitalized if they have a total cost of

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets (Continued)

\$5,000 or more (including installation costs and professional fees) and a useful life of two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings and Improvements	15-40
Vehicles	3-10
Equipment	3-20

Budgeting

An annual unappropriated budget is adopted for the General Fund and Huffman EMS Fund by the District’s Board of Commissioners. The budgets are prepared using the same method of accounting as for financial reporting. The original Emergency Service District budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Emergency Service District and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Huffman EMS presents the original and revised budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has employees and the District has not established a pension. The Internal Revenue Service has determined that fees of office received by Commissioners are considered wages subject to federal income tax withholding for payroll 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.

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 appropriate resources. Operating statements of governmental fund types report increases and decreases in available spendable resources.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

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. The District 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**

During the year ended December 31, 2020, the District levied an ad valorem tax rate of \$0.10 per \$100 of assessed valuation, which resulted in a tax levy of \$1,174,428 on the adjusted taxable valuation of \$1,174,394,072 for the 2020 tax year.

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**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 \$979,349 and the bank balance was \$822,758. The District was not exposed to any custodial credit risk at year-end.

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

	Cash	Certificate of Deposit	Total
GENERAL FUND	\$ 739,349	\$ 240,000	\$ 979,349

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.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

The District invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. Wells Fargo Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS. Certificates of deposit are valued at acquisition cost at the date of purchase.

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

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Certificate of Deposit	\$ 240,000	\$ 240,000
Texas CLASS	1,442,575	1,442,575
<b>TOTAL INVESTMENTS</b>	<b>\$ 1,682,575</b>	<b>\$ 1,682,575</b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2020, the District’s investments in TexPool and Texas CLASS were rated “AAAm” by Standard and Poor’s. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool and Texas CLASS 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. FIRE PROTECTION SERVICES**

On February 19, 2018, the District executed an agreement with the Huffman Volunteer Fire Department (the “Department”) to provide fire fighting and suppression services to the residents of the District. The continuation of the contract from year to year is subject to the adoption each year of an operating and capital budget.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5. FIRE PROTECTION SERVICES (Continued)**

Under the terms of the contract, the Department agrees to provide fire fighting and suppression services to all the residents and commercial interests within the geographic area of the District and those requesting mutual aid. The contract may be terminated by either party due to the other party committing a material breach of contract. Once notice has been given of a contract breach, the breaching party will have 30 days from the date of the notice to cure breach or show to the satisfaction of the non-breaching party that no breach has occurred.

The Department agreed to submit annually both an operating budget and a capital budget for approval by the District. The District has the continuing right to review that the periodic monetary amounts to be paid by the District to the Department are in accordance with the Department's operating and capital budgets.

As unexpected or emergency expenditures arise, the Department agrees to submit a proposal itemizing those additional expenses to the District for its review and approval. All requests for additional funds shall be in writing and supported by a sworn invoice. The Department shall not transfer funds between the operating and capital improvements budgets without the written consent of the District. The agreement shall be automatically modified and amended based upon the tax revenue actually received by the District from the geographic area.

**NOTE 6. CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2020:

	January 1, 2020	Increases	Decreases	December 31, 2020
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 431,663			\$ 431,663
Construction in Progress		190,489	190,489	
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 431,663</u>	<u>\$ 190,489</u>	<u>\$ 190,489</u>	<u>\$ 431,663</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings and Improvements	\$ 1,187,358			\$ 1,187,358
Vehicles	1,749,713	190,489		1,940,202
Equipment	689,203		20,826	668,377
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 3,626,274</u>	<u>\$ 190,489</u>	<u>\$ 20,826</u>	<u>\$ 3,795,937</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	\$ 281,655	\$ 31,512		\$ 313,167
Vehicles	1,282,008	158,476		1,440,484
Equipment	367,218	89,743	13,922	443,039
<b>Total Accumulated Depreciation</b>	<u>\$ 1,930,881</u>	<u>\$ 279,731</u>	<u>\$ 13,922</u>	<u>\$ 2,196,690</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 1,695,393</u>	<u>\$ (89,242)</u>	<u>\$ 6,904</u>	<u>\$ 1,599,247</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 2,127,056</u>	<u>\$ 101,247</u>	<u>\$ 197,393</u>	<u>\$ 2,030,910</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 7. CAPITAL LEASE AGREEMENTS**

On January 3, 2011, the District entered into a lease agreement with Municipal Services Group Inc. for partial funding of a 2011 Darley 3500 Pumper tanker in the amount of \$258,000. Assets under this capital lease total \$474,559 and accumulated depreciation totals \$446,085 through December 31, 2020. Lease payments and related interest are due each December 3 in the amount of \$31,273. The District's incremental borrowing rate is 3.66%. This lease was paid in full during the current fiscal year.

On July 29, 2013, the District entered into a lease agreement with Leasing 2, Inc. for partial funding of a 2013 Darley 3500 Pumper tanker in the amount of \$350,000. Assets under this capital lease total \$478,580 and accumulated depreciation totals \$355,592 through December 31, 2020. Lease payments and related interest are due each April 15 in the amount of \$34,423. The District's incremental borrowing rate is 2.743% and the balance payable at year end is \$158,653.

On May 25, 2017, the District entered into a lease agreement with Branch Banking and Trust Company ("BB&T") for partial funding of a 2017 Chevrolet Ambulance in the amount of \$175,000. Assets under this capital lease total \$175,000 and accumulated depreciation totals \$59,788 through December 31, 2020. Lease payments and related interest are due each May 1 in the amount of \$37,538. The District's incremental borrowing rate is 2.38% and the balance payable at year end is \$72,478.

On November 1, 2016, the District entered into a lease agreement with Motorola Solutions, Inc. to purchase portable radios in the amount of \$307,000. Assets under this capital lease total \$307,000 and accumulated depreciation totals \$130,538 through December 31, 2020. Lease payments and related interest are due each December 1 in the amount of \$53,627. The District's incremental borrowing rate is 3.29% and the balance payable at year end is \$105,157.

On October 15, 2015, the District entered into a lease agreement with Community First National Bank to purchase fire fighting equipment in the amount of \$200,000. Assets under this capital lease total \$200,000 and accumulated depreciation totals \$200,000 through December 31, 2020. Lease payments and related interest are due each October 15 in the amount of \$43,409. The District's incremental borrowing rate is 2.79%. This lease was paid in full during the current fiscal year.

On September 12, 2019, the District entered into a lease agreement with Branch Banking and Trust Company ("BB&T") to finance the purchase of a new ambulance in the amount of \$190,479. Assets under this capital lease total \$206,479 and accumulated depreciation totals \$14,926 through December 31, 2020. Lease payments and related interest are due each September 12 in the amount of \$41,059. The District's incremental borrowing rate is 2.55% and the balance payable at year end is \$154,276.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 7. CAPITAL LEASE AGREEMENTS (Continued)**

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

Capital Leases Payable, January 1, 2020		\$	714,900
Less: Capital Lease Principal Paid			<u>224,336</u>
Capital Leases Payable, December 31, 2020		\$	<u><u>490,564</u></u>
Due Within One Year		\$	155,186
Due After One Year			<u>335,378</u>
Capital Leases Payable, December 31, 2020		\$	<u><u>490,564</u></u>

The following is a schedule of future minimum lease payments as of December 31, 2020.

Fiscal Year	Principal	Interest	Total
2020	\$ 155,186	\$ 11,461	\$ 166,647
2021	158,512	8,135	166,647
2022	70,749	4,732	75,481
2023	72,625	2,856	75,481
2024	<u>33,492</u>	<u>930</u>	<u>34,422</u>
	<u>\$ 490,564</u>	<u>\$ 28,114</u>	<u>\$ 518,678</u>

**NOTE 8. SALES AND USE TAX**

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 provisions of Subchapter E, Chapter 323 of the Tax Code.

On May 10, 2008, 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 19, 2008, 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, effective October 1, 2008. On May 11, 2013, the voters of the District approved increasing the rate to two percent. During the current year, the District recorded \$1,380,664 in sales tax receipts, of which \$273,015 was due from the State Comptroller at December 31, 2020.



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 9. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NOTE 10. UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

**NOTE 11. COMPENSATED ABSENCES**

The liability for compensated absences reported in the government-wide fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees. As of December 31, 2020, this balance was \$8,854.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2020**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL – EMERGENCY SERVICE DISTRICT  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 1,120,141	\$ 1,120,141	\$ 1,105,263	\$ (14,878)
Sales Tax Receipts	1,000,000	1,000,000	1,380,664	380,664
Penalty and Interest			21,984	21,984
Investment and Miscellaneous Revenues	<u>21,700</u>	<u>21,700</u>	<u>74,813</u>	<u>53,113</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,141,841</u>	<u>\$ 2,141,841</u>	<u>\$ 2,582,724</u>	<u>\$ 440,883</u>
<b>EXPENDITURES</b>				
Services Operations:				
District Services - EMS Services	\$ 20,000	\$	\$	\$
District Services - Huffman VFD	887,022	887,667	628,449	259,218
Accounting and Auditing Fees	46,000	46,000	52,301	(6,301)
Appraisal District Fees	7,100	7,100	8,394	(1,294)
Commissioner Fees	35,000	35,000	36,000	(1,000)
Equipment	88,600	88,600	102,835	(14,235)
Insurance	78,667	33,167	60,695	(27,528)
Legal Fees-General	60,000	60,000	38,068	21,932
Legal Fees-Delinquent Tax Collections			6,952	(6,952)
Maintenance-Building and Vehicles	62,713	62,713	88,814	(26,101)
Salaries and Benefits	585,597	570,103	664,890	(94,787)
Tax Collector Fees			6,169	(6,169)
Utilities	37,820	37,820	29,774	8,046
Other	81,000	82,200	72,032	10,168
Capital Outlay	41,059	41,059	190,489	(149,430)
Debt Service:				
Capital Lease Principal	200,271	200,271	224,336	(24,065)
Capital Lease Interest			16,994	(16,994)
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,230,849</u>	<u>\$ 2,151,700</u>	<u>\$ 2,227,192</u>	<u>\$ (75,492)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (89,008)</u>	<u>\$ (9,859)</u>	<u>\$ 355,532</u>	<u>\$ 365,391</u>
<b>FUND BALANCE - JANUARY 1, 2020</b>	<u>1,469,183</u>	<u>1,469,183</u>	<u>1,469,183</u>	
<b>FUND BALANCE - DECEMBER 31, 2020</b>	<u>\$ 1,380,175</u>	<u>\$ 1,459,324</u>	<u>\$ 1,824,715</u>	<u>\$ 365,391</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL – HUFFMAN EMS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
EMS Revenues	\$ 510,000	\$ 219,601	\$ (290,399)
Investment and Miscellaneous Revenues	600	691	91
<b>TOTAL REVENUES</b>	<b>\$ 510,600</b>	<b>\$ 220,292</b>	<b>\$ (290,308)</b>
<b>EXPENDITURES</b>			
Service Operations:			
Contract Labor	\$ 9,500	\$	\$ 9,500
Equipment	36,000	2,969	33,031
Maintenance-Building and Vehicles	27,400	11,035	16,365
Medical Supplies	63,000	26,502	36,498
Utilities	3,960	4,134	(174)
Other	59,610	48,303	11,307
<b>TOTAL EXPENDITURES</b>	<b>\$ 199,470</b>	<b>\$ 92,943</b>	<b>\$ 106,527</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 311,130</b>	<b>\$ 127,349</b>	<b>\$ (183,781)</b>
<b>FUND BALANCE - JANUARY 1, 2020</b>	<b>416,562</b>	<b>416,562</b>	
<b>FUND BALANCE - DECEMBER 31, 2020</b>	<b>\$ 727,692</b>	<b>\$ 543,911</b>	<b>\$ (183,781)</b>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**

**SUPPLEMENTARY INFORMATION**

**REQUIRED BY HARRIS COUNTY**

**DECEMBER 31, 2020**





**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**COMPUTATION OF NET LONG-TERM DEBT PER CAPITA**  
**DECEMBER 31, 2020**  
**(UNAUDITED)**

Long-Term Debt at December 31, 2020	\$ 490,564
Less: Amount in Debt Service Fund	<u>-0-</u>
Net Long-Term Debt at December 31, 2020	\$ 490,564
Estimated District Population	<u>12,500</u>
Net Long-Term Debt Per Capita at December 31, 2020	<u>\$ 39.25</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
LISTING OF THE NUMBER OF EMERGENCY  
RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT –  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)**

Huffman VFD

Number of Emergency Responses made Within the District	512
Number of Emergency Responses made Outside the District	<u>29</u>
Total Emergency Responses	<u><u>541</u></u>

Ambulance

Number of Emergency Responses made Within the District	1,071
Number of Emergency Responses made Outside the District	<u>30</u>
Total Emergency Responses	<u><u>1,101</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**SCHEDULE OF INSURANCE AND BONDING COVERAGE**  
**DECEMBER 31, 2020**

Type of Coverage	From To	Amount of Coverage	Insurer/Name
PUBLIC OFFICIAL BOND Treasurer	01/01/20 01/01/21	\$ 100,000	National Union Fire Insurance Company
PUBLIC EMPLOYEE BLANKET BOND Crime Limit	01/01/20 01/01/21	\$ 100,000	National Union Fire Insurance Company
GENERAL LIABILITY General Aggregate Each Occurrence	01/01/20 01/01/21	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
MANAGEMENT LIABILITY Aggregate Each Occurrence	01/01/20 01/01/21	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
EXCESS LIABILITY Aggregate Each	01/01/20 01/01/21	\$20,000,000 10,000,000	National Union Fire Insurance Company
PROPERTY LIABILITY Buildings Contents	01/01/20 01/01/21	\$ 1,563,160 187,394	National Union Fire Insurance Company
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit	01/01/20 01/01/21	\$ 1,000,000	National Union Fire Insurance Company
PORTABLE EQUIPMENT	01/01/20 01/01/21	Guaranteed Replacement Costs	National Union Fire Insurance Company
WORKERS COMPENSATION Bodily Injury by Accident Bodily Injury by Disease Disease Policy Limit	01/01/20 01/01/21	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company
ACCIDENT AND SICKNESS POLICY AD&D Medical Off Duty Rider	01/01/20 01/01/21	\$ 20,000 50,000 20,000	National Union Fire Insurance Company

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**STATEMENT OF ACTIVITIES -**  
**HUFFMAN VOLUNTEER FIRE DEPARTMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(UNAUDITED)**

REVENUES	
Harris County ESD No. 4	\$ <u>111,390</u>
EXPENSES	
Communications	\$ 1,882
Fuel and Oil	6,147
Miscellaneous Expenses	513
Office Expense	5,181
Salaries	88,904
Tools and Equipment	1,363
Training and Education	5,927
Uniforms and Identification	331
Vehicle Repair & Maintenance	<u>11,238</u>
TOTAL EXPENSES	\$ <u>121,486</u>
CHANGE IN NET ASSETS	\$ (10,096)
NET ASSETS - January 1, 2020	<u>78,266</u>
NET ASSETS - December 31, 2020	<u>\$ 68,170</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**

**OTHER SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2020**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Property Taxes	
TAXES RECEIVABLE - JANUARY 1, 2020	\$ 617,295	
Adjustments to Beginning Balance	1,314	\$ 618,609
Original 2020 Tax Levy	\$ 1,035,218	
Adjustment to 2020 Tax Levy	139,210	1,174,428
 TOTAL TO BE ACCOUNTED FOR		 \$ 1,793,037
 TAX COLLECTIONS:		
Prior Years	\$ 547,813	
Current Year	336,465	884,278
 TAXES RECEIVABLE - DECEMBER 31, 2020		 \$ <u>908,759</u>
 TAXES RECEIVABLE BY YEAR:		
2020		\$ 837,963
2019		25,052
2018		10,183
2017		6,676
2016		5,520
2015		4,290
2014		2,786
2013		2,627
2012		2,333
2011 and prior		11,329
 TOTAL TAXES RECEIVABLE BY YEAR		 \$ <u>908,759</u>

See accompanying independent auditor's reports.

**THIS PAGE INTENTIONALLY LEFT BLANK**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 1,174,394,072</u>	<u>\$ 1,112,730,635</u>	<u>\$ 1,023,456,122</u>	<u>\$ 997,728,125</u>
TAX RATE PER \$100 VALUATION	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.09956</u>	<u>\$ 0.10</u>
ADJUSTED TAX LEVY*	<u>\$ 1,174,428</u>	<u>\$ 1,112,730</u>	<u>\$ 1,018,953</u>	<u>\$ 997,728</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>28.65 %</u>	<u>97.75 %</u>	<u>99.00 %</u>	<u>99.33 %</u>

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

See accompanying independent auditor's reports.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND – FIVE YEARS**

	Amounts		
	2020	2019	2018
<b>REVENUES</b>			
Property Taxes	\$ 1,105,263	\$ 1,022,818	\$ 1,016,847
Sales Tax Receipts	1,380,664	1,183,052	1,110,025
EMS Revenues	219,601	205,672	267,423
Penalty and Interest	21,984	36,339	
Investment and Miscellaneous Revenues	75,504	36,676	127,877
<b>TOTAL REVENUES</b>	<u>\$ 2,803,016</u>	<u>\$ 2,484,557</u>	<u>\$ 2,522,172</u>
<b>EXPENDITURES</b>			
Services Operations:			
District Services - EMS Services	\$	\$ 595,187	\$ 516,526
District Services - Huffman VFD	628,449	767,476	1,043,239
Accounting and Auditing Fees	52,301	47,867	20,034
Appraisal District Fees	8,394	7,578	7,458
Commissioner Fees	36,000	34,800	15,000
Equipment	105,804	100,118	
Insurance	60,695		
Legal Fees-General	38,068	36,791	51,734
Legal Fees-Delinquent Tax Collections	6,952	7,756	
Maintenance-Building and Vehicles	99,849	69,860	119,521
Medical Supplies	26,502	30,971	26,682
Salaries and Benefits	664,890		
Tax Collector Fees	6,169	10,879	7,783
Utilities	33,908	45,172	35,536
Other	120,335	130,784	51,451
Capital Outlay	190,489	70,785	91,976
Debt Service:			
Capital Lease Principal	224,336	183,647	199,366
Note Principal		72,306	69,127
Capital Lease Interest	16,994	16,623	23,728
Note Interest		3,327	6,506
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,320,135</u>	<u>\$ 2,231,927</u>	<u>\$ 2,285,667</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 482,881</u>	<u>\$ 252,630</u>	<u>\$ 236,505</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital Lease Financing	<u>\$ - 0 -</u>	<u>\$ 190,479</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ 482,881	\$ 443,109	\$ 236,505
<b>BEGINNING FUND BALANCES</b>	<u>1,885,745</u>	<u>1,448,636</u>	<u>1,212,131</u>
<b>ENDING FUND BALANCES</b>	<u>\$ 2,368,626</u>	<u>\$ 1,891,745</u>	<u>\$ 1,448,636</u>

See accompanying independent auditor's reports.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 944,013	\$ 890,094	39.4 %	41.1 %	40.3 %	47.6 %	52.5 %
926,549	805,482	49.3	47.6	44.0	46.8	47.5
15,033		7.8	8.3	10.6	0.8	
		0.8	1.5			
94,903	742	2.7	1.5	5.1	4.8	
<u>\$ 1,980,498</u>	<u>\$ 1,696,318</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 190,541	\$ 277,950		24.0 %	20.5 %	9.6 %	16.4 %
1,090,307	432,633	22.4	31.0	41.4	55.1	25.6
9,000	44,659	1.9	1.9	0.8	0.5	2.6
7,018	6,586	0.3	0.3	0.3	0.4	0.4
15,000	15,000	1.3	1.4	0.6	0.8	0.9
	238,690	3.8	4.0			14.1
		2.2				
58,157	22,081	1.4	1.5	2.1	2.9	1.3
	7,861	0.2	0.3			0.5
34,246	36,274	3.6	2.8	4.7	1.7	2.1
14,565		0.9	1.2	1.1	0.7	
		23.7				
9,566	5,495	0.2	0.4	0.3	0.5	0.3
30,858	33,725	1.2	1.8	1.4	1.6	2.0
95,388	90,458	4.3	5.3	2.0	4.8	5.3
512,297	307,054	6.8	2.8	3.6	25.9	18.1
160,269	107,447	8.0	7.4	7.9	8.1	6.3
66,087	63,181		2.9	2.7	3.3	3.7
24,593	22,737	0.6	0.7	0.9	1.2	1.3
9,546	12,452		0.1	0.3	0.5	0.7
<u>\$ 2,327,438</u>	<u>\$ 1,724,283</u>	<u>82.8 %</u>	<u>89.8 %</u>	<u>90.6 %</u>	<u>117.6 %</u>	<u>101.6 %</u>
<u>\$ (346,940)</u>	<u>\$ (27,965)</u>	<u>17.2 %</u>	<u>10.2 %</u>	<u>9.4 %</u>	<u>(17.6) %</u>	<u>(1.6) %</u>
<u>\$ 175,000</u>	<u>\$ 307,000</u>					
\$ (171,940)	\$ 279,035					
<u>1,384,071</u>	<u>1,105,036</u>					
<u>\$ 1,212,131</u>	<u>\$ 1,384,071</u>					

See accompanying independent auditor's reports.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2020**

District Mailing Address - Harris County Emergency Services District No. 4  
c/o Coveler & Peeler, P.C.  
820 Gessner, Suite 1710  
Houston, TX 77024

District Telephone Number - (713) 984-8222

<u>Commissioners</u>	<u>Term of Office (Appointed – Elected)</u>	<u>Fees of Office for the year ended December 31, 2020</u>	<u>Expense Reimbursements for the year ended December 31, 2020</u>	<u>Title</u>
Ray Jones	06/20 – 05/24 (Elected)	\$ 7,200	\$ -0-	President
Ken Gregory	06/20 – 05/24 (Elected)	\$ 7,200	\$ -0-	Vice President
Shareen Redus	06/18 – 05/22 (Elected)	\$ 7,200	\$ -0-	Treasurer/ Investment Officer
Christy Graves	06/18 – 05/22 (Elected)	\$ 7,200	\$ -0-	Assistant Treasurer
Leslie Deen	06/18 – 05/22 (Elected)	\$ 7,200	\$ -0-	Secretary

The limit on fees of office that a Commissioner may receive during a year was \$3,000 as set by the Health and Safety Code-Chapter 775. Effective September 1, 2017, a Commissioner is entitled to receive compensation in the same manner and amount as are provided by Section 49.060 of the Texas Water Code, currently \$7,200 per fiscal year. The above fees of office and expense reimbursements are the amounts paid to a Commissioner during the District’s current fiscal year.

See accompanying independent auditor’s report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2020**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2020</u>	<u>Title</u>
Coveler & Peeler, P.C.	2002	\$ 38,380	Attorney
McCall Gibson Swedlund Barfoot PLLC	12/09/19	\$ 13,000	Auditor
Municipal Accounts and Consulting	12/10/18	\$ 39,301	Bookkeeper
Harris County Tax Assessor/Collector	Legislative Action	\$ 6,169	Tax Assessor/ Collector
Linebarger Goggan Blair & Sampson, LLP		\$ 6,952	Delinquent Tax Attorney

See accompanying independent auditor's report.

