

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

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2022**

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



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

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2022**



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**INDEPENDENT AUDITOR'S REPORT**

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

**Opinions**

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 4 (the "District") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Change in Accounting Principle**

As described in Note 6 to the financial statements, in the current fiscal year, the District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

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

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

*Member of*  
*American Institute of Certified Public Accountants*  
*Texas Society of Certified Public Accountants*





### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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



**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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an 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

December 11, 2023



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022. 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, 2022**

**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 \$5,398,697 as of December 31, 2022.

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, 2022**

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

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	\$ 5,150,677	\$ 4,804,063	\$ 346,614
Right-of-Use Assets and Capital Assets	<u>3,007,886</u>	<u>2,510,574</u>	<u>497,312</u>
Total Assets	\$ 8,158,563	\$ 7,314,637	\$ 843,926
Long-Term Liabilities	\$ 1,014,388	\$ 1,205,283	\$ 190,895
Other Liabilities	<u>311,991</u>	<u>343,773</u>	<u>31,782</u>
Total Liabilities	\$ 1,326,379	\$ 1,549,056	\$ 222,677
Deferred Inflows of Resources	<u>\$ 1,433,487</u>	<u>\$ 1,275,936</u>	<u>\$ (157,551)</u>
Net Position:			
Net Investment in Capital Assets	\$ 1,772,748	\$ 1,028,772	\$ 743,976
Unrestricted	<u>3,625,949</u>	<u>3,460,873</u>	<u>165,076</u>
Total Net Position	<u>\$ 5,398,697</u>	<u>\$ 4,489,645</u>	<u>\$ 909,052</u>

The following table provides a summary of the District's operations for the years ended December 31, 2022, and December 31, 2021. The District's net position increased by \$909,052.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,275,375	\$ 1,192,635	\$ 82,740
Sales Tax Receipts	1,931,300	1,530,018	401,282
EMS Services	214,354	191,461	22,893
Other Revenues	<u>95,348</u>	<u>53,329</u>	<u>42,019</u>
Total Revenues	\$ 3,516,377	\$ 2,967,443	\$ 548,934
Expenses for Services	<u>2,607,325</u>	<u>2,486,932</u>	<u>(120,393)</u>
Change in Net Position	\$ 909,052	\$ 480,511	\$ 428,541
Net Position, Beginning of Year	<u>4,489,645</u>	<u>4,009,134</u>	<u>480,511</u>
Net Position, End of Year	<u>\$ 5,398,697</u>	<u>\$ 4,489,645</u>	<u>\$ 909,052</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

The District's General Fund fund balance as of December 31, 2022, was \$3,544,722, an increase of \$179,412 from the prior year. The increase was primarily due to property and sales tax revenues exceeding operating expenses.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Commissioners amended the Emergency Services District budget during the current fiscal year to reflect more accurately anticipated activity. Actual revenues were \$600,061 more than budgeted primarily due to higher than expected sales tax revenues. Actual expenditures were \$420,649 more than budgeted.

**CAPITAL ASSETS**

Capital assets as of December 31, 2022, total \$2,325,518 (net of accumulated depreciation) and includes land, buildings, vehicles and equipment.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 431,663	\$ 431,663	\$
Construction in Progress	77,000	47,442	29,558
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	1,493,199	843,000	650,199
Vehicles	151,800	184,617	(32,817)
Equipment	171,856	190,575	(18,719)
Total Net Capital Assets	\$ 2,325,518	\$ 1,697,297	\$ 628,221

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

**RIGHT-OF-USE ASSETS**

In accordance with the requirements of GASB Statement No. 87, which was required to be implemented in the current fiscal year, the District reclassified certain capital assets to right-of-use assets. Right-of-use assets consisted of emergency vehicles which totaled \$1,309,093, had current year amortization expense of \$130,909, and had an accumulated amortization balance of \$626,725 as of December 31, 2022.



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**LONG-TERM DEBT ACTIVITY**

At year-end, the District had total debt payable of \$1,235,138. The changes in the debt position of the District during the fiscal year ended December 31, 2022, are summarized as follows:

Leases Payable, January 1, 2022	\$ 931,802
Less: Lease Principal Paid	<u>246,664</u>
Leases Payable, December 31, 2022	<u><u>\$ 685,138</u></u>
Note Payable, January 1, 2022	\$ 550,000
Less: Note Principal Paid	<u>- 0 -</u>
Note Payable, December 31, 2022	<u><u>\$ 550,000</u></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, 2022**

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 1,058,846	\$	\$ 1,058,846
Investments	2,512,734		2,512,734
Cash with Harris County	167,519		167,519
Receivables:			
Property Taxes	782,242		782,242
Sales Tax Receipts	546,347		546,347
Penalty and Interest on Delinquent Taxes		46,402	46,402
Prepaid Costs	36,587		36,587
Land		431,663	431,663
Construction in Progress		77,000	77,000
Right-to-Use Assets (Net of Accumulated Amortization)		682,368	682,368
Capital Assets (Net of Accumulated Depreciation)		1,816,855	1,816,855
<b>TOTAL ASSETS</b>	<b>\$ 5,104,275</b>	<b>\$ 3,054,288</b>	<b>\$ 8,158,563</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 51,506	\$ 17,955	\$ 69,461
Accrued Interest Payable		21,780	21,780
Long Term Liabilities:			
Leases Payable Within One Year		160,184	160,184
Leases Payable After One Year		524,954	524,954
Note Payable Within One Year		60,566	60,566
Note Payable After One Year		489,434	489,434
<b>TOTAL LIABILITIES</b>	<b>\$ 51,506</b>	<b>\$ 1,274,873</b>	<b>\$ 1,326,379</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	\$ 1,508,047	\$ (74,560)	\$ 1,433,487
<b>FUND BALANCE</b>			
Nonspendable: Prepaid Costs	\$ 36,587	\$ (36,587)	\$
Unassigned	3,508,135	(3,508,135)	_____
<b>TOTAL FUND BALANCE</b>	<b>\$ 3,544,722</b>	<b>\$ (3,544,722)</b>	<b>\$ - 0 -</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 5,104,275</b>		
<b>NET POSITION</b>			
Net Investment in Capital Assets		\$ 1,772,748	\$ 1,772,748
Unrestricted		3,625,949	3,625,949
<b>TOTAL NET POSITION</b>		<b>\$ 5,398,697</b>	<b>\$ 5,398,697</b>

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, 2022**

Total Fund Balance - Governmental Fund	\$	3,544,722
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets and right-of-use assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		3,007,886
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Deferred inflows of resources related to property tax revenues and penalty and interest receivables on delinquent taxes for the 2021 and prior tax levies became part of recognized revenues in the governmental activities of the District.		120,962
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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	\$	21,780	
Compensated Absences		17,955	
Leases Payable Within One Year		160,184	
Leases Payable After One Year		524,954	
Note Payable Within One Year		60,566	
Note Payable After One Year		<u>489,434</u>	<u>(1,274,873)</u>

Total Net Position - Governmental Activities	\$	<u>5,398,697</u>
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The accompanying notes to the financial statements are an integral part of this report.

**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, 2022**

	General Fund	
	Emergency Service District	Huffman EMS
<b>REVENUES</b>		
Property Taxes	\$ 1,277,825	\$
Sales Tax Receipts	1,931,300	
EMS Revenues	214,354	
Penalty and Interest	35,407	
Investment and Miscellaneous Revenues	54,675	
<b>TOTAL REVENUES</b>	<b>\$ 3,513,561</b>	<b>\$ - 0 -</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Accounting and Auditing Fees	\$ 58,552	\$
Appraisal District Fees	9,520	
Commissioner Fees	36,750	
Facilities	47,027	
Insurance	86,247	
Legal Fees-General	45,780	
Legal Fees-Delinquent Tax Collections	11,438	
Maintenance-Building and Vehicles	124,256	
Operations	273,645	
Salaries and Benefits	1,461,762	
State Collection Fees	35,821	
Tax Collector Fees	9,718	
Utilities	34,711	
Depreciation/Amortization		
Other	97,127	
Capital Outlay	738,666	
Debt Service:		
Lease Principal	246,664	
Note Principal		
Lease Interest	16,465	
Note Interest		
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 3,334,149</b>	<b>\$ -0-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER</b>		
<b>EXPENDITURES/EXPENSES</b>	<b>\$ 179,412</b>	<b>\$ -0-</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfer In/(Out)	\$ 611,519	\$ (611,519)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 790,931</b>	<b>\$ (611,519)</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCE/NET POSITION -</b>		
<b>JANUARY 1, 2022</b>	2,753,791	611,519
<b>FUND BALANCE/NET POSITION -</b>		
<b>DECEMBER 31, 2022</b>	<b>\$ 3,544,722</b>	<b>\$ -0-</b>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 1,277,825	\$ (2,450)	\$ 1,275,375
1,931,300		1,931,300
214,354		214,354
35,407	5,266	40,673
54,675		54,675
<u>\$ 3,513,561</u>	<u>\$ 2,816</u>	<u>\$ 3,516,377</u>
\$ 58,552	\$	\$ 58,552
9,520		9,520
36,750		36,750
47,027		47,027
86,247		86,247
45,780		45,780
11,438		11,438
124,256		124,256
273,645		273,645
1,461,762	1,648	1,463,410
35,821		35,821
9,718		9,718
34,711		34,711
	241,354	241,354
97,127		97,127
738,666	(738,666)	
246,664	(246,664)	
16,465	(301)	16,164
	15,805	15,805
<u>\$ 3,334,149</u>	<u>\$ (726,824)</u>	<u>\$ 2,607,325</u>
<u>\$ 179,412</u>	<u>\$ 729,640</u>	<u>\$ 909,052</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ - 0 -</u>
\$ 179,412	(179,412)	\$
	909,052	909,052
<u>3,365,310</u>	<u>1,124,335</u>	<u>4,489,645</u>
<u>\$ 3,544,722</u>	<u>\$ 1,853,975</u>	<u>\$ 5,398,697</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, 2022**

Net Change in Fund Balance - Governmental Fund	\$	179,412
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.		(2,450)
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.		5,266
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.		(1,648)
Governmental funds do not account for depreciation and amortization. However, in the Statement of Net Position, capital assets/right-of-use assets are depreciated/amortized and expense is recorded in the Statement of Activities.		(241,354)
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.		738,666
Governmental funds report lease and note principal payments as expenditures. However, in the Statement of Net Position, lease and note principal payments decrease long-term liabilities and the Statement of Activities is not affected.		246,664
Governmental funds report interest payments on leases and notes as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on leases and notes through fiscal year-end.		<u>(15,504)</u>
Change in Net Position - Governmental Activities	\$	<u><u>909,052</u></u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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, 2022**

**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, 2022**

**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 2021 tax levy collections during the period October 1, 2021, to December 31, 2022, and taxes collected from January 1, 2022, to December 31, 2022, for all prior tax levies. The 2022 tax levy has been fully deferred to fund 2023 costs.

Sales tax receipts considered available by the District and included in revenue include sales taxes collected during the period of January 1, 2022, to December 31, 2022.

Capital Assets and Right-of-Use Assets

Capital assets and right-of-use 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 \$5,000 or more (including installation costs and professional fees) and a useful life of two years.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

Capital Assets (Continued)

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

In accordance with GASB Statement No. 87, at December 31, 2022, the District recorded three vehicles as right-to-use assets (see Note 6). The right-to-use assets are being amortized over the estimated useful life using the straight-line method of amortization.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Commissioners. The budget is prepared using the same method of accounting as for financial reporting. The original budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund 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 established a 457(B) plan. See Note 11. 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, 2022**

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

Measurement Focus (Continued)

Fund balances in governmental funds are classified using the following hierarchy:

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

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

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

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

*Unassigned:* all other spendable amounts in the General Fund.

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

Accounting Estimates

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

**NOTE 3. TAX LEVY**

During the year ended December 31, 2022, the District levied an ad valorem tax rate of \$0.10 per \$100 of assessed valuation, which resulted in a tax levy of \$1,433,487 on the adjusted taxable valuation of \$1,450,148,106 for the 2022 tax year.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 3. TAX LEVY (Continued)**

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

**NOTE 4. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$1,058,846 and the bank balance was \$1,308,020. The District was 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, 2022, as listed below:

	<u>Cash</u>
GENERAL FUND	<u>\$ 1,058,846</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

Investments (Continued)

in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Commissioners.

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

The District invests in 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. UMB 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, 2022, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	<u>\$ 2,512,734</u>	<u>\$ 2,512,734</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2022, the District’s investment in Texas CLASS was 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 investment in 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.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 5. CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2022:

	January 1, 2022	Increases	Decreases	December 31, 2022
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 431,663	\$	\$	\$ 431,663
Construction in Progress	<u>47,442</u>	<u>738,666</u>	<u>709,108</u>	<u>77,000</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 479,105</u>	<u>\$ 738,666</u>	<u>\$ 709,108</u>	<u>\$ 508,663</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings and Improvements	\$ 1,187,358	\$ 685,913	\$	\$ 1,873,271
Vehicles	1,301,222			1,301,222
Equipment	<u>679,377</u>	<u>23,195</u>	<u>13,971</u>	<u>688,601</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 3,167,957</u>	<u>\$ 709,108</u>	<u>\$ 13,971</u>	<u>\$ 3,863,094</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	\$ 344,358	\$ 35,714	\$	\$ 380,072
Vehicles	1,116,605	32,817		1,149,422
Equipment	<u>488,802</u>	<u>41,914</u>	<u>13,971</u>	<u>516,745</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 1,949,765</u>	<u>\$ 110,445</u>	<u>\$ 13,971</u>	<u>\$ 2,046,239</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 1,218,192</u>	<u>\$ 598,663</u>	<u>\$ - 0 -</u>	<u>\$ 1,816,855</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 1,697,297</u>	<u>\$ 1,337,329</u>	<u>\$ 709,108</u>	<u>\$ 2,325,518</u>

**NOTE 6. LEASE AGREEMENTS**

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 lease total \$478,580 and accumulated depreciation totals \$451,308 through December 31, 2022. Lease payments and related interest are due each April 15 in the amount of \$34,423. The District's incremental borrowing rate is 2.743% and the balance payable at year end is \$97,787.

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 lease total \$175,000 and accumulated depreciation totals \$94,788 through December 31, 2022. 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%. This lease was paid in full during the current fiscal year.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 6. LEASE AGREEMENTS (Continued)**

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 lease total \$307,000 and accumulated depreciation totals \$191,938 through December 31, 2022. 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%. This lease was paid in full during the current fiscal year.

On September 12, 2019, the District entered into a lease agreement with Branch Banking and Trust Company (“BB&T”) to finance the purchase of a new ambulance in the amount of \$190,479. Assets under this lease total \$206,479 and accumulated depreciation totals \$53,023 through December 31, 2022. Lease payments and related interest are due each September 12 in the amount of \$41,059. The District’s incremental borrowing rate is 2.55% and the balance payable at year end is \$79,081.

On February 1, 2021, the District entered into a lease agreement with U.S. Baking Equipment Finance to finance the purchase of a new fire apparatus in the amount of \$640,023. Assets under this capital lease total \$640,023 and accumulated depreciation totals \$122,394 through December 31, 2022. Lease payments and related interest are due each February 1 and August 1 in the amount of \$48,241. The District’s incremental borrowing rate is 1.45% and the balance payable at year end is \$508,270.

The following is a summary of transactions regarding leases payable for the year ended December 31, 2022:

Leases Payable, January 1, 2022	\$	931,802
Less: Capital Lease Principal Paid		<u>246,664</u>
Leases Payable, December 31, 2022	\$	<u>685,138</u>
Due Within One Year	\$	160,184
Due After One Year		<u>524,954</u>
Leases Payable, December 31, 2022	\$	<u>685,138</u>

The following is a schedule of future minimum lease payments as of December 31, 2022.

Fiscal Year	Principal	Interest	Total
2023	\$ 160,184	\$ 11,779	\$ 171,963
2024	163,361	8,602	\$ 171,963
2025	125,549	5,355	130,904
2026	93,396	3,085	96,481
2027	94,755	1,726	96,481
2028	<u>47,893</u>	<u>347</u>	<u>48,240</u>
	<u>\$ 685,138</u>	<u>\$ 30,894</u>	<u>\$ 716,032</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 6. LEASE AGREEMENTS (Continued)**

In accordance with the requirements of GASB Statement No. 87, which was required to be implemented in the current fiscal year, the District reclassified the two remaining lease related capital assets above to right-of-use assets. Right-of-use assets, current year amortization expense, and accumulated amortization is summarized below:

	January 1, 2022	Increases	Decreases	December 31, 2022
<b>Right-of-Use Assets Subject to Amortized</b>				
Vehicles	\$ 1,309,093	\$ - 0 -	\$ - 0 -	\$ 1,309,093
<b>Less Accumulated Amortization</b>				
Vehicles	\$ 495,816	\$ 130,909	\$ - 0 -	\$ 626,725
<b>Total Depreciable Right-of-Use Assets, Net of Accumulated Amortization</b>	<u>\$ 813,277</u>	<u>\$ (130,909)</u>	<u>\$ - 0 -</u>	<u>\$ 682,368</u>

**NOTE 7. 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 \$1,931,300 in sales tax receipts, of which \$546,347 was due from the State Comptroller at December 31, 2022.

**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.



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 9. 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, 2022, this balance was \$17,955.

**NOTE 10. PROMISSORY NOTE**

On December 21, 2022, the District entered into a note with First Financial Bank, N.A. in the amount of \$550,000 with an interest rate of 2.87%. Annual note payments are due December 21st of each year, starting on December 21, 2022, in the amount of \$45,640 through December 21, 2036. No payments on this note were made during the current fiscal year.

The following is a schedule of future note payments as of December 31, 2022:

Fiscal Year	Principal	Interest	Total
2023	\$ 60,566	\$ 30,713	\$ 91,279
2024	31,593	14,047	45,640
2025	32,499	13,140	45,639
2026	33,432	12,207	45,639
2027	34,392	11,248	45,640
2028-2032	187,343	40,854	228,197
2033-2036	170,175	12,384	182,559
	<u>\$ 550,000</u>	<u>\$ 134,593</u>	<u>\$ 684,593</u>

The following is a summary of transactions regarding notes payable for the year ended December 31, 2022:

Note Payable, January 1, 2022	\$ 550,000
Less: Note Principal Paid	<u>-0-</u>
Note Payable, December 31, 2022	<u>\$ 550,000</u>
Due Within One Year	\$ 60,566
Due After One Year	<u>489,434</u>
Note Payable, December 31, 2022	<u>\$ 550,000</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 11. DEFERRED COMPENSATION PLAN**

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2022**



**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, 2022**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 1,287,761	\$ 1,262,000	\$ 1,277,825	\$ 15,825
Sales Tax Receipts	1,325,000	1,470,000	1,931,300	461,300
EMS Revenues		150,400	214,354	63,954
Penalty and Interest	8,500	16,100	35,407	19,307
Investment and Miscellaneous Revenues	<u>2,050</u>	<u>15,000</u>	<u>54,675</u>	<u>39,675</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,623,311</u>	<u>\$ 2,913,500</u>	<u>\$ 3,513,561</u>	<u>\$ 600,061</u>
<b>EXPENDITURES</b>				
Service Operations:				
Accounting and Auditing Fees	\$ 52,500	\$ 57,500	\$ 58,552	\$ (1,052)
Appraisal District Fees	8,750	13,000	9,520	3,480
Commissioner Fees	36,000	36,000	36,750	(750)
Facilities	75,900	34,980	47,027	(12,047)
Insurance	100,000	100,000	86,247	13,753
Legal Fees-General	40,000	40,000	45,780	(5,780)
Legal Fees-Delinquent Tax Collections		3,100	11,438	(8,338)
Maintenance-Building and Vehicles	146,180	129,800	124,256	5,544
Operations	81,745	305,200	273,645	31,555
Salaries and Benefits	1,619,667	1,809,988	1,461,762	348,226
State Collection Fees		29,400	35,821	(6,421)
Tax Collector Fees	5,000	5,000	9,718	(4,718)
Utilities	36,940	37,440	34,711	2,729
Other	68,950	51,565	97,127	(45,562)
Capital Outlay	60,000		738,666	(738,666)
Debt Service:				
Lease Principal and Interest	263,129	214,887	263,129	(48,242)
Note Principal and Interest		45,640		45,640
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,594,761</u>	<u>\$ 2,913,500</u>	<u>\$ 3,334,149</u>	<u>\$ (420,649)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 28,550</u>	<u>\$ -0-</u>	<u>\$ 179,412</u>	<u>\$ 179,412</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfer In	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 611,519</u>	<u>\$ 611,519</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 28,550</u>	<u>\$ -0-</u>	<u>\$ 790,931</u>	<u>\$ 790,931</u>
<b>FUND BALANCE - JANUARY 1, 2022</b>	<u>2,753,791</u>	<u>2,753,791</u>	<u>2,753,791</u>	
<b>FUND BALANCE - DECEMBER 31, 2022</b>	<u>\$ 2,782,341</u>	<u>\$ 2,753,791</u>	<u>\$ 3,544,722</u>	<u>\$ 790,931</u>

See accompanying independent auditor's report.

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

**SUPPLEMENTARY INFORMATION**

**REQUIRED BY HARRIS COUNTY**

**DECEMBER 31, 2022**





**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**COMPUTATION OF NET LONG-TERM DEBT PER CAPITA**  
**DECEMBER 31, 2022**  
**(UNAUDITED)**

Long-Term Debt at December 31, 2022	\$ 1,235,138
Less: Amount in Debt Service Fund	<u>-0-</u>
Net Long-Term Debt at December 31, 2022	\$ 1,235,138
Estimated District Population	<u>12,500</u>
Net Long-Term Debt Per Capita at December 31, 2022	<u>\$ 98.81</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, 2022  
(UNAUDITED)**

Huffman VFD

Number of Emergency Responses made Within the District	742
Number of Emergency Responses made Outside the District	<u>58</u>
Total Emergency Responses	<u><u>800</u></u>

Ambulance

Number of Emergency Responses made Within the District	1,160
Number of Emergency Responses made Outside the District	<u>33</u>
Total Emergency Responses	<u><u>1,193</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**SCHEDULE OF INSURANCE AND BONDING COVERAGE**  
**DECEMBER 31, 2022**

Type of Coverage	From To	Amount of Coverage	Insurer/Name
PUBLIC OFFICIAL BOND Treasurer	01/01/22 01/01/23	\$ 100,000	National Union Fire Insurance Company
PUBLIC EMPLOYEE BLANKET BOND Crime Limit	01/01/22 01/01/23	\$ 100,000	National Union Fire Insurance Company
GENERAL LIABILITY General Aggregate Each Occurrence	01/01/22 01/01/23	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
MANAGEMENT LIABILITY Aggregate Each Occurrence	01/01/22 01/01/23	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
EXCESS LIABILITY Aggregate Each	01/01/22 01/01/23	\$ 2,000,000 1,000,000	National Union Fire Insurance Company
PROPERTY LIABILITY Buildings Contents	01/01/22 01/01/23	\$ 1,690,713 202,685	National Union Fire Insurance Company
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit	01/01/22 01/01/23	\$ 1,000,000	National Union Fire Insurance Company
PORTABLE EQUIPMENT	01/01/22 01/01/23	Guaranteed Replacement Costs	National Union Fire Insurance Company
WORKERS COMPENSATION Bodily Injury by Accident Bodily Injury by Disease Disease Policy Limit	01/01/22 01/01/23	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company
ACCIDENT AND SICKNESS POLICY AD&D Medical Off Duty Rider	01/01/22 01/01/23	\$ 20,000 50,000 20,000	National Union Fire Insurance Company

See accompanying independent auditor's report.

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

**OTHER SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2022**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Property Taxes	
TAXES RECEIVABLE - JANUARY 1, 2022	\$ 733,613	
Adjustments to Beginning Balance	(561)	\$ 733,052
Original 2022 Tax Levy	\$ 1,357,342	
Adjustment to 2022 Tax Levy	76,145	1,433,487
TOTAL TO BE ACCOUNTED FOR		\$ 2,166,539
TAX COLLECTIONS:		
Prior Years	\$ 658,492	
Current Year	725,805	1,384,297
TAXES RECEIVABLE - DECEMBER 31, 2022		\$ 782,242
TAXES RECEIVABLE BY YEAR:		
2022		\$ 707,682
2021		25,626
2020		12,221
2019		7,762
2018		4,912
2017		3,677
2016		3,710
2015		2,783
2014		2,041
2013 and prior		11,828
TOTAL TAXES RECEIVABLE BY YEAR		\$ 782,242

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, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 1,450,148,106</u>	<u>\$ 1,274,898,182</u>	<u>\$ 1,174,394,072</u>	<u>\$ 1,112,730,635</u>
TAX RATE PER \$100 VALUATION	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
ADJUSTED TAX LEVY*	<u>\$ 1,433,487</u>	<u>\$ 1,275,936</u>	<u>\$ 1,174,428</u>	<u>\$ 1,112,730</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>50.63 %</u>	<u>97.99 %</u>	<u>98.96 %</u>	<u>99.30 %</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		
	2022	2021	2020
<b>REVENUES</b>			
Property Taxes	\$ 1,277,825	\$ 1,186,421	\$ 1,105,263
Sales Tax Receipts	1,931,300	1,530,018	1,380,664
EMS Revenues	214,354	191,461	219,601
Penalty and Interest	35,407	29,075	21,984
Investment and Miscellaneous Revenues	54,675	29,078	75,504
<b>TOTAL REVENUES</b>	<u>\$ 3,513,561</u>	<u>\$ 2,966,053</u>	<u>\$ 2,803,016</u>
<b>EXPENDITURES</b>			
Service Operations:			
District Services - EMS Services	\$	\$	\$
District Services - Huffman VFD		756,010	628,449
Accounting and Auditing Fees	58,552	49,714	52,301
Appraisal District Fees	9,520	8,832	8,394
Commissioner Fees	36,750	36,000	36,000
Facilities	47,027	65,258	105,804
Insurance	86,247	99,459	60,695
Legal Fees-General	45,780	47,968	38,068
Legal Fees-Delinquent Tax Collections	11,438	9,222	6,952
Maintenance-Building and Vehicles	124,256	168,122	99,849
Operations/Medical Supplies	273,645	41,786	26,502
Salaries and Benefits	1,461,762	740,662	664,890
Tax Collector Fees/State Collection Fees	45,539	14,069	6,169
Utilities	34,711	44,243	33,908
Other	97,127	88,081	120,335
Capital Outlay	738,666	743,805	190,489
Debt Service:			
Lease Principal	246,664	198,785	224,336
Note Principal			
Lease Interest	16,465	47,376	16,994
Note Interest			
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,334,149</u>	<u>\$ 3,159,392</u>	<u>\$ 2,320,135</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>OVER EXPENDITURES</b>	<u>\$ 179,412</u>	<u>\$ (193,339)</u>	<u>\$ 482,881</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital Lease Financing	\$	\$ 640,023	\$
Note Proceeds		550,000	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ - 0 -</u>	<u>\$ 1,190,023</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ 179,412	\$ 996,684	\$ 482,881
<b>BEGINNING FUND BALANCES</b>	<u>3,365,310</u>	<u>2,368,626</u>	<u>1,885,745</u>
<b>ENDING FUND BALANCES</b>	<u>\$ 3,544,722</u>	<u>\$ 3,365,310</u>	<u>\$ 2,368,626</u>

See accompanying independent auditor's reports.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
\$ 1,022,818	\$ 1,016,847	36.3 %	39.9 %	39.4 %	41.1 %	40.3 %
1,183,052	1,110,025	55.0	51.6	49.3	47.6	44.0
205,672	267,423	6.1	6.5	7.8	8.3	10.6
36,339		1.0	1.0	0.8	1.5	
36,676	127,877	1.6	1.0	2.7	1.5	5.1
<u>\$ 2,484,557</u>	<u>\$ 2,522,172</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 595,187	\$ 516,526		%	%	24.0 %	20.5 %
767,476	1,043,239			25.5	31.0	41.4
47,867	20,034	1.7	1.7	1.9	1.9	0.8
7,578	7,458	0.3	0.3	0.3	0.3	0.3
34,800	15,000	1.0	1.2	1.3	1.4	0.6
100,118		1.3	2.2	3.8	4.0	
		2.5	3.4	2.2		
36,791	51,734	1.3	1.6	1.4	1.5	2.1
7,756		0.3	0.3	0.2	0.3	
69,860	119,521	3.5	5.7	3.6	2.8	4.7
30,971	26,682	7.8	1.4	0.9	1.2	1.1
		41.6	25.0	23.7		
10,879	7,783	1.3	0.5	0.2	0.4	0.3
45,172	35,536	1.0	1.5	1.2	1.8	1.4
136,784	51,451	2.8	3.0	4.3	5.5	2.0
70,785	91,976	21.0	25.1	6.8	2.8	3.6
183,647	199,366	7.0	6.7	8.0	7.4	7.9
72,306	69,127				2.9	2.7
16,623	23,728	0.5	1.6	0.6	0.7	0.9
3,327	6,506				0.1	0.3
<u>\$ 2,237,927</u>	<u>\$ 2,285,667</u>	<u>94.9 %</u>	<u>106.7 %</u>	<u>82.8 %</u>	<u>90.0 %</u>	<u>90.6 %</u>
<u>\$ 246,630</u>	<u>\$ 236,505</u>	<u>5.1 %</u>	<u>(6.7) %</u>	<u>17.2 %</u>	<u>10.0 %</u>	<u>9.4 %</u>
\$ 190,479	\$					
<u>\$ 190,479</u>	<u>\$ - 0 -</u>					
\$ 437,109	\$ 236,505					
<u>1,448,636</u>	<u>1,212,131</u>					
<u>\$ 1,885,745</u>	<u>\$ 1,448,636</u>					

See accompanying independent auditor's reports.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2022**

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

District Telephone Number - (713) 984-8222

<u>Commissioners</u>	<u>Term of Office (Appointed – Elected)</u>	<u>Fees of Office for the year ended December 31, 2022</u>	<u>Expense Reimbursements for the year ended December 31, 2022</u>	<u>Title</u>
Ray Jones	06/20 – 05/24 (Elected)	\$ 7,200	\$ -0-	President
Ken Gregory	06/20 – 05/24 (Elected)	\$ 7,200	\$ -0-	Vice President
Christy Graves	06/22 – 05/26 (Elected)	\$ 7,200	\$ -0-	Secretary
Shareen Redus	06/22 – 05/26 (Elected)	\$ 7,200	\$ -0-	Treasurer/ Investment Officer
Wyatt Watkins	06/22 – 05/26 (Elected)	\$ 4,950	\$ -0-	Assistant Treasurer/ 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, 2022**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2022</u>	<u>Title</u>
Coveler & Peeler, P.C.	2002	\$ 122,707	Attorney
McCall Gibson Swedlund Barfoot PLLC	12/09/19	\$ 14,250	Auditor
RIT Financial		\$ 33,604	Bookkeeper
Municipal Accounts and Consulting	12/10/18	\$ 10,698	Prior Bookkeeper
Harris County Tax Assessor/Collector	Legislative Action	\$ 9,718	Tax Assessor/ Collector
Linebarger Goggan Blair & Sampson, LLP		\$ 11,438	Delinquent Tax Attorney

See accompanying independent auditor's report.

