

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Harris County Emergency
Services District No. 10
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 10 (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Commissioners
Harris County Emergency
Services District No. 10

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of District Contributions 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 27, 2021

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Management’s discussion and analysis of Harris County Emergency Services District No. 10’s (the “District”) financial performance provides an overview of the District’s financial activities for the year ended December 31, 2020. Please read it in conjunction with the District’s financial statements.

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 Funds Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,746,915 as of December 31, 2020.

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

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	\$ 17,378,462	\$ 13,598,177	\$ 3,780,285
Capital Assets (Net of Accumulated Depreciation)	23,471,800	23,497,350	(25,550)
Total Assets	\$ 40,850,262	\$ 37,095,527	\$ 3,754,735
Deferred Outflows of Resources	\$ 458,302	\$ 464,215	\$ (5,913)
Long-Term Liabilities	\$ 10,661,635	\$ 9,499,488	\$ (1,162,147)
Other Liabilities	1,768,954	1,527,242	(241,712)
Total Liabilities	\$ 12,430,589	\$ 11,026,730	\$ (1,403,859)
Deferred Inflows of Resources	\$ 5,131,060	\$ 4,580,513	\$ (550,547)
Net Position:			
Net Investment in Capital Assets	\$ 13,544,495	\$ 12,866,978	\$ 677,517
Unrestricted	10,202,420	9,085,521	1,116,899
Total Net Position	\$ 23,746,915	\$ 21,952,499	\$ 1,794,416

The following table provides a summary of the District's operations for the year ended December 31, 2020, and year ended December 31, 2019.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 4,568,390	\$ 4,491,926	\$ 76,464
Sales Tax Receipts	5,949,236	5,573,879	375,357
Charges for Services	110,000		110,000
Other Revenues	475,600	754,706	(279,106)
Total Revenues	\$ 11,103,226	\$ 10,820,511	\$ 282,715
Expenses for Services	9,308,810	8,420,484	(888,326)
Change in Net Position	\$ 1,794,416	\$ 2,400,027	\$ (605,611)
Net Position, Beginning of Year	21,952,499	19,552,472	2,400,027
Net Position, End of Year	\$ 23,746,915	\$ 21,952,499	\$ 1,794,416

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance as of December 31, 2020, was \$10,452,392, an increase of \$3,463,609 from the prior year. This increase was primarily due to revenues and note proceeds received in the current year exceeding current year expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners amended the budget during the current fiscal to increase estimated apparatus maintenance and capital costs. Actual revenues exceeded budgeted revenues by \$745,123, primarily due to higher than anticipated property and sales tax collections, as well as grant and investment revenues. Budgeted expenditures exceeded actual expenditures by \$860,506, primarily due to lower than anticipated capital outlay costs, maintenance expenditures, and note interest expenditures.

CAPITAL ASSETS

Capital assets as of December 31, 2020, total \$23,471,800 (net of accumulated depreciation) and include land, buildings, trucks and equipment. Capital asset events during the current period included the purchase of vehicles, boats, pierce velocity truck, and hydraulic tools. Construction in progress is related to the construction of Stations No. 16 and 36.

Capital Assets At Period-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,483,652	\$ 1,483,652	\$
Construction in Progress	14,347,691	14,110,856	236,835
Capital Assets, Net of Accumulated Depreciation:			
Buildings	3,104,825	3,224,664	(119,839)
Trucks and Equipment	4,364,285	4,481,854	(117,569)
Other	171,347	196,324	(24,977)
Total Net Capital Assets	\$ 23,471,800	\$ 23,497,350	\$ (25,550)

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

LONG-TERM DEBT ACTIVITY

At the end of the current year, the District had total long-term debt payable of \$12,285,417. The changes in the debt position of the District during the year ended December 31, 2020, are summarized as follows:

Capital Leases Payable, January 1, 2020	\$ 473,052
Less: Principal Paid	<u>158,348</u>
Capital Leases Payable, December 31, 2020	<u>\$ 314,704</u>
Notes Payable, January 1, 2020	\$ 9,834,238
Add: Note Proceeds	2,400,000
Less: Principal Paid	<u>263,525</u>
Notes Payable, December 31, 2020	<u>\$ 11,970,713</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. 10, c/o Coveler & Peeler, P.C., Two Memorial City Plaza, 820 Gessner, Suite 1710, Houston, TX 77024-8261.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 5,135,248	\$	\$ 5,135,248
Investments	4,653,078		4,653,078
Cash with Harris County	618,493		618,493
Receivables:			
Property Taxes	4,912,763		4,912,763
Penalty and Interest on Delinquent Taxes		539,246	539,246
Sales Tax Receipts	1,123,722		1,123,722
Accrued Interest			
Other	1,529		1,529
Prepaid Costs	185,017		185,017
Net Pension Asset		209,366	209,366
Land		1,483,652	1,483,652
Construction in Progress		14,347,691	14,347,691
Capital Assets (Net of Accumulated Depreciation)		<u>7,640,457</u>	<u>7,640,457</u>
TOTAL ASSETS	<u>\$ 16,629,850</u>	<u>\$ 24,220,412</u>	<u>\$ 40,850,262</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	<u>\$ - 0 -</u>	<u>\$ 458,302</u>	<u>\$ 458,302</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 16,629,850</u>	<u>\$ 24,678,714</u>	<u>\$ 41,308,564</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020

	General Fund	Adjustments	Statement of Net Position
LIABILITIES			
Accounts Payable	\$ 111,349	\$	\$ 111,349
Accrued Interest Payable		33,823	33,823
Capital Leases Payables:			
Due Within One Year		314,704	314,704
Notes Payable:			
Due Within One Year		1,309,078	1,309,078
Due After One Year		10,661,635	10,661,635
	<u>\$ 111,349</u>	<u>\$ 12,319,240</u>	<u>\$ 12,430,589</u>
TOTAL LIABILITIES			
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 6,066,109	\$ (940,755)	\$ 5,125,354
Deferred Inflows - Pension		5,706	5,706
	<u>\$ 6,066,109</u>	<u>\$ (935,049)</u>	<u>\$ 5,131,060</u>
TOTAL DEFERRED INFLOWS OF RESOURCES			
FUND BALANCE			
Nonspendable: Prepaid Costs	\$ 185,017	\$ (185,017)	\$
Unassigned	10,267,375	(10,267,375)	
	<u>\$ 10,452,392</u>	<u>\$ (10,452,392)</u>	<u>\$ - 0 -</u>
TOTAL FUND BALANCE			
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 16,629,850</u>		
NET POSITION			
Net Investment in Capital Assets		\$ 13,544,495	\$ 13,544,495
Unrestricted		10,202,420	10,202,420
TOTAL NET POSITION		<u>\$ 23,746,915</u>	<u>\$ 23,746,915</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020**

Total Fund Balance - Governmental Funds \$ 10,452,392

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. 23,471,800

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenues in the governmental activities of the District. 1,480,001

Portions of the change in net pension liability/(asset) that are not immediately recognized as pension expense are recorded as deferred outflows and inflows of resources. 661,962

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	\$ (33,823)	
Capital Leases Payable Within One Year	(314,704)	
Capital Leases Payable After One Year		
Notes Payable Within One Year	(1,309,078)	
Notes Payable After One Year	<u>(10,661,635)</u>	<u>(12,319,240)</u>

Total Net Position - Governmental Activities \$ 23,746,915

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Property Taxes	\$ 4,439,921	\$ 128,469	\$ 4,568,390
Sales Tax Receipts	5,949,236		5,949,236
Contract Payments	110,000		110,000
Penalty and Interest	54,249	114,634	168,883
Investment Revenues	18,352		18,352
Miscellaneous Revenues	288,365		288,365
TOTAL REVENUES	<u>\$ 10,860,123</u>	<u>\$ 243,103</u>	<u>\$ 11,103,226</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Apparatus Maintenance	\$ 164,800	\$ (13,590)	\$ 151,210
Accounting and Auditing	53,750		53,750
Commissioner Fees of Office	21,600		21,600
Communications	130,901		130,901
Depreciation		703,612	703,612
Fire Fighter Support	551,117	(38,034)	513,083
Fuel	53,470		53,470
Insurance	168,606		168,606
Legal Fees	78,279		78,279
Office Supplies and Equipment	29,286		29,286
Salaries and Benefits	6,394,143	(95,696)	6,298,447
Station Supplies and Equipment	115,044		115,044
Tax Collections:			
Appraisal District Fees	35,127		35,127
Delinquent Tax Attorney Fees	12,627		12,627
Tax Assessor/Collector Fees	19,828		19,828
Training	105,363		105,363
Utilities and Maintenance	289,716		289,716
Other	250,081	(15,250)	234,831
Capital Outlay	611,188	(611,188)	

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES (Continued)			
Debt Service:			
Capital Lease Principal	\$ 158,348	\$ (158,348)	\$
Capital Lease Interest	10,824	(118)	10,706
Note Principal	263,525	(263,525)	
Note Interest	278,891	4,433	283,324
TOTAL EXPENDITURES/EXPENSES	\$ 9,796,514	\$ (487,704)	\$ 9,308,810
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,063,609	\$ (1,063,609)	\$ - 0 -
OTHER FINANCING SOURCES (USES)			
Note Proceeds	\$ 2,400,000	\$ (2,400,000)	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 3,463,609	\$ (3,463,609)	\$
CHANGE IN NET POSITION		1,794,416	1,794,416
FUND BALANCE/NET POSITION - JANUARY 1, 2020	6,988,783	14,963,716	21,952,499
FUND BALANCE/NET POSITION - DECEMBER 31, 2020	\$ 10,452,392	\$ 13,294,523	\$ 23,746,915

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balance - Governmental Funds	\$ 3,463,609
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.	128,469
Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the government-wide financial statements, revenues are recorded when the penalty and interest are assessed.	114,634
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(703,612)
Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.	678,062
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.	421,873
The changes in deferred outflows and inflows of resources for pensions are recorded as pension expense in the government-wide financial statements.	95,696
Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the long-term debt through fiscal year-end.	(4,315)
Governmental funds report proceeds from the issuance of long-term debt as other financing sources. However, in the government-wide financial statements, the issuance of long-term debt increases long-term liabilities.	(2,400,000)
Change in Net Position - Governmental Activities	<u>\$ 1,794,416</u>

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

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1. CREATION OF DISTRICT

Harris County Rural Fire Prevention District No. 10, located in Harris County, Texas was created as a political subdivision of the State of Texas under the provision of Section 48-d of Article III of the State Constitution in accordance with Title 44, Article 3351a-6 of The Revised Civil Statutes of the State of Texas. Effective September 1, 2003, Texas Legislature Senate Bill 1021 converted all rural fire prevention districts to emergency services districts and mandated a name change to Harris County Emergency Services District No. 10 (the “District”). In accordance with Senate Bill 1021, the District now operates under Chapter 775 of the Health and Safety Code. The District is responsible for the protection of life and property from fire and for the conservation of natural resources within its boundaries. The District was created by an order of the Harris County Court of Commissioners.

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:

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Fund Financial Statements

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

Governmental Funds

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include the 2019 tax levy collections during the period October 1, 2019, to December 31, 2020, and taxes collected from January 1, 2020, to December 31, 2020, for all prior tax levies. The 2020 tax levy has been fully deferred to meet the District's planned expenditures in the 2021 fiscal year.

Capital Assets

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

All personal tangible assets (computers, office machines, office furniture, etc.) are capitalized if they have a total cost of \$5,000 or more (including installation costs and professional fees) and a useful life of more than one year. 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 more than one year. Bunker gear is expensed in the year purchased. 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	40
Trucks	5-15
Equipment	3-15

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary 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 makes payments into the social security system for its employees. The Internal Revenue Service has determined that fees of office received by Commissioners are wages subject to federal income tax withholding for payroll tax purposes only. See Note 10 for more information on the full-time employee’s retirement plan.

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3. TAX LEVY

On May 13, 2006, voters of the District approved to increase the maximum tax rate of the District from \$0.05 to \$0.10 per \$100 of assessed valuation on all taxable property within the District. During the year ended December 31, 2020, the District levied an ad valorem tax at the rate of \$0.10 per \$100 of assessed valuation, which resulted in a tax levy of \$5,125,354 on the adjusted taxable valuation of \$5,124,213,410 for the 2020 tax year. The District's tax calendar is as follows:

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 \$5,135,248 and the bank balance was \$5,445,352. The District was exposed to custodial credit risk at year-end in the amount of \$33,824.

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

	Cash
GENERAL FUND	<u>\$ 5,135,248</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;

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Commissioners.

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The 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.

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

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	<u>\$ 4,653,078</u>	<u>\$ 4,653,078</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2020, the District’s investment in TexPool 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 TexPool to have a maturity of less than one-year due to the fact the share position can usually be redeemed each day at the discretion of the District unless there has been a significant change in value.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5. CAPITAL ASSETS

	January 1, 2020	Increases	Decreases	December 31, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,483,652	\$	\$	\$ 1,483,652
Construction in Progress	<u>14,110,856</u>	<u>678,062</u>	<u>441,227</u>	<u>14,347,691</u>
Total Capital Assets Not Being Depreciated	<u>\$ 15,594,508</u>	<u>\$ 678,062</u>	<u>\$ 441,227</u>	<u>\$ 15,831,343</u>
Capital Assets Subject to Depreciation				
Buildings	\$ 4,564,975	\$	\$	\$ 4,564,975
Trucks and Equipment	7,435,582	403,193		7,838,775
Computer Equipment	43,542			43,542
Other	<u>670,079</u>	<u>38,034</u>		<u>708,113</u>
Total Capital Assets Subject to Depreciation	<u>\$ 12,714,178</u>	<u>\$ 441,227</u>	<u>\$ - 0 -</u>	<u>\$ 13,155,405</u>
Less Accumulated Depreciation				
Buildings	\$ 1,340,311	\$ 119,839	\$	\$ 1,460,150
Trucks and Equipment	2,953,728	520,762		3,474,490
Computer Equipment	43,542			43,542
Other	<u>473,755</u>	<u>63,011</u>		<u>536,766</u>
Total Accumulated Depreciation	<u>\$ 4,811,336</u>	<u>\$ 703,612</u>	<u>\$ - 0 -</u>	<u>\$ 5,514,948</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,902,842</u>	<u>\$ (262,385)</u>	<u>\$ - 0 -</u>	<u>\$ 7,640,457</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 23,497,350</u>	<u>\$ 415,677</u>	<u>\$ 441,227</u>	<u>\$ 23,471,800</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6. NOTES PAYABLE

On October 27, 2015, the District entered into a \$1,807,989 Promissory Note with Trustmark Bank for the purchase of 3 Pierce Fire Trucks. Annual installments of \$280,767 are due each September 1, beginning September 1, 2016, and ending September 1, 2022. The interest rate is 2.1%. Subsequent to year end, this note was paid in full.

On November 30, 2017, the District entered into a \$10,000,000 Promissory Note with Trustmark Bank for the construction of Fire Stations No. 16 and 36. The District made draws against the note, as needed, during construction. Annual installments of \$706,208 are due each November 30, beginning November 30, 2018, and ending November 30, 2037. The interest rate is 3.49%.

On December 11, 2020, the District entered into a \$2,400,000 Promissory Note with Capital One Public Funding, LLC for the purpose of remodeling two fire stations. Annual installments of \$270,465 are due each December 11, beginning December 11, 2021, and ending December 11, 2030. The interest rate is 2.234%.

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

Notes Payable, January 1, 2020	\$	9,834,238
Add: Note Proceeds		2,400,000
Less: Principal Paid		<u>263,525</u>
Notes Payable, December 31, 2020	\$	<u><u>11,970,713</u></u>
Notes Payable:		
Due Within One Year	\$	1,309,078
Due After One Year		<u>10,661,635</u>
Notes Payable, December 31, 2020	\$	<u><u>11,970,713</u></u>

As of December 31, 2020, debt service requirements on the note are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 1,309,078	\$ 144,565	\$ 1,453,643
2022	650,857	250,784	901,641
2023	666,035	235,605	901,640
2024	681,568	220,073	901,641
2025	696,995	204,645	901,640
2026-2030	3,738,619	769,582	4,508,201
2031-2035	2,781,456	374,420	3,155,876
2036-2037	<u>1,446,105</u>	<u>59,061</u>	<u>1,505,166</u>
	<u>\$ 11,970,713</u>	<u>\$ 2,258,735</u>	<u>\$ 14,229,448</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7. CAPITAL LEASES

On June 28, 2010, the District entered into a lease-purchase agreement with Municipal Services Group, Inc. for the purchase of a 2010 Pierce 100' Aerial Platform Truck in the amount of \$998,569. Assets under this lease total \$1,072,030 at December 31, 2019. Accumulated amortization/depreciation through December 31, 2019, totaled \$679,726. Lease payments and related interest of \$59,606 are due each June 28 and December 28, beginning December 28, 2010, and ending June 28, 2020. The District's incremental borrowing rate is 3.50%. This lease was paid in full during the current fiscal year.

On December 16, 2013, the District entered into a lease-purchase agreement with Leasing 2, Inc. for the purchase of a 2013 Pierce Velocity 100' PUC Ladder Truck in the amount of \$963,444. Assets under this lease total \$1,042,908 at December 31, 2019. Accumulated amortization/depreciation through December 31, 2019, totaled \$448,712. Lease payments and related interest of \$54,783 are due each June 16 and December 16, beginning June 16, 2014, and ending December 16, 2023. The District's incremental borrowing rate is 2.515%. Subsequent to year end, this lease was paid in full.

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

Capital Leases Payable, January 1, 2020	\$	473,052
Less: Principal Paid		158,348
Capital Leases Payable, December 31, 2020	\$	314,704
Capital Leases Payable: Due Within One Year	\$	314,704

The following is a schedule of future minimum lease payments under the capital leases as of December 31, 2020. These obligations of the District contain a non-appropriation provision.

Fiscal Year	Principal	Interest	Total
2021	\$ 314,704	\$ 7,477	\$ 322,181

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8. SALES AND USE TAX

In accordance with Chapter 775 of the Health and Safety Code, the District is authorized to adopt and impose a sales and use tax if authorized by a majority of the qualified voters of the District. The election to adopt a 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 20, 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, effective October 1, 2008. During the current period, the District recorded \$5,949,236 in sales tax receipts, of which \$1,123,722 was due from the State Comptroller at December 31, 2020.

NOTE 9. RISK MANAGEMENT

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

NOTE 10. PENSION PLAN

Plan Description

The District provides retirement, disability, and death benefits for all its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over 800 non-traditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) which includes financial statements, notes and required supplementary information which can be obtained at TCDRS, Finance Division, Barton Oaks Plaza IV Suite 500, 901 S. MoPac Expressway, Austin, Texas 78746 or at www.TCDRS.org.

Benefits Provided

Benefit provisions are adopted by the District, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 5 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 5 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the District.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10. PENSION PLAN (Continued)

Benefits Provided (Continued)

Benefit amounts are determined by the sum of the employee’s deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled but not yet receiving benefits	-0-
Active employees	83

Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 6.74% for the months of the 2020 accounting year. The deposit rate payable by the employee members for calendar year 2020 is 7% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

For the District’s accounting year ended December 31, 2020, the annual pension cost for the TCDRS plan for its employees was \$332,728; the actual contributions were \$332,728. The employees contributed \$338,531 to the plan for the 2020 fiscal year.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10. PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumption:

Actuarial Valuation Date	12/31/19
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment Return ¹	8.00%
Projected Salary Increases ¹	4.90%
Inflation	2.75%
Cost-of-living Adjustments	0.00%

¹ Includes inflation at the stated rate

The actuarial assumptions that determined the total pension liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68.

Mortality rates were based on the following:

Depositing members – 90% of the RP-2014 Active Employee Mortality Table for males and the RP-2014 Active Employee Mortality Table for females projected with 110% of the MP-2014 ultimate scale after 2014.

Service retirees, beneficiaries and non-depositing members – 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 ultimate scale after 2014.

Disabled retirees - 130% of the RP-2014 Disability Annuitant Mortality Table for males and 115% of the RP-2014 Disability Annuitant Mortality Table for females, both projected with 110% of the MP-2014 ultimate scale after 2014.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10. PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year.

In order to determine the discount rate to be used, the actuary used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- 2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- 3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, the actuary has used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10. PENSION PLAN (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on April 2020 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a 30-year time horizon; the most recent analysis was performed in 2017 based on the period January 1, 2013- December 31, 2016. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	14.50%	5.20%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities-Developed Markets	7.00%	5.20%
International Equities-Emerging Markets	7.00%	5.70%
Investment-Grade Bonds	3.00%	-0.20%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%
REIT Equities	3.00%	4.50%
Master Limited Partnerships (MLPs)	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10. PENSION PLAN (Continued)

Changes in Net Pension Liability/(Asset)

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2019 are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances of December 31, 2018	\$ 873,444	\$ 977,410	\$ (103,966)
Changes for the year:			
Service Cost	541,281		541,281
Interest on the Total Pension Liability	113,920		113,920
Effect of Economic/Demographic gains or losses	26,281		26,281
Refund of Contributions	(16,931)	(16,931)	
Benefit Payments			
Administrative Expenses		(1,332)	1,332
Member Contributions		309,844	(309,844)
Net Investment Income		159,910	(159,910)
Employer Contributions		297,986	(297,986)
Other		20,474	(20,474)
Balances of December 31, 2019	<u>\$ 1,537,995</u>	<u>\$ 1,747,361</u>	<u>\$ (209,366)</u>

Sensitivity Analysis

The following presents the net pension liability/(asset) of the District, calculated using the discount rate of 8.10%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1%	Current	1%
	Decrease	Discount Rate	Increase
	7.10%	8.10%	9.10%
Total Pension Liability	\$ 1,948,001	\$ 1,537,995	\$ 1,220,410
Fiduciary Net Position	1,747,361	1,747,361	1,747,361
Net Pension Liability/(Asset)	<u>\$ 200,640</u>	<u>\$ (209,366)</u>	<u>\$ (526,951)</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10. PENSION PLAN (Continued)

Deferred Inflows/Outflows of Resources

As of December 31, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -0-	\$ 125,574
Changes in assumptions	1,723	
Net difference between projected and actual earnings	3,983	
Contributions paid to TCDRS subsequent to the measurement date		332,728
Total	\$ 5,706	\$ 458,302

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

Year ended December 31:

2020	\$ 14,213
2021	14,215
2022	12,017
2023	(260)
2024	11,042
Thereafter	68,641

NOTE 11. 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.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 4,300,000	\$ 4,300,000	\$ 4,439,921	\$ 139,921
Sales Tax Receipts	5,500,000	5,500,000	5,949,236	449,236
Contract Payments	60,000	60,000	110,000	50,000
Penalty and Interest			54,249	54,249
Investment Revenues	95,000	95,000	18,352	(76,648)
Miscellaneous Revenues	160,000	160,000	288,365	128,365
TOTAL REVENUES	\$ 10,115,000	\$ 10,115,000	\$ 10,860,123	\$ 745,123
EXPENDITURES				
Service Operations:				
Apparatus Maintenance	\$ 306,100	\$ 314,100	\$ 164,800	\$ 149,300
Accounting and Auditing	60,000	60,000	53,750	6,250
Commissioner Fees of Office	36,000	36,000	21,600	14,400
Communications	133,500	133,500	130,901	2,599
Fire Fighter Support	608,000	608,000	551,117	56,883
Fuel	75,000	75,000	53,470	21,530
Insurance	171,000	171,000	168,606	2,394
Legal Fees	75,000	75,000	78,279	(3,279)
Office Supplies and Equipment	17,500	17,500	29,286	(11,786)
Salaries and Benefits	6,199,982	6,199,982	6,394,143	(194,161)
Station Supplies and Equipment	125,300	125,300	115,044	10,256
Tax Collections:				
Appraisal District Fees	30,000	30,000	35,127	(5,127)
Delinquent Tax Attorney Fees			12,627	(12,627)
Tax Assessor/Collector Fees			19,828	(19,828)
Training	176,200	176,200	105,363	70,837
Utilities and Maintenance	266,720	266,720	289,716	(22,996)
Other	250,540	250,540	250,081	459
Capital Outlay	520,000	900,000	611,188	288,812

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)				
Debt Service:				
Capital Lease Principal	\$ 158,348	\$ 158,348	\$ 158,348	\$
Capital Lease Interest	70,429	70,429	10,824	59,605
Note Principal	263,525	263,525	263,525	
Note Interest	<u>725,876</u>	<u>725,876</u>	<u>278,891</u>	<u>446,985</u>
TOTAL EXPENDITURES	<u>\$ 10,269,020</u>	<u>\$ 10,657,020</u>	<u>\$ 9,796,514</u>	<u>\$ 860,506</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (154,020)</u>	<u>\$ (542,020)</u>	<u>\$ 1,063,609</u>	<u>\$ 1,605,629</u>
OTHER FINANCING SOURCES(USES)				
Note Proceeds	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 2,400,000</u>	<u>\$ 2,400,000</u>
NET CHANGE IN FUND BALANCE	\$ (154,020)	\$ (542,020)	\$ 3,463,609	\$ 4,005,629
FUND BALANCE - JANUARY 1, 2020	<u>6,988,783</u>	<u>6,988,783</u>	<u>6,988,783</u>	
FUND BALANCE - DECEMBER 31, 2020	<u>\$ 6,834,763</u>	<u>\$ 6,446,763</u>	<u>\$ 10,452,392</u>	<u>\$ 4,005,629</u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2020

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total Pension Liability			
Service cost	\$ 541,281	\$ 411,299	\$ 156,765
Interest on total pension liability	113,920	46,792	12,698
Effect of plan changes		130,304	
Effect of economic/demographic (gains) or losses	26,281	119,616	135
Effect of assumptions changes or inputs			(2,298)
Benefit payments/refunds of contributions	<u>(16,931)</u>	<u>(1,867)</u>	<u> </u>
Net change in total pension liability	\$ 664,551	\$ 706,144	\$ 167,300
Total pension liability, beginning	<u>873,444</u>	<u>167,300</u>	<u> </u>
Total pension liability, ending (a)	<u><u>\$ 1,537,995</u></u>	<u><u>\$ 873,444</u></u>	<u><u>\$ 167,300</u></u>
Fiduciary Net Position			
Employer contributions	\$ 297,986	\$ 243,386	\$ 382,891
Member contributions	309,844	257,145	71,788
Investment income net of investment expenses	159,910	(3,145)	7,313
Benefit payments/refunds of contributions	(16,931)	(1,867)	0
Administrative expenses	(1,332)	(785)	(311)
Other	<u>20,474</u>	<u>14,904</u>	<u>6,091</u>
Net change in plan fiduciary net position	\$ 769,951	\$ 509,638	\$ 467,772
Fiduciary net position, beginning	<u>977,410</u>	<u>467,772</u>	<u> </u>
Fiduciary net position, ending (b)	<u>\$ 1,747,361</u>	<u>\$ 977,410</u>	<u>\$ 467,772</u>
Net Pension Liability/(Asset), Ending = (a) - (b)	<u><u>\$ (209,366)</u></u>	<u><u>\$ (103,966)</u></u>	<u><u>\$ (300,472)</u></u>
Fiduciary net position as a percentage of the total pension liability	113.61%	111.90%	279.60%
Pensionable covered payroll	\$ 4,426,340	\$ 3,673,497	\$ 1,025,543
Net pension liability as a percentage of covered employee payroll	-4.73%	-2.83%	-29.30%

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
DECEMBER 31, 2020

<u>Fiscal Year Ending December 31</u>	<u>Actuarially Determined Contribution (1)</u>	<u>Actual Employer Contribution (1)</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (2)</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2017	\$ 67,891	\$ 382,891	\$ (315,000)	\$ 1,025,543	37.3%
2018	\$ 243,186	\$ 243,386	\$ (200)	\$ 3,673,497	6.6%
2019	\$ 297,450	\$ 297,986	\$ (536)	\$ 4,426,340	6.7%
2020	\$ 332,728	\$ 332,728	\$ -0-	\$ 4,920,509	6.8%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis.

(2) Payroll is calculated based on contributions as reported by TCDRS

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/19 valuation)
Asset Valuation Method	5-year, smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the MP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP -2014 Healthy Annuitant Mortality Table for females, both projected with 110% of MP-2014 Ultimate scale after 2014.
Change in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New Inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No Changes in plan provisions were reflected in the Schedule. 2019: Employer contributions reflect that the prior service matching rate increased to 150%.

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

See accompanying independent auditor's report.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10

SUPPLEMENTARY INFORMATION

REQUIRED BY HARRIS COUNTY

DECEMBER 31, 2020

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
COMPUTATION OF NET LONG-TERM DEBT PER CAPITA
DECEMBER 31, 2020
(UNAUDITED)

Long-Term Debt at December 31, 2020	\$ 12,285,417
Less: Amount in Debt Service Fund	<u>-0-</u>
Net Long-Term Debt at December 31, 2020	<u>\$ 12,285,417</u>
Estimated District Population*	<u>72,139</u>
Net Long-Term Debt Per Capita at December 31, 2020	<u>\$ 170</u>

* Per 2010 census

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
LISTING OF THE NUMBER OF EMERGENCY RESPONSES
MADE WITHIN AND OUTSIDE THE DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Number of Emergency Responses Made Within the District	2,464
Number of Emergency Responses Made Outside the District (Including District 19)	<u>664</u>
Total Emergency Responses	<u><u>3,128</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2020

Type of Coverage	From To	Amount of Coverage	Insurer/Name
CRIME AND FIDELITY Employee Theft Forgery or Alteration	11/01/20 11/01/21	\$ 1,000,000 100,000	Arch Insurance Company
GENERAL LIABILITY General Aggregate Products/Completed Operations Personal and Advertising Injury Per Occurrence	11/01/20 11/01/21	\$ 10,000,000 10,000,000 1,000,000 1,000,000	Arch Insurance Company
UMBRELLA LIABILITY General Aggregate Personal and Advertising Injury Each Occurrence	11/01/20 11/01/21	\$ 1,000,000 1,000,000 1,000,000	Arch Insurance Company
AUTOMOBILE LIABILITY Each Accident	11/01/20 11/01/21	\$ 1,000,000	Arch Insurance Company
POLLUTION Corrective Action Costs	11/01/20 11/01/21	\$ 1,000,000	Arch Insurance Company
PROPERTY Buildings (Property and Contents Included) Deductible	11/01/20 11/01/21	\$ 22,595,773 1,000	Arch Insurance Company
PUBLIC OFFICIALS BOND Treasurer	12/14/19 12/14/22	\$ 100,000	Western Surety Company
WORKERS COMPENSATION Each Accident Each Employee Disease Policy Limit Disease	01/01/20 01/01/21	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company
POSITION SCHEDULE BOND Treasurer	11/01/20 11/01/21	\$ 100,000	Arch Insurance Company
FAITHFUL PERFORMANCE BOND Employee Theft-Per Loss	11/01/20 11/01/21	\$ 1,000,000	Arch Insurance Company
PORTABLE EQUIPMENT	11/01/20 11/01/21	Guaranteed Replacement Cost	Arch Insurance Company
NETWORK SECURITY AND DATA BREACH Aggregate Per Event Private Event Mitigation Expense (Each) Private Event Mitigation (Aggregate)	11/01/20 11/01/21	\$ 10,000,000 1,000,000 50,000 50,000	Arch Insurance Company

See accompanying independent auditor's report.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Property Taxes	
TAXES RECEIVABLE - JANUARY 1, 2020	\$ 2,997,418	
Adjustments to Beginning Balance	(10,208)	\$ 2,987,210
Original 2020 Tax Levy	\$ 4,806,870	
Adjustment to 2020 Tax Levy	318,484	5,125,354
TOTAL TO BE ACCOUNTED FOR		\$ 8,112,564
TAX COLLECTIONS:		
Prior Years	\$ 2,046,454	
Current Year	1,153,347	3,199,801
TAXES RECEIVABLE - DECEMBER 31, 2020		\$ 4,912,763
TAXES RECEIVABLE BY YEAR:		
2020		\$ 3,972,007
2019		164,811
2018		130,757
2017		122,661
2016		117,827
2015		183,799
2014		189,831
2013		6,060
2012		5,021
2011		4,584
2010 and prior		15,405
TOTAL		\$ 4,912,763

See accompanying independent auditor's report.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PROPERTY VALUATIONS	<u>\$ 5,124,213,410</u>	<u>\$ 4,578,211,016</u>	<u>\$ 4,009,111,391</u>	<u>\$ 3,756,654,866</u>
TAX RATES PER \$100 VALUATION	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
ADJUSTED TAX LEVY*	<u>\$ 5,125,354</u>	<u>\$ 4,578,598</u>	<u>\$ 4,009,286</u>	<u>\$ 3,756,650</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>22.50 %</u>	<u>96.40 %</u>	<u>96.74 %</u>	<u>96.73 %</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 report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 4,439,921	\$ 4,033,009	\$ 3,747,469
Payments in Lieu of Taxes			2,670
Sales Tax Receipts	5,949,236	5,573,879	5,273,871
Contract Payments	110,000		55,000
Penalty and Interest	54,249	49,248	43,268
Investment Revenues	18,352	135,677	125,677
Miscellaneous Revenues	288,365	291,872	416,996
Sale of Assets			875,886
TOTAL REVENUES	\$ 10,860,123	\$ 10,083,685	\$ 10,540,837
EXPENDITURES			
Service Operations:			
Apparatus Maintenance	\$ 164,800	\$ 171,545	\$ 157,625
Accounting and Auditing	53,750	56,025	84,247
Commissioner Fees of Office	21,600	20,550	20,100
Communications	130,901	107,758	139,214
Contracted Services:			
Eastex Freeway Volunteer Fire Department			
Northeast Fire and Rescue			
Fire Fighter Support	551,117	365,669	289,826
Fuel	53,470	64,128	65,502
Insurance	168,606	130,524	98,494
Legal Fees	78,279	74,956	67,074
Office Supplies and Equipment	29,286	6,723	69,761
Personnel - Health and Safety			4,471
Salaries and Benefits	6,394,143	5,918,387	4,856,688
Station Supplies and Equipment	115,044	118,666	57,294
Tax Collections:			
Appraisal District Fees	35,127	30,627	36,926
Delinquent Tax Attorney Fees	12,627	12,046	12,722
Tax Assessor/Collector Fees	19,828	27,256	26,350
Training	105,363	171,172	120,361
Utilities and Maintenance	289,716	278,111	164,049
Other	250,081	162,586	6,868

** Effective July 1, 2017, the District and Eastex merged operations, and the District became the direct service provider within the District Territory.

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2017**</u>	<u>2016</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017**</u>	<u>2016</u>
\$ 3,425,874	\$ 3,536,994	40.8 %	40.0 %	35.6 %	40.3 %	45.4 %
8,900					0.1	
4,932,495	4,088,962	54.8	55.3	50.0	58.1	52.5
53,000	53,000	1.0		0.5	0.6	0.7
47,399	52,962	0.5	0.5	0.4	0.6	0.7
20,609	13,368	0.2	1.3	1.2	0.2	0.2
7,071	39,383	2.7	2.9	4.0	0.1	0.5
				8.3		
<u>\$ 8,495,348</u>	<u>\$ 7,784,669</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 158,781	\$ 161,871	1.5 %	1.7 %	1.5 %	1.9 %	2.1 %
70,226	35,211	0.5	0.6	0.8	0.8	0.5
21,150	12,500	0.2	0.2	0.2	0.2	0.2
120,545	133,508	1.2	1.1	1.3	1.4	1.7
	2,955,174					38.0
	168,364					2.2
150,619	511,087	5.1	3.6	2.7	1.8	6.6
55,385	45,745	0.5	0.6	0.6	0.7	0.6
91,417	99,424	1.6	1.3	0.9	1.1	1.3
85,801	94,728	0.7	0.7	0.6	1.0	1.2
34,441	50,594	0.3	0.1	0.7	0.4	0.6
4,059	4,590					0.1
4,461,122	96,820	58.9	58.7	46.1	52.5	1.2
29,162		1.1	1.2	0.5	0.3	
19,004	26,371	0.3	0.3	0.4	0.2	0.3
12,430	14,148	0.1	0.1	0.1	0.1	0.2
24,075	30,904	0.2	0.3	0.2	0.3	0.4
99,388	69,261	1.0	1.7	1.1	1.2	0.9
154,644	244,016	2.7	2.8	1.6	1.8	3.1
9,588	40,342	2.3	1.6	0.1	0.1	0.5

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS**

	Amounts		
	2020	2019	2018
EXPENDITURES (Continued)			
Capital Outlay	\$ 611,188	\$ 2,326,749	\$ 12,584,263
Debt Service:			
Capital Lease Principal	158,348	211,461	205,167
Capital Lease Interest	10,824	17,316	23,611
Note Principal	263,525	631,448	605,057
Note Interest	278,891	355,528	381,918
TOTAL EXPENDITURES	\$ 9,796,514	\$ 11,259,231	\$ 20,077,588
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,063,609	\$ (1,175,546)	\$ (9,536,751)
OTHER FINANCING SOURCES (USES)			
Note Proceeds	\$ 2,400,000	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 3,463,609	\$ (1,175,546)	\$ (9,536,751)
BEGINNING FUND BALANCE	6,988,783	8,164,329	17,701,080
ENDING FUND BALANCE	\$ 10,452,392	\$ 6,988,783	\$ 8,164,329

** Effective July 1, 2017, the District and Eastex merged operations, and the District became the direct service provider within the District Territory.

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2017**</u>	<u>2016</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017**</u>	<u>2016</u>
\$ 1,593,218	\$ 1,750,333	5.6 %	23.1 %	119.4 %	18.8 %	22.5 %
199,064	193,148	1.5	2.1	1.9	2.3	2.5
30,334	36,250	0.1	0.2	0.2	0.4	0.5
247,428	242,167	2.4	6.3	5.7	2.9	3.1
<u>33,339</u>	<u>41,061</u>	<u>2.6</u>	<u>3.5</u>	<u>3.6</u>	<u>0.4</u>	<u>0.5</u>
\$ <u>7,705,220</u>	\$ <u>7,057,617</u>	<u>90.4 %</u>	<u>111.8 %</u>	<u>190.2 %</u>	<u>90.6 %</u>	<u>90.8 %</u>
\$ <u>790,128</u>	\$ <u>727,052</u>	<u>9.6 %</u>	<u>(11.8) %</u>	<u>(90.2) %</u>	<u>9.4 %</u>	<u>9.2 %</u>
\$ <u>10,000,000</u>	\$ <u>- 0 -</u>					
\$ 10,790,128	\$ 727,052					
<u>6,910,952</u>	<u>6,183,900</u>					
\$ <u>17,701,080</u>	\$ <u>6,910,952</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2020**

District Mailing Address - Harris County Emergency Services District No. 10
c/o Coveler & Peeler, P.C.
Two Memorial City Plaza
820 Gessner, Suite 1710
Houston, TX 77024-8261

District Telephone Number - (713) 984-8222

Commissioners	Term of Office (Appointed or Elected)	Fees of Office for the year ended December 31, 2020	Expense Reimbursements for the year ended December 31, 2020	Title
Mike Tucker	06/01/18 05/31/22 (Elected)	\$ 7,200	\$ -0-	President
Paul Lessor	06/01/20 05/31/24 (Elected)	\$ 3,000	\$ -0-	Vice President
Rick Givens	06/01/18 05/31/22 (Elected)	\$ 3,150	\$ -0-	Secretary
Robyn Hoekstra	06/01/18 05/31/22 (Elected)	\$ 5,250	\$ -0-	Treasurer/ Investment Officer
Rebecca Todd	06/01/20 05/31/24 (Elected)	\$ 3,000	\$ -0-	Assistant Secretary

The limit on fees of office that a Commissioner may receive during a year is set by the Health and Safety Code-Chapter 775. Effective September 1, 2017, a Commissioner is entitled to receive compensation in the same manner and amount as are provided by Section 49.060 of the Texas Water Code, currently \$7,200 per fiscal year. The above fees of office and expense reimbursements are the amounts paid to a Commissioner during the District's current fiscal year. One commissioner was overpaid due to an accounting error and will forgo fees in fiscal year 2019 to correct the error.

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2020

<u>Consultants:</u>	<u>Date Hired</u>	<u>Fees of Office for the year ended December 31, 2020*</u>	<u>Title</u>
Coveler & Peeler, P.C.	02/09/99	\$ 77,789	General Counsel
McCall Gibson Swedlund Barfoot PLLC	05/26/96	\$ 25,500	Auditor
Ubernosky & Majeres, PLLC	02/26/19	\$ 28,250	Bookkeeper
Harris County Tax Assessor/Collector	Legislative Action	\$ 19,828	Tax Assessor/ Collector
Linebarger Goggan Blair & Sampson, LLP	04/11/00	\$ 12,627	Delinquent Tax Attorney

* Accrual basis

See accompanying independent auditor's report.

