

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

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2019**

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



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

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2019**



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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, 2019, 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, 2019, 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

July 13, 2020



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019. 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, 2019**

**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 \$3,380,641 as of December 31, 2019.

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, 2019**

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

|   | <u>Summary of Changes in the Statement of Net Position</u> |                     |   |
|---|--|---------------------|---|
|   | <u>2019</u>  | <u>2018</u>         | <u>Change<br/>Positive<br/>(Negative)</u> |
| Current and Other Assets                            | \$ 3,221,339   | \$ 2,658,540        | \$ 562,799                                |
| Capital Assets (Net of<br>Accumulated Depreciation) | <u>2,127,056</u>   | <u>2,343,091</u>    | <u>(216,035)</u>                          |
| Total Assets  | \$ 5,348,395   | \$ 5,001,631        | \$ 346,764                                |
| Long-Term Liabilities                               | \$ 490,564   | \$ 790,718          | \$ 300,154                                |
| Other Liabilities                                   | <u>364,460</u>   | <u>139,802</u>      | <u>(224,658)</u>                          |
| Total Liabilities                                   | \$ 855,024   | \$ 930,520          | \$ 75,496                                 |
| Deferred Inflows of Resources                       | <u>\$ 1,112,730</u>  | <u>\$ 1,018,325</u> | <u>\$ (94,405)</u>                        |
| Net Position:                                       |  |                     |   |
| Net Investment in Capital Assets                    | \$ 1,412,156   | \$ 1,562,717        | \$ (150,561)                              |
| Unrestricted  | <u>1,968,485</u>   | <u>1,490,069</u>    | <u>478,416</u>                            |
| Total Net Position                                  | <u>\$ 3,380,641</u>  | <u>\$ 3,052,786</u> | <u>\$ 327,855</u>                         |

\*

The following table provides a summary of the District's operations for the years ended December 31, 2019, and December 31, 2018. The District's net position increased by \$327,855.

|                                 | <u>Summary of Changes in the Statement of Activities</u> |                     |   |
|---------------------------------|--|---------------------|---|
|                                 | <u>2019</u>  | <u>2018</u>         | <u>Change<br/>Positive<br/>(Negative)</u> |
| Revenues:                       |  |                     |   |
| Property Taxes                  | \$ 1,022,960   | \$ 1,019,494        | \$ 3,466                                  |
| Sales Tax Receipts              | 1,183,052  | 1,110,025           | 73,027                                    |
| EMS Services                    | 205,672  | 206,133             | (461)                                     |
| Other Revenues                  | <u>114,205</u>   | <u>127,877</u>      | <u>(13,672)</u>                           |
| Total Revenues                  | \$ 2,525,889   | \$ 2,463,529        | \$ 62,360                                 |
| Expenses for Services           | <u>2,198,034</u>   | <u>2,224,999</u>    | <u>26,965</u>                             |
| Change in Net Position          | \$ 327,855   | \$ 238,530          | \$ 89,325                                 |
| Net Position, Beginning of Year | <u>3,052,786</u>   | <u>2,814,256</u>    | <u>238,530</u>                            |
| Net Position, End of Year       | <u>\$ 3,380,641</u>                                      | <u>\$ 3,052,786</u> | <u>\$ 327,855</u>                         |

\* As Adjusted

\*

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

The District's General Fund fund balance as of December 31, 2019, was \$1,885,745, an increase of \$437,109 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 reflect more accurately anticipated activity. Actual revenues were \$226,918 more than budgeted primarily due to higher than expected sales tax revenues. Actual expenditures were \$189,983 less than budgeted.

The Board of Commissioners did not amend the Huffman EMS budget during the current fiscal year. Actual revenues were \$296,725 less than budgeted primarily due to lower than anticipated EMS revenues. Actual expenditures were \$64,101 less than budgeted.

**CAPITAL ASSETS**

Capital assets as of December 31, 2019, total \$2,127,056 (net of accumulated depreciation) and includes land, buildings, vehicles and equipment. Capital asset activity during the current fiscal year included the purchase of a rescue boat and installation of an emergency generator.

| Capital Assets At Year-End, Net of Accumulated Depreciation |              |              |                                  |
|---|--------------|--------------|----------------------------------|
|   | 2019         | 2018         | Change<br>Positive<br>(Negative) |
| Capital Assets Not Being Depreciated:                       |              |              |                                  |
| Land and Land Improvements                                  | \$ 431,663   | \$ 431,663   | \$                               |
| Capital Assets, Net of Accumulated Depreciation:            |              |              |                                  |
| Buildings and Improvements                                  | 905,703      | 928,795      | (23,092)                         |
| Vehicles  | 467,705      | 563,186      | (95,481)                         |
| Equipment   | 321,985      | 419,447      | (97,462)                         |
| Total Net Capital Assets                                    | \$ 2,127,056 | \$ 2,343,091 | \$ (216,035)                     |

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**LONG-TERM DEBT ACTIVITY**

At year-end, the District had total debt payable of \$714,900. The changes in the debt position of the District during the fiscal year ended December 31, 2019, are summarized as follows:

|   |                   |
|---|-------------------|
| Capital Leases Payable, January 1, 2019   | \$ 708,068        |
| Less: Capital Lease Principal Paid        | <u>183,647</u>    |
| Capital Leases Payable, December 31, 2019 | <u>\$ 714,900</u> |
| <br>                                      |                   |
| Note Payable, January 1, 2019             | \$ 72,306         |
| Less: Note Principal Paid                 | <u>72,306</u>     |
| Note Payable, December 31, 2019           | <u>\$ -0-</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, 2019**

|  | General Fund                  |                   |
|--|-------------------------------|-------------------|
|  | Emergency<br>Service District | Huffman<br>EMS    |
| <b>ASSETS</b>  |                               |                   |
| Cash   | \$ 456,238                    | \$ 397,187        |
| Investments  | 1,001,681                     |                   |
| Cash with Harris County  | 209,131                       |                   |
| Receivables:   |                               |                   |
| Due From Bank  | 190,479                       |                   |
| EMS Operations   |                               | 24,562            |
| Property Taxes   | 617,295                       |                   |
| Sales Tax Receipts   | 238,977                       |                   |
| Penalty and Interest on Delinquent Taxes                                     |                               |                   |
| Other  | 57                            |                   |
| Prepaid Costs  | 44,542                        |                   |
| Land   |                               |                   |
| Capital Assets (Net of Accumulated Depreciation)                             |                               |                   |
| <b>TOTAL ASSETS</b>  | <u>\$ 2,758,400</u>           | <u>\$ 421,749</u> |
| <b>LIABILITIES</b>   |                               |                   |
| Accounts Payable   | \$ 114,472                    | \$ 5,187          |
| Accrued Interest Payable   |                               |                   |
| Long Term Liabilities:   |                               |                   |
| Capital Leases Payable Within One Year                                       |                               |                   |
| Capital Leases Payable After One Year  |                               |                   |
| <b>TOTAL LIABILITIES</b>   | <u>\$ 114,472</u>             | <u>\$ 5,187</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                               |                   |
| Property Taxes   | \$ 1,174,745                  | \$ - 0 -          |
| <b>FUND BALANCE</b>  |                               |                   |
| Nonspendable: Prepaid Costs  | \$ 44,542                     | \$                |
| Assigned to 2020 Budget Deficit  | 38,342                        |                   |
| Unassigned   | 1,386,299                     | 416,562           |
| <b>TOTAL FUND BALANCE</b>  | <u>\$ 1,469,183</u>           | <u>\$ 416,562</u> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCE</b> | <u>\$ 2,758,400</u>           | <u>\$ 421,749</u> |
| <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<br/>Net Position</u> |
|---------------------|-----------------------|--------------------------------------|
| \$ 853,425          | \$                    | \$ 853,425                           |
| 1,001,681           |                       | 1,001,681                            |
| 209,131             |                       | 209,131                              |
| 190,479             |                       | 190,479                              |
| 24,562              |                       | 24,562                               |
| 617,295             |                       | 617,295                              |
| 238,977             |                       | 238,977                              |
|                     | 41,190                | 41,190                               |
| 57                  |                       | 57                                   |
| 44,542              |                       | 44,542                               |
|                     | 431,663               | 431,663                              |
|                     | <u>1,695,393</u>      | <u>1,695,393</u>                     |
| <u>\$ 3,180,149</u> | <u>\$ 2,168,246</u>   | <u>\$ 5,348,395</u>                  |
| \$ 119,659          | \$ 8,854              | \$ 128,513                           |
|                     | 11,611                | 11,611                               |
|                     | 224,336               | 224,336                              |
|                     | <u>490,564</u>        | <u>490,564</u>                       |
| <u>\$ 119,659</u>   | <u>\$ 735,365</u>     | <u>\$ 855,024</u>                    |
| <u>\$ 1,174,745</u> | <u>\$ (62,015)</u>    | <u>\$ 1,112,730</u>                  |
| \$ 44,542           | \$ (44,542)           | \$                                   |
| 38,342              | (38,342)              |                                      |
| <u>1,802,861</u>    | <u>(1,802,861)</u>    |                                      |
| <u>\$ 1,885,745</u> | <u>\$ (1,885,745)</u> | <u>\$ - 0 -</u>                      |
| <u>\$ 3,180,149</u> |                       |                                      |
|                     | \$ 1,412,156          | \$ 1,412,156                         |
|                     | <u>1,968,485</u>      | <u>1,968,485</u>                     |
|                     | <u>\$ 3,380,641</u>   | <u>\$ 3,380,641</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 BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

Total Fund Balance - Governmental Fund \$ 1,885,745

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. 2,127,056

Deferred inflows of resources related to property tax revenues and penalty and interest receivables on delinquent taxes for the 2018 and prior tax levies became part of recognized revenues in the governmental activities of the District. 103,205

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

|  |    |                |                  |
|--|----|----------------|------------------|
| Accrued Interest Payable               | \$ | 11,611         |                  |
| Compensated Absences                   |    | 8,854          |                  |
| Capital Leases Payable Within One Year |    | 224,336        |                  |
| Capital Leases Payable After One Year  |    | <u>490,564</u> | <u>(735,365)</u> |

Total Net Position - Governmental Activities \$ 3,380,641

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

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**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, 2019**

|   | General Fund                  |                   |
|---|-------------------------------|-------------------|
|   | Emergency<br>Service District | Huffman<br>EMS    |
| <b>REVENUES</b>                             |                               |                   |
| Property Taxes                              | \$ 1,022,818                  | \$                |
| Sales Tax Receipts                          | 1,183,052                     |                   |
| EMS Revenues                                |                               | 205,672           |
| Penalty and Interest                        | 36,339                        |                   |
| Investment and Miscellaneous Revenues       | 28,673                        | 8,003             |
| <b>TOTAL REVENUES</b>                       | <u>\$ 2,270,882</u>           | <u>\$ 213,675</u> |
| <b>EXPENDITURES/EXPENSES</b>                |                               |                   |
| Service Operations:                         |                               |                   |
| District Services - EMS Services            | \$ 595,187                    | \$                |
| District Services - Huffman VFD             | 767,476                       |                   |
| Accounting and Auditing Fees                | 47,867                        |                   |
| Appraisal District Fees                     | 7,578                         |                   |
| Commissioner Fees                           | 34,800                        |                   |
| Contract Services                           |                               | 6,000             |
| Equipment                                   | 22,836                        | 77,282            |
| Legal Fees-General                          | 36,791                        |                   |
| Legal Fees-Delinquent Tax Collections       | 7,756                         |                   |
| Maintenance-Building and Vehicles           | 41,913                        | 27,947            |
| Medical Supplies                            |                               | 30,971            |
| Tax Collector Fees                          | 10,879                        |                   |
| Utilities                                   | 39,418                        | 5,754             |
| Depreciation                                |                               |                   |
| Other                                       | 90,659                        | 40,125            |
| Capital Outlay                              | 70,785                        |                   |
| Debt Service:                               |                               |                   |
| Capital Lease Principal                     | 183,647                       |                   |
| Note Principal                              | 72,306                        |                   |
| Capital Lease Interest                      | 16,623                        |                   |
| Note Interest                               | 3,327                         |                   |
| <b>TOTAL EXPENDITURES/EXPENSES</b>          | <u>\$ 2,049,848</u>           | <u>\$ 188,079</u> |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER</b> |                               |                   |
| <b>EXPENDITURES/EXPENSES</b>                | <u>\$ 221,034</u>             | <u>\$ 25,596</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                               |                   |
| Capital Lease Proceeds                      | \$ 190,479                    | \$ - 0 -          |
| <b>NET CHANGE IN FUND BALANCE</b>           | <u>\$ 411,513</u>             | <u>\$ 25,596</u>  |
| <b>CHANGE IN NET POSITION</b>               |                               |                   |
| <b>FUND BALANCE/NET POSITION -</b>          |                               |                   |
| <b>AS ADJUSTED, JANUARY 1, 2019</b>         | <u>1,057,670</u>              | <u>390,966</u>    |
| <b>FUND BALANCE/NET POSITION -</b>          |                               |                   |
| <b>DECEMBER 31, 2019</b>                    | <u>\$ 1,469,183</u>           | <u>\$ 416,562</u> |

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

| Total               | Adjustments         | Statement of<br>Activities |
|---------------------|---------------------|----------------------------|
| \$ 1,022,818        | \$ 142              | \$ 1,022,960               |
| 1,183,052           |                     | 1,183,052                  |
| 205,672             |                     | 205,672                    |
| 36,339              | 41,190              | 77,529                     |
| 36,676              |                     | 36,676                     |
| <u>\$ 2,484,557</u> | <u>\$ 41,332</u>    | <u>\$ 2,525,889</u>        |
| <br>                |                     |                            |
| \$ 595,187          | \$ (1,490)          | \$ 593,697                 |
| 767,476             |                     | 767,476                    |
| 47,867              |                     | 47,867                     |
| 7,578               |                     | 7,578                      |
| 34,800              |                     | 34,800                     |
| 6,000               |                     | 6,000                      |
| 100,118             |                     | 100,118                    |
| 36,791              |                     | 36,791                     |
| 7,756               |                     | 7,756                      |
| 69,860              |                     | 69,860                     |
| 30,971              |                     | 30,971                     |
| 10,879              |                     | 10,879                     |
| 45,172              |                     | 45,172                     |
|                     | 286,820             | 286,820                    |
| 130,784             |                     | 130,784                    |
| 70,785              | (70,785)            |                            |
| 183,647             | (183,647)           |                            |
| 72,306              | (72,306)            |                            |
| 16,623              | 1,662               | 18,285                     |
| 3,327               | (147)               | 3,180                      |
| <u>\$ 2,237,927</u> | <u>\$ (39,893)</u>  | <u>\$ 2,198,034</u>        |
| <br>                |                     |                            |
| <u>\$ 246,630</u>   | <u>\$ 81,225</u>    | <u>\$ 327,855</u>          |
| <br>                |                     |                            |
| <u>\$ 190,479</u>   | <u>\$ (190,479)</u> | <u>\$ - 0 -</u>            |
| <u>\$ 437,109</u>   | <u>\$ (437,109)</u> | <u>\$</u>                  |
|                     | 327,855             | 327,855                    |
| <br>                |                     |                            |
| <u>1,448,636</u>    | <u>1,604,150</u>    | <u>3,052,786</u>           |
| <br>                |                     |                            |
| <u>\$ 1,885,745</u> | <u>\$ 1,494,896</u> | <u>\$ 3,380,641</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, 2019**

Net Change in Fund Balance - Governmental Fund \$ 437,109

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. 142

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. 41,190

Compensated absences previously reported as a liability in the Statement of Net Position are recorded as a reduction in expenses in the Statement of Activities. 1,490

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. (286,820)

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. 70,785

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. 255,953

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. (1,515)

Governmental funds report capital lease proceeds as other financing sources. However, in the Statement of Net Position, capital lease proceeds increase long-term liabilities and the Statement of Activities is not affected. (190,479)

Change in Net Position - Governmental Activities \$ 327,855

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, 2019**

**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, 2019**

**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, 2019**

**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 2018 tax levy collections during the period October 1, 2018, to December 31, 2019, and taxes collected from January 1, 2019, to December 31, 2019, for all prior tax levies. The 2019 tax levy has been fully deferred to fund 2020 costs.

Sales tax receipts considered available by the District and included in revenue include sales taxes collected during the period of January 1, 2019, to December 31, 2019.

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, 2019**

**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, 2019**

**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 has assigned \$38,342 of the General Fund fund balance to cover a portion of the 2020 budget.

*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, 2019, the District levied an ad valorem tax rate of \$0.10 per \$100 of assessed valuation, which resulted in a tax levy of \$1,112,730 on the adjusted taxable valuation of \$1,112,730,635 for the 2019 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, 2019**

**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 \$853,425 and the bank balance was \$790,793. Of the bank balance, \$250,000 was covered by federal depository insurance and \$365,722 was covered by collateral pledged in the name of the District and held in a third-party depository. The District had \$175,071 exposed to 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, 2019, as listed below:

|              |                    |
|--------------|--------------------|
| GENERAL FUND | Cash<br>\$ 853,425 |
|--------------|--------------------|

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, 2019**

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

Investments (Continued)

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures 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.

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.

As of December 31, 2019, the District had the following investments and maturities:

| Fund and<br>Investment Type | Fair Value          | Maturities of<br>Less Than<br>1 Year |
|-----------------------------|---------------------|--------------------------------------|
| <u>GENERAL FUND</u>         |                     |                                      |
| TexPool                     | \$ 376,648          | \$ 376,648                           |
| Texas CLASS                 | 625,033             | 625,033                              |
| <b>TOTAL INVESTMENTS</b>    | <b>\$ 1,001,681</b> | <b>\$ 1,001,681</b>                  |

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2019, the District’s investments in TexPool and Texas CLASS were rated “AAAm” by Standard and Poor’s.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the 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.

**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, 2019**

**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, 2019:

|  | January 1,<br>2019  | Increases           | Decreases        | December 31,<br>2019 |
|--|---------------------|---------------------|------------------|----------------------|
| <b>Capital Assets Not Being Depreciated</b>                              |                     |                     |                  |                      |
| Land and Land Improvements   | \$ 431,663          | \$                  | \$               | \$ 431,663           |
| Construction in Progress   |                     | 70,785              | 70,785           |                      |
| <b>Total Capital Assets Not Being Depreciated</b>                        | <u>\$ 431,663</u>   | <u>\$ 70,785</u>    | <u>\$ 70,785</u> | <u>\$ 431,663</u>    |
| <b>Capital Assets Subject to Depreciation</b>                            |                     |                     |                  |                      |
| Buildings and Improvements   | \$ 1,179,063        | \$ 8,295            | \$               | \$ 1,187,358         |
| Vehicles   | 1,687,223           | 62,490              |                  | 1,749,713            |
| Equipment  | 689,203             |                     |                  | 689,203              |
| <b>Total Capital Assets Subject to Depreciation</b>                      | <u>\$ 3,555,489</u> | <u>\$ 70,785</u>    | <u>\$ - 0 -</u>  | <u>\$ 3,626,274</u>  |
| <b>Less Accumulated Depreciation</b>                                     |                     |                     |                  |                      |
| Buildings and Improvements   | \$ 250,268          | \$ 31,387           | \$               | \$ 281,655           |
| Vehicles   | 1,124,037           | 157,971             |                  | 1,282,008            |
| Equipment  | 269,756             | 97,462              |                  | 367,218              |
| <b>Total Accumulated Depreciation</b>                                    | <u>\$ 1,644,061</u> | <u>\$ 286,820</u>   | <u>\$ - 0 -</u>  | <u>\$ 1,930,881</u>  |
| <b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b> | <u>\$ 1,911,428</u> | <u>\$ (216,035)</u> | <u>\$ - 0 -</u>  | <u>\$ 1,695,393</u>  |
| <b>Total Capital Assets, Net of Accumulated Depreciation</b>             | <u>\$ 2,343,091</u> | <u>\$ (145,250)</u> | <u>\$ 70,785</u> | <u>\$ 2,127,056</u>  |

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**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 \$398,499 through December 31, 2019. 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% and the December 31, 2019 balance payable is \$30,169.

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 \$307,602 through December 31, 2019. 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 December 31, 2019 balance payable in \$187,858.

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 \$42,240 through December 31, 2019. 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 December 31, 2019 balance payable in \$107,459.

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 \$99,754 through December 31, 2019. 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 December 31, 2019 balance payable in \$156,705.

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 \$199,385 through December 31, 2019. 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% and the December 31, 2019 balance payable in \$42,230.

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 the ambulance was delivered to the District subsequent to year-end. 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 December 31, 2019 balance payable in \$190,479.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

The following is a summary of transactions regarding capital leases payable for the year ended December 31, 2019:

|   |    |                       |
|---|----|-----------------------|
| Capital Leases Payable, January 1, 2019   | \$ | 708,068               |
| Capital Lease Proceeds                    |    | 190,479               |
| Less: Capital Lease Principal Paid        |    | <u>183,647</u>        |
| Capital Leases Payable, December 31, 2019 | \$ | <u><u>714,900</u></u> |
|   |    |                       |
| Due Within One Year                       | \$ | 224,336               |
| Due After One Year                        |    | <u>490,564</u>        |
| Capital Leases Payable, December 31, 2019 | \$ | <u><u>714,900</u></u> |

The following is a schedule of future minimum lease payments as of December 31, 2019.

| Fiscal Year | Principal         | Interest         | Total             |
|-------------|-------------------|------------------|-------------------|
| 2020        | \$ 224,336        | \$ 16,994        | \$ 241,330        |
| 2022        | 158,512           | 8,135            | 166,647           |
| 2023        | 70,749            | 4,732            | 75,481            |
| 2024        | 72,625            | 2,856            | 75,481            |
| 2025        | <u>33,492</u>     | <u>930</u>       | <u>34,422</u>     |
|             | <u>\$ 714,900</u> | <u>\$ 45,108</u> | <u>\$ 760,008</u> |

**NOTE 8. 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 9. 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 \$1,183,052 in sales tax receipts, of which \$238,977 was due from the State Comptroller at December 31, 2019.



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 10. NOTE PAYABLE**

On February 16, 2010, the District executed a \$600,000 note with Wells Fargo Securities, LLC, for the construction of a new station. The interest rate is 4.6%. Payments of \$75,633 are due each December 15 with the final payment was made December 15, 2019.

The following is a summary of transactions regarding the note payable for the year ended December 31, 2019:

|                                 |  |    |                   |
|---------------------------------|--|----|-------------------|
| Note Payable, January 1, 2019   |  | \$ | 72,306            |
| Less: Note Principal Paid       |  |    | <u>72,306</u>     |
| Note Payable, December 31, 2019 |  | \$ | <u><u>-0-</u></u> |

**NOTE 11. PRIOR PERIOD ADJUSTMENT**

As of January 1, 2019, it was determined that the total long-term debt of the District was overstated. A correction to the presentation of the long-term debt resulted in an increase to the District's Net Position in the amount of \$28,076. A summary of the change is presented as follows:

|  |  |    |                         |
|--|--|----|-------------------------|
| Net Position, January 1, 2019              |  | \$ | 3,024,710               |
| Effect of Adjustment                       |  |    | <u>28,076</u>           |
| Net Position, January 1, 2019, As Adjusted |  | \$ | <u><u>3,052,786</u></u> |

**NOTE 12. 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 13. 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, 2019, this balance was \$8,854.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2019**



**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, 2019**

|  | Original<br>Budget  | Final<br>Amended<br>Budget | Actual              | Variance<br>Positive<br>(Negative) |
|--|---------------------|----------------------------|---------------------|------------------------------------|
| <b>REVENUES</b>  |                     |                            |                     |                                    |
| Property Taxes   | \$ 1,026,214        | \$ 1,026,214               | \$ 1,022,818        | \$ (3,396)                         |
| Sales Tax Receipts   | 1,000,000           | 1,000,000                  | 1,183,052           | 183,052                            |
| Penalty and Interest   |                     |                            | 36,339              | 36,339                             |
| Investment and Miscellaneous Revenues                        | <u>160,800</u>      | <u>17,750</u>              | <u>28,673</u>       | <u>10,923</u>                      |
| <b>TOTAL REVENUES</b>  | <u>\$ 2,187,014</u> | <u>\$ 2,043,964</u>        | <u>\$ 2,270,882</u> | <u>\$ 226,918</u>                  |
| <b>EXPENDITURES</b>  |                     |                            |                     |                                    |
| Services Operations:   |                     |                            |                     |                                    |
| District Services - EMS Services                             | \$ 502,561          | \$ 637,061                 | \$ 595,187          | \$ 41,874                          |
| District Services - Huffman VFD                              | 1,282,667           | 887,667                    | 767,476             | 120,191                            |
| Accounting and Auditing Fees                                 | 30,000              | 42,000                     | 47,867              | (5,867)                            |
| Appraisal District Fees                                      | 7,100               | 7,100                      | 7,578               | (478)                              |
| Commissioner Fees  | 35,000              | 35,000                     | 34,800              | 200                                |
| Equipment  | 100,209             | 40,400                     | 22,836              | 17,564                             |
| Legal Fees-General   | 60,000              | 60,000                     | 36,791              | 23,209                             |
| Legal Fees-Delinquent Tax Collections                        |                     |                            | 7,756               | (7,756)                            |
| Maintenance-Building and Vehicles                            | 83,170              | 82,570                     | 41,913              | 40,657                             |
| Tax Collector Fees   |                     |                            | 10,879              | (10,879)                           |
| Utilities  | 62,850              | 34,850                     | 39,418              | (4,568)                            |
| Other  | 57,200              | 74,267                     | 90,659              | (16,392)                           |
| Capital Outlay   |                     | 62,490                     | 70,785              | (8,295)                            |
| Debt Service:  |                     |                            |                     |                                    |
| Capital Lease Principal                                      | 91,687              | 183,647                    | 183,647             |                                    |
| Note Principal   | 72,306              | 72,306                     | 72,306              |                                    |
| Capital Lease Interest                                       | 11,697              | 17,146                     | 16,623              | 523                                |
| Note Interest  | <u>3,327</u>        | <u>3,327</u>               | <u>3,327</u>        |                                    |
| <b>TOTAL EXPENDITURES</b>                                    | <u>\$ 2,399,774</u> | <u>\$ 2,239,831</u>        | <u>\$ 2,049,848</u> | <u>\$ 189,983</u>                  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>\$ (212,760)</u> | <u>\$ (195,867)</u>        | <u>\$ 221,034</u>   | <u>\$ 416,901</u>                  |
| <b>OTHER FINANCING SOURCES(USES)</b>                         |                     |                            |                     |                                    |
| Capital Lease Proceeds                                       | <u>\$ - 0 -</u>     | <u>\$ - 0 -</u>            | <u>\$ 190,479</u>   | <u>\$ 190,479</u>                  |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <u>\$ (212,760)</u> | <u>\$ (195,867)</u>        | <u>\$ 411,513</u>   | <u>\$ 607,380</u>                  |
| <b>FUND BALANCE - JANUARY 1, 2019</b>                        | <u>1,057,670</u>    | <u>1,057,670</u>           | <u>1,057,670</u>    |                                    |
| <b>FUND BALANCE - DECEMBER 31, 2019</b>                      | <u>\$ 844,910</u>   | <u>\$ 861,803</u>          | <u>\$ 1,469,183</u> | <u>\$ 607,380</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, 2019**

|   | <u>Original and<br/>Final Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---|--------------------------------------|-------------------|---|
| <b>REVENUES</b>                         |                                      |                   |   |
| EMS Revenues                            | \$ 510,000                           | \$ 205,672        | \$ (304,328)                                |
| Investment and Miscellaneous Revenues   | <u>400</u>                           | <u>8,003</u>      | <u>7,603</u>                                |
| <b>TOTAL REVENUES</b>                   | <u>\$ 510,400</u>                    | <u>\$ 213,675</u> | <u>\$ (296,725)</u>                         |
| <b>EXPENDITURES</b>                     |                                      |                   |   |
| Service Operations:                     |                                      |                   |   |
| Contract Labor                          | \$ 9,500                             | \$ 6,000          | \$ 3,500                                    |
| Equipment                               | 76,000                               | 77,282            | (1,282)                                     |
| Maintenance-Building and Vehicles       | 16,200                               | 27,947            | (11,747)                                    |
| Medical Supplies                        | 65,000                               | 30,971            | 34,029                                      |
| Utilities                               | 3,960                                | 5,754             | (1,794)                                     |
| Other                                   | <u>81,520</u>                        | <u>40,125</u>     | <u>41,395</u>                               |
| <b>TOTAL EXPENDITURES</b>               | <u>\$ 252,180</u>                    | <u>\$ 188,079</u> | <u>\$ 64,101</u>                            |
| <b>NET CHANGE IN FUND BALANCE</b>       | \$ 258,220                           | \$ 25,596         | \$ (232,624)                                |
| <b>FUND BALANCE - JANUARY 1, 2019</b>   | <u>390,966</u>                       | <u>390,966</u>    |   |
| <b>FUND BALANCE - DECEMBER 31, 2019</b> | <u>\$ 649,186</u>                    | <u>\$ 416,562</u> | <u>\$ (232,624)</u>                         |

See accompanying independent auditor's report.

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

**SUPPLEMENTARY INFORMATION**

**REQUIRED BY HARRIS COUNTY**

**DECEMBER 31, 2019**





**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**COMPUTATION OF NET LONG-TERM DEBT PER CAPITA**  
**DECEMBER 31, 2019**  
**(UNAUDITED)**

|  |                 |
|--|-----------------|
| Long-Term Debt at December 31, 2019                | \$ 714,900      |
| Less: Amount in Debt Service Fund                  | <u>-0-</u>      |
| Net Long-Term Debt at December 31, 2019            | \$ 714,900      |
| Estimated District Population                      | <u>12,500</u>   |
| Net Long-Term Debt Per Capita at December 31, 2019 | <u>\$ 57.19</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, 2019  
(UNAUDITED)**

Huffman VFD

|   |                   |
|---|-------------------|
| Number of Emergency Responses made Within the District  | 549               |
| Number of Emergency Responses made Outside the District | <u>51</u>         |
| Total Emergency Responses                               | <u><u>600</u></u> |

Ambulance

|   |                     |
|---|---------------------|
| Number of Emergency Responses made Within the District  | 961                 |
| Number of Emergency Responses made Outside the District | <u>77</u>           |
| Total Emergency Responses                               | <u><u>1,038</u></u> |

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**SCHEDULE OF INSURANCE AND BONDING COVERAGE**  
**DECEMBER 31, 2019**

| Type of Coverage  | From<br>To           | Amount<br>of Coverage                  | Insurer/Name                                  |
|---|----------------------|--|---|
| PUBLIC OFFICIAL BOND<br>Treasurer   | 06/28/19<br>06/28/22 | \$ 100,000                             | Hartford Casualty<br>Insurance Company        |
| PUBLIC EMPLOYEE BLANKET BOND<br>Crime Limit   | 02/01/19<br>02/01/20 | \$ 100,000                             | American Alternative<br>Insurance Corporation |
| GENERAL LIABILITY<br>General Aggregate<br>Each Occurrence   | 02/01/19<br>02/01/20 | \$ 3,000,000<br>1,000,000              | American Alternative<br>Insurance Corporation |
| MANAGEMENT LIABILITY<br>Aggregate<br>Each Occurrence  | 02/01/19<br>02/01/20 | \$ 3,000,000<br>1,000,000              | American Alternative<br>Insurance Corporation |
| EXCESS LIABILITY<br>Aggregate<br>Each   | 02/01/19<br>02/01/20 | \$20,000,000<br>10,000,000             | American Alternative<br>Insurance Corporation |
| PROPERTY LIABILITY<br>Buildings<br>Contents   | 02/01/19<br>02/01/20 | \$ 1,538,183<br>104,139                | American Alternative<br>Insurance Corporation |
| HIRED AND NON-OWNED<br>AUTOMOBILE LIABILITY<br>Combined Single Limit                                  | 02/01/19<br>02/01/20 | \$ 1,000,000                           | American Alternative<br>Insurance Corporation |
| UMBRELLA LIABILITY<br>General Aggregate<br>Each Occurrence  | 02/01/19<br>02/01/20 | \$ 2,000,000<br>1,000,000              | American Alternative<br>Insurance Corporation |
| WORKERS COMPENSATION<br>Bodily Injury by Accident<br>Bodily Injury by Disease<br>Disease Policy Limit | 02/01/19<br>02/01/20 | \$ 1,000,000<br>1,000,000<br>1,000,000 | Texas Mutual<br>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, 2019**  
**(UNAUDITED)**

|                                |                         |
|--------------------------------|-------------------------|
| REVENUES                       |                         |
| Harris County ESD No. 4        | \$ <u>799,946</u>       |
| EXPENSES                       |                         |
| Accounting                     | \$ 2,399                |
| Building Expenses              | 19,025                  |
| Communications                 | 70,423                  |
| Fire Supplies and Gear         | 19,218                  |
| Fuel and Oil                   | 16,685                  |
| Insurance Expense              | 30,452                  |
| Miscellaneous Expenses         | 5,596                   |
| Office Expense                 | 14,725                  |
| Professional Fees              | 10,428                  |
| Salaries                       | 443,653                 |
| Tools and Equipment            | 28,814                  |
| Training and Education         | 47,435                  |
| Uniforms and Identification    | 3,046                   |
| Vehicle Repair & Maintenance   | <u>38,949</u>           |
| TOTAL EXPENSES                 | <u>\$ 750,848</u>       |
| CHANGE IN NET ASSETS           | \$ 49,098               |
| NET ASSETS - January 1, 2019   | <u>29,168</u>           |
| NET ASSETS - December 31, 2019 | <u><u>\$ 78,266</u></u> |

See accompanying independent auditor's report.

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

**OTHER SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2019**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

|   | Property Taxes |                          |
|---|----------------|--------------------------|
| TAXES RECEIVABLE - JANUARY 1, 2019          | \$ 589,353     |                          |
| Adjustments to Beginning Balance            | 4,007          | \$ 593,360               |
| Original 2019 Tax Levy                      | \$ 985,977     |                          |
| Adjustment to 2019 Tax Levy                 | 126,753        | 1,112,730                |
| <b>TOTAL TO BE ACCOUNTED FOR</b>            |                | <b>\$ 1,706,090</b>      |
| <b>TAX COLLECTIONS:</b>                     |                |                          |
| Prior Years                                 | \$ 531,345     |                          |
| Current Year                                | 557,450        | 1,088,795                |
| <b>TAXES RECEIVABLE - DECEMBER 31, 2019</b> |                | <b>\$ <u>617,295</u></b> |
| <b>TAXES RECEIVABLE BY YEAR:</b>            |                |                          |
| 2019  |                | \$ 555,280               |
| 2018  |                | 17,996                   |
| 2017  |                | 8,981                    |
| 2016  |                | 6,637                    |
| 2015  |                | 4,665                    |
| 2014  |                | 3,411                    |
| 2013  |                | 2,951                    |
| 2012  |                | 3,130                    |
| 2011  |                | 3,330                    |
| 2010 and prior                              |                | 10,914                   |
| <b>TOTAL TAXES RECEIVABLE BY YEAR</b>       |                | <b>\$ <u>617,295</u></b> |

See accompanying independent auditor's reports.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

|   | <u>2019</u>             | <u>2018</u>             | <u>2017</u>           | <u>2016</u>           |
|---|-------------------------|-------------------------|-----------------------|-----------------------|
| TOTAL PROPERTY VALUATIONS                     | <u>\$ 1,112,730,635</u> | <u>\$ 1,023,456,122</u> | <u>\$ 997,728,125</u> | <u>\$ 922,261,506</u> |
| TAX RATE PER \$100 VALUATION                  | <u>\$ 0.10</u>          | <u>\$ 0.09956</u>       | <u>\$ 0.10</u>        | <u>\$ 0.10</u>        |
| ADJUSTED TAX LEVY*                            | <u>\$ 1,112,730</u>     | <u>\$ 1,018,953</u>     | <u>\$ 997,728</u>     | <u>\$ 922,262</u>     |
| PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED | <u>50.10 %</u>          | <u>98.23 %</u>          | <u>99.10 %</u>        | <u>99.28 %</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             |                     |                     |
|--|---------------------|---------------------|---------------------|
|  | 2019                | 2018                | 2017                |
| <b>REVENUES</b>  |                     |                     |                     |
| Property Taxes   | \$ 1,022,818        | \$ 1,016,847        | \$ 944,013          |
| Sales Tax Receipts   | 1,183,052           | 1,110,025           | 926,549             |
| EMS Revenues   | 205,672             | 267,423             | 15,033              |
| Penalty and Interest   | 36,339              |                     |                     |
| Investment and Miscellaneous Revenues                        | <u>36,676</u>       | <u>127,877</u>      | <u>94,903</u>       |
| <b>TOTAL REVENUES</b>  | <u>\$ 2,484,557</u> | <u>\$ 2,522,172</u> | <u>\$ 1,980,498</u> |
| <b>EXPENDITURES</b>  |                     |                     |                     |
| Services Operations:   |                     |                     |                     |
| District Services - EMS Services                             | \$ 595,187          | \$ 516,526          | \$ 190,541          |
| District Services - Huffman VFD                              | 767,476             | 1,043,239           | 1,090,307           |
| Accounting and Auditing Fees                                 | 47,867              | 20,034              | 9,000               |
| Appraisal District Fees                                      | 7,578               | 7,458               | 7,018               |
| Commissioner Fees  | 34,800              | 15,000              | 15,000              |
| Equipment  | 100,118             |                     |                     |
| Legal Fees-General   | 36,791              | 51,734              | 58,157              |
| Legal Fees-Delinquent Tax Collections                        | 7,756               |                     |                     |
| Maintenance-Building and Vehicles                            | 69,860              | 119,521             | 34,246              |
| Medical Supplies   | 30,971              | 26,682              | 14,565              |
| Tax Collector Fees   | 10,879              | 7,783               | 9,566               |
| Utilities  | 45,172              | 35,536              | 30,858              |
| Other  | 130,784             | 51,451              | 95,388              |
| Capital Outlay   | 70,785              | 91,976              | 512,297             |
| Debt Service:  |                     |                     |                     |
| Capital Lease Principal                                      | 183,647             | 199,366             | 160,269             |
| Note Principal   | 72,306              | 69,127              | 66,087              |
| Capital Lease Interest                                       | 16,623              | 23,728              | 24,593              |
| Note Interest  | <u>3,327</u>        | <u>6,506</u>        | <u>9,546</u>        |
| <b>TOTAL EXPENDITURES</b>                                    | <u>\$ 2,231,927</u> | <u>\$ 2,285,667</u> | <u>\$ 2,327,438</u> |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>\$ 252,630</u>   | <u>\$ 236,505</u>   | <u>\$ (346,940)</u> |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                     |                     |
| Capital Lease Financing                                      | <u>\$ 190,479</u>   | <u>\$ - 0 -</u>     | <u>\$ 175,000</u>   |
| <b>NET CHANGE IN FUND BALANCES</b>                           | \$ 443,109          | \$ 236,505          | \$ (171,940)        |
| <b>BEGINNING FUND BALANCES</b>                               | <u>1,448,636</u>    | <u>1,212,131</u>    | <u>1,384,071</u>    |
| <b>ENDING FUND BALANCES</b>                                  | <u>\$ 1,891,745</u> | <u>\$ 1,448,636</u> | <u>\$ 1,212,131</u> |

See accompanying independent auditor's reports.

|                     |                     | Percentage of Total Revenues |                |                 |                |                |
|---------------------|---------------------|------------------------------|----------------|-----------------|----------------|----------------|
| 2016                | 2015                | 2019                         | 2018           | 2017            | 2016           | 2015           |
| \$ 890,094          | \$ 817,446          | 41.2 %                       | 40.3 %         | 47.7 %          | 52.5 %         | 52.9 %         |
| 805,482             | 726,877             | 47.6                         | 44.0           | 46.8            | 47.5           | 47.0           |
|                     |                     | 8.3                          | 10.6           | 0.8             |                |                |
|                     |                     | 1.5                          |                |                 |                |                |
| 742                 | 878                 | 1.5                          | 5.1            | 4.8             | 0.0            | 0.1            |
| <u>\$ 1,696,318</u> | <u>\$ 1,545,201</u> | <u>100.0 %</u>               | <u>100.0 %</u> | <u>100.0 %</u>  | <u>100.0 %</u> | <u>100.0 %</u> |
| \$ 277,950          | \$ 257,628          | 24.0 %                       | 20.5 %         | 9.6 %           | 16.4 %         | 16.7 %         |
| 432,633             | 333,316             | 30.9                         | 41.4           | 55.1            | 25.5           | 21.6           |
| 44,659              | 38,235              | 1.9                          | 0.8            | 0.5             | 2.6            | 2.5            |
| 6,586               | 6,335               | 0.3                          | 0.3            | 0.4             | 0.4            | 0.4            |
| 15,000              | 15,000              | 1.4                          | 0.6            | 0.8             | 0.9            | 1.0            |
| 238,690             | 37,879              | 4.0                          |                |                 | 14.1           | 2.5            |
| 22,081              | 7,984               | 1.5                          | 2.1            | 2.9             | 1.3            | 0.5            |
| 7,861               | 7,607               | 0.3                          |                |                 | 0.5            | 0.5            |
| 36,274              | 17,818              | 2.8                          | 4.7            | 1.7             | 2.1            | 1.2            |
|                     |                     | 1.3                          | 1.1            | 0.7             |                |                |
| 5,495               | 6,951               | 0.4                          | 0.3            | 0.5             | 0.3            | 0.5            |
| 33,725              | 34,488              | 1.8                          | 1.4            | 1.6             | 2.0            | 2.2            |
| 90,458              | 110,903             | 5.3                          | 2.0            | 4.8             | 5.3            | 7.2            |
| 307,054             | 366,417             | 2.8                          | 3.7            | 25.9            | 18.1           | 23.7           |
| 107,447             | 67,162              | 7.4                          | 7.9            | 8.1             | 6.3            | 4.4            |
| 63,181              | 60,402              | 2.9                          | 2.7            | 3.3             | 3.7            | 3.9            |
| 22,737              | 19,613              | 0.7                          | 0.9            | 1.2             | 1.3            | 1.3            |
| 12,452              | 15,231              | 0.1                          | 0.3            | 0.5             | 0.7            | 1.0            |
| <u>\$ 1,724,283</u> | <u>\$ 1,402,969</u> | <u>89.8 %</u>                | <u>90.6 %</u>  | <u>117.5 %</u>  | <u>101.6 %</u> | <u>90.8 %</u>  |
| <u>\$ (27,965)</u>  | <u>\$ 142,232</u>   | <u>10.2 %</u>                | <u>9.4 %</u>   | <u>(17.5) %</u> | <u>(1.6) %</u> | <u>9.2 %</u>   |
| <u>\$ 307,000</u>   | <u>\$ 200,000</u>   |                              |                |                 |                |                |
| \$ 279,035          | \$ 342,232          |                              |                |                 |                |                |
| 1,105,036           | 762,804             |                              |                |                 |                |                |
| <u>\$ 1,384,071</u> | <u>\$ 1,105,036</u> |                              |                |                 |                |                |

See accompanying independent auditor's reports.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2019**

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<br/>(Appointed – Elected)</u> | <u>Fees of Office<br/>for the<br/>year ended<br/>December 31, 2019</u> | <u>Expense Reimbursements<br/>for the<br/>year ended<br/>December 31, 2019</u> | <u>Title</u>                        |
|----------------------|---|--|--|-------------------------------------|
| Ray Jones            | 06/16 –<br>05/20<br>(Elected)                   | \$ 7,200   | \$ -0-   | President                           |
| Ken Gregory          | 06/16 –<br>05/20<br>(Elected)                   | \$ 7,200   | \$ 940   | Vice President                      |
| Shareen Redus        | 06/18 –<br>05/22<br>(Elected)                   | \$ 6,000   | \$ -0-   | Treasurer/<br>Investment<br>Officer |
| Christy Graves       | 06/18 –<br>05/22<br>(Elected)                   | \$ 7,200   | \$ -0-   | Assistant<br>Treasurer              |
| Leslie Deen          | 06/18 –<br>05/22<br>(Elected)                   | \$ 7,200   | \$ 793   | 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, 2019**

| <b>Consultants:</b>                       | <u>Date Hired</u>     | <u>Fees for the<br/>year ended<br/>December 31, 2019</u> | <u>Title</u>               |
|---|-----------------------|--|----------------------------|
| Coveler & Peeler, P.C.                    | 2002                  | \$ 37,144  | Attorney                   |
| McCall Gibson Swedlund Barfoot PLLC       | 12/09/19              | \$ -0-   | Auditor                    |
| BrooksWatson & Co., PLLC                  | 11/10/15              | \$ 10,000  | Prior Auditor              |
| Municipal Accounts and Consulting         | 12/10/18              | \$ 36,867  | Bookkeeper                 |
| Harris County Tax Assessor/Collector      | Legislative<br>Action | \$ 10,879  | Tax Assessor/<br>Collector |
| Linebarger Goggan Blair &<br>Sampson, LLP |                       | \$ 7,756   | Delinquent Tax<br>Attorney |

See accompanying independent auditor's report.

