

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2022

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2022

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-10
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	12-13
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	14
NOTES TO THE FINANCIAL STATEMENTS	15-30
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	32-33
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS	34
SCHEDULE OF DISTRICT CONTRIBUTIONS	35
NOTES TO SCHEDULE OF DISTRICT CONTRIBUTIONS	36
SUPPLEMENTARY INFORMATION REQUIRED BY HARRIS COUNTY	
COMPUTATION OF NET LONG-TERM DEBT PER CAPITA	38
LISTING OF THE NUMBER OF EMERGENCY RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT	39
SCHEDULE OF INSURANCE AND BONDING COVERAGE	40
OTHER SUPPLEMENTARY INFORMATION	
TAXES LEVIED AND RECEIVABLES	42-43
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES – GENERAL FUND – FIVE YEARS	44-47
BOARD OF COMMISSIONERS AND CONSULTANTS	48-49

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Harris County Emergency
Services District No. 10
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. 10 (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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by Harris County and the other supplementary information are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide 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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

May 23, 2023

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 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 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, 2022**

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 \$ 29,132,185 as of December 31, 2022.

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, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	\$ 20,987,162	\$ 18,095,581	\$ 2,891,581
Capital Assets (Net of Accumulated Depreciation)	24,314,695	24,901,037	(586,342)
Total Assets	\$ 45,301,857	\$ 42,996,618	\$ 2,305,239
Deferred Outflows of Resources	\$ 1,275,067	\$ 913,051	\$ 362,016
Long-Term Liabilities	\$ 9,344,743	\$ 10,010,778	\$ 666,035
Other Liabilities	1,379,011	1,480,712	101,701
Total Liabilities	\$ 10,723,754	\$ 11,491,490	\$ 767,736
Deferred Inflows of Resources	\$ 6,720,985	\$ 5,660,047	\$ (1,060,938)
Net Position:			
Net Investment in Capital Assets	\$ 14,303,917	\$ 14,239,402	\$ 64,515
Unrestricted	14,828,268	12,518,730	2,309,538
Total Net Position	\$ 29,132,185	\$ 26,758,132	\$ 2,374,053

The following table provides a summary of the District's operations for the year ended December 31, 2022, and year ended December 31, 2021.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 5,553,712	\$ 5,089,170	\$ 464,542
Sales Tax Receipts	7,956,774	7,204,161	752,613
Other Revenues	980,637	1,498,503	(517,866)
Total Revenues	\$ 14,721,123	\$ 13,791,834	\$ 929,289
Expenses for Services	12,347,070	10,780,617	(1,566,453)
Change in Net Position	\$ 2,374,053	\$ 3,011,217	\$ (637,164)
Net Position, Beginning of Year	26,758,132	23,746,915	3,011,217
Net Position, End of Year	\$ 29,132,185	\$ 26,758,132	\$ 2,374,053

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance as of December 31, 2022, was \$12,003,512, an increase of \$1,864,404 from the prior year. This increase was primarily due to property tax and sales tax revenues 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 \$2,114,657 and actual expenditures exceeded budgeted expenditures by \$1,413,215, which resulted in a positive variance of \$701,442. See budgetary to actual comparison for more details.

CAPITAL ASSETS

Capital assets as of December 31, 2022, total \$24,314,695 (net of accumulated depreciation) and include land, buildings, trucks and equipment. Capital asset events during the current period included the purchase of vehicles. Construction in progress is related to the construction of Stations No. 26 and 46.

Capital Assets At Period-End, Net of Accumulated Depreciation			
	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,483,652	\$ 1,483,652	\$
Construction in Progress	2,450,070	2,552,046	(101,976)
Capital Assets, Net of Accumulated Depreciation:			
Buildings	16,500,040	16,975,295	(475,255)
Trucks and Equipment	3,785,762	3,771,073	14,689
Other	95,171	118,971	(23,800)
Total Net Capital Assets	\$ 24,314,695	\$ 24,901,037	\$ (586,342)

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

LONG-TERM DEBT ACTIVITY

At the end of the current year, the District had total long-term debt payable of \$10,010,778. The changes in the debt position of the District during the year ended December 31, 2022, are summarized as follows:

Notes Payable, January 1, 2022	\$ 10,661,635
Less: Principal Paid	<u>650,857</u>
Notes Payable, December 31, 2022	<u>\$ 10,010,778</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, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 9,667,710	\$	\$ 9,667,710
Investments	3,537,545		3,537,545
Cash with Harris County	837,094		837,094
Due from Other Governments	230,000		230,000
Receivables:			
Property Taxes	4,272,022		4,272,022
Penalty and Interest on Delinquent Taxes		800,920	800,920
Sales Tax Receipts	1,491,342		1,491,342
Other	44,806		44,806
Prepaid Costs	90,661		90,661
Net Pension Asset		15,062	15,062
Land		1,483,652	1,483,652
Construction in Progress		2,450,070	2,450,070
Capital Assets (Net of Accumulated Depreciation)		20,380,973	20,380,973
TOTAL ASSETS	<u>\$ 20,171,180</u>	<u>\$ 25,130,677</u>	<u>\$ 45,301,857</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	<u>\$ - 0 -</u>	<u>\$ 1,275,067</u>	<u>\$ 1,275,067</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 20,171,180</u>	<u>\$ 26,405,744</u>	<u>\$ 46,576,924</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, 2022

	General Fund	Adjustments	Statement of Net Position
LIABILITIES			
Accounts Payable	\$ 643,014	\$	\$ 643,014
Accrued Interest Payable		69,962	69,962
Notes Payable:			
Due Within One Year		666,035	666,035
Due After One Year		9,344,743	9,344,743
TOTAL LIABILITIES	\$ 643,014	\$ 10,080,740	\$ 10,723,754
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 7,524,654	\$ (1,166,710)	\$ 6,357,944
Deferred Inflows - Pension		363,041	363,041
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 7,524,654	\$ (803,669)	\$ 6,720,985
FUND BALANCE			
Nonspendable: Prepaid Costs	\$ 90,661	\$ (90,661)	\$
Unassigned	11,912,851	(11,912,851)	
TOTAL FUND BALANCE	\$ 12,003,512	\$ (12,003,512)	\$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 20,171,180		
NET POSITION			
Net Investment in Capital Assets		\$ 14,303,917	\$ 14,303,917
Unrestricted		14,828,268	14,828,268
TOTAL NET POSITION		\$ 29,132,185	\$ 29,132,185

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, 2022**

Total Fund Balance - Governmental Funds	\$	12,003,512
---	----	------------

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.		24,314,695
--	--	------------

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2021 and prior tax levies became part of recognized revenues in the governmental activities of the District.		1,967,630
---	--	-----------

Certain assets are not available in the current period and, therefore, are not reported as assets in the governmental funds. These assets at year-end consist of net pension asset.		15,062
---	--	--------

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.		912,026
--	--	---------

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	\$	(69,962)	
Notes Payable Within One Year		(666,035)	
Notes Payable After One Year		<u>(9,344,743)</u>	<u>(10,080,740)</u>

Total Net Position - Governmental Activities	\$	<u>29,132,185</u>
--	----	-------------------

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, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Property Taxes	\$ 5,432,427	\$ 121,285	\$ 5,553,712
Sales Tax Receipts	7,956,774		7,956,774
Contract Payments	230,000		230,000
Penalty and Interest	69,917	140,181	210,098
Investment Revenues	55,264		55,264
Miscellaneous Revenues	113,681		113,681
FEMA, TDEM and TIFMAS Revenues	<u>601,594</u>		<u>601,594</u>
TOTAL REVENUES	<u>\$ 14,459,657</u>	<u>\$ 261,466</u>	<u>\$ 14,721,123</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Apparatus Maintenance	\$ 286,675	\$	\$ 286,675
Accounting and Auditing	61,562		61,562
Commissioner Fees of Office	18,403		18,403
Communications	145,652		145,652
Depreciation		992,587	992,587
Fire Fighter Support	384,320		384,320
Fuel	100,415		100,415
Insurance	270,163		270,163
Legal Fees	68,314		68,314
Office Supplies and Equipment	14,122		14,122
Salaries and Benefits	8,308,036	(183,397)	8,124,639
Station Supplies and Equipment	264,247		264,247
Tax Collections:			
Appraisal District Fees	42,208		42,208
Delinquent Tax Attorney Fees	18,168		18,168
Tax Assessor/Collector Fees	33,320		33,320
Training	316,609		316,609
Utilities and Maintenance	377,711		377,711
Other	559,676		559,676
Capital Outlay	427,614	(406,245)	21,369

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, 2022**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES (Continued)			
Debt Service:			
Note Principal	\$ 650,857	\$ (650,857)	
Note Interest	<u>247,181</u>	<u>(271)</u>	<u>246,910</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 12,595,253</u>	<u>\$ (248,183)</u>	<u>\$ 12,347,070</u>
NET CHANGE IN FUND BALANCE	\$ 1,864,404	\$ (1,864,404)	\$
CHANGE IN NET POSITION		2,374,053	2,374,053
FUND BALANCE/NET POSITION - JANUARY 1, 2022	<u>10,139,108</u>	<u>16,619,024</u>	<u>26,758,132</u>
FUND BALANCE/NET POSITION - DECEMBER 31, 2022	<u><u>\$ 12,003,512</u></u>	<u><u>\$ 17,128,673</u></u>	<u><u>\$ 29,132,185</u></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 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 Funds \$ 1,864,404

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. 121,285

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. 140,181

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. (992,587)

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. 406,245

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. 650,857

The changes in deferred outflows and inflows of resources for pensions are recorded as pension expense in the government-wide financial statements. 183,397

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. 271

Change in Net Position - Governmental Activities \$ 2,374,053

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

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022

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, 2022

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 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 meet the District's planned expenditures in the 2023 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, 2022

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, 2022

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, 2022

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, 2022, the District levied an ad valorem tax at the rate of \$0.098312 per \$100 of assessed valuation, which resulted in a tax levy of \$6,357,944 on the adjusted taxable valuation of \$6,513,767,338 for the 2022 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 \$9,667,710 and the bank balance was \$9,883,060. Of the bank balance \$1,970,598 was exposed to custodial risk at year end. Subsequent to year end, on January 3, 2023, sufficient securities were pledged.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2022, as listed below:

	<u>Cash</u>
GENERAL FUND	<u>\$ 9,667,710</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, 2022

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, 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>		
TexPool	<u>\$ 3,537,545</u>	<u>\$ 3,537,545</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 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, 2022

NOTE 5. CAPITAL ASSETS

	January 1, 2022	Increases	Decreases	December 31, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,483,652	\$	\$	\$ 1,483,652
Construction in Progress	<u>2,552,046</u>	<u>406,245</u>	<u>508,221</u>	<u>2,450,070</u>
Total Capital Assets Not Being Depreciated	<u>\$ 4,035,698</u>	<u>\$ 406,245</u>	<u>\$ 508,221</u>	<u>\$ 3,933,722</u>
Capital Assets Subject to Depreciation				
Buildings	\$ 18,912,666	\$	\$	\$ 18,912,666
Trucks and Equipment	7,102,866	508,221		7,611,087
Computer Equipment	43,542			43,542
Other	<u>708,113</u>			<u>708,113</u>
Total Capital Assets Subject to Depreciation	<u>\$ 26,767,187</u>	<u>\$ 508,221</u>	<u>\$ - 0 -</u>	<u>\$ 27,275,408</u>
Less Accumulated Depreciation				
Buildings	\$ 1,937,371	\$ 475,255	\$	\$ 2,412,626
Trucks and Equipment	3,331,793	493,532		3,825,325
Computer Equipment	43,542			43,542
Other	<u>589,142</u>	<u>23,800</u>		<u>612,942</u>
Total Accumulated Depreciation	<u>\$ 5,901,848</u>	<u>\$ 992,587</u>	<u>\$ - 0 -</u>	<u>\$ 6,894,435</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 20,865,339</u>	<u>\$ (484,366)</u>	<u>\$ - 0 -</u>	<u>\$ 20,380,973</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 24,901,037</u>	<u>\$ (78,121)</u>	<u>\$ 508,221</u>	<u>\$ 24,314,695</u>

NOTE 6. INTERLOCAL AGREEMENT WITH HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 19

Effective January 1, 2008, the District entered into an Interlocal Agreement with Harris County Emergency Services District No. 19 (“ESD No. 19”) to perform government functions not limited to fire protection and suppression services, as well as, emergency medical first responder and rescue services (collectively referred to as “emergency services”) to persons located within ESD No. 19’s service area, as may be necessary for the District’s provider to perform such services within the District boundaries. The initial term of this agreement is one year. This agreement is renewed annually and may be terminated by providing 60 days prior written notice. Per the current agreement, ESD No. 19 shall pay the District \$60,000 per year for emergency services. During the current fiscal year, the District recorded a receivable in the amount of \$230,000 for prior year and current year revenues related to emergency services.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7. NOTES PAYABLE

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, 2022:

Notes Payable, January 1, 2022	\$	10,661,635
Less: Principal Paid		<u>650,857</u>
Notes Payable, December 31, 2022	\$	<u><u>10,010,778</u></u>
Notes Payable:		
Due Within One Year	\$	666,035
Due After One Year		<u>9,344,743</u>
Notes Payable, December 31, 2022	\$	<u><u>10,010,778</u></u>

As of December 31, 2022, debt service requirements on the note are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 666,035	\$ 235,605	\$ 901,640
2024	681,568	220,073	901,641
2025	696,995	204,645	901,640
2026	713,717	187,923	901,640
2027	730,362	171,278	901,640
2028-2032	3,368,074	599,198	3,967,272
2033-2037	<u>3,154,027</u>	<u>244,664</u>	<u>3,398,691</u>
	<u><u>\$ 10,010,778</u></u>	<u><u>\$ 1,863,386</u></u>	<u><u>\$ 11,874,164</u></u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 \$ 7,956,774 in sales tax receipts, of which \$1,491,342 was due from the State Comptroller at December 31, 2022.

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, 2022

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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled but not yet receiving benefits	20
Active employees	89

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 9.40% for the months of the 2022 accounting year. The deposit rate payable by the employee members for calendar year 2022 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, 2022, the annual pension cost for the TCDRS plan for its employees was \$579,944; the actual contributions were \$579,944. The employees contributed \$431,873 to the plan for the 2022 fiscal year.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10. PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumption:

Actuarial valuation date	12/31/21
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	19.2 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return ¹	7.50%
Projected salary increases ¹	4.70%
Inflation	2.50%
Cost-of-living adjustments	0.00%

¹ Includes inflation at the stated rate

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

Mortality rates were based on the following:

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

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

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10. PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.6%. The discount rate did not change from 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 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2022 information for a 10-year time horizon.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10. PENSION PLAN (Continued)

Discount Rate (Continued)

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	11.50%	3.80%
Global Equities	2.50%	4.10%
International Equities-Development	5.00%	3.80%
International Equities-Emerging	6.00%	4.30%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	1.77%
Direct Lending	16.00%	6.25%
Distressed Debt	4.00%	4.50%
REIT Equities	2.00%	3.10%
Master Limited Partnerships (MLPs)	2.00%	3.85%
Private Real Estate Partnerships	6.00%	5.10%
Private Equity	25.00%	6.80%
Hedge Funds	6.00%	1.55%
Cash Equivalents	2.00%	-1.05%

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10. PENSION PLAN (Continued)

Changes in Net Pension Liability/(Asset)

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2021 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2020	\$ 2,765,731	\$ 2,615,528	\$ 150,203
Changes for the year:			
Service Cost	752,929		752,929
Interest on the Total Pension Liability	265,783		265,783
Effect of Plan Changes	10,695		10,695
Effect of Economic/Demographic gains or losses	144,246		144,246
Effect of Assumptions Changes or Inputs	78,549		78,549
Refund of Contributions	(43,827)	(43,827)	
Benefit Payments			
Administrative Expenses		(2,158)	2,158
Member Contributions		376,118	(376,118)
Net Investment Income		654,989	(654,989)
Employer Contributions		367,959	(367,959)
Other		20,559	(20,559)
Balances of December 31, 2021	<u>\$ 3,974,106</u>	<u>\$ 3,989,168</u>	<u>\$ (15,062)</u>

Sensitivity Analysis

The following presents the net pension liability/(asset) of the District, calculated using the discount rate of 7.60%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	\$ 5,043,152	\$ 3,974,106	\$ 3,143,427
Fiduciary Net Position	<u>3,989,168</u>	<u>3,989,168</u>	<u>3,989,168</u>
Net Pension Liability/(Asset)	<u>\$ 1,053,984</u>	<u>\$ (15,062)</u>	<u>\$ (845,741)</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10. PENSION PLAN (Continued)

Deferred Inflows/Outflows of Resources

As of December 31, 2022, 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-	\$ 372,964
Changes in assumptions	1,339	322,159
Net difference between projected and actual earnings	361,702	
Contributions paid to TCDRS subsequent to the measurement date		<u>579,944</u>
Total	<u>\$ 363,041</u>	<u>\$ 1,275,067</u>

\$579,944 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2021 (i.e. recognized in the District's financial statements for the year ending December 31, 2022). Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2022	\$ (15,051)
2023	(27,328)
2024	(16,026)
2025	(13,409)
2026	72,472
Thereafter	331,424

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022

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, 2022

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 4,950,000	\$ 5,300,000	\$ 5,432,427	\$ 132,427
Sales Tax Receipts	6,300,000	6,800,000	7,956,774	1,156,774
Contract Payments	60,000	60,000	230,000	170,000
Penalty and Interest			69,917	69,917
Investment Revenues	25,000	25,000	55,264	30,264
Miscellaneous Revenues	160,000	160,000	113,681	(46,319)
FEMA, TDEM and TIFMAS Revenues			601,594	601,594
TOTAL REVENUES	\$ 11,495,000	\$ 12,345,000	\$ 14,459,657	\$ 2,114,657
EXPENDITURES				
Service Operations:				
Apparatus Maintenance	290,900	\$ 292,900	\$ 286,675	\$ 6,225
Accounting and Auditing	60,000	60,000	61,562	(1,562)
Commissioner Fees of Office	36,000	36,000	18,403	17,597
Communications	133,500	133,500	145,652	(12,152)
Fire Fighter Support	428,500	404,200	384,320	19,880
Fuel	75,000	75,000	100,415	(25,415)
Insurance	185,000	207,000	270,163	(63,163)
Legal Fees	75,000	75,000	68,314	6,686
Office Supplies and Equipment	11,500	11,500	14,122	(2,622)
Salaries and Benefits	7,505,976	7,847,928	8,308,036	(460,108)
Station Supplies and Equipment	35,500	36,000	264,247	(228,247)
Tax Collections:				
Appraisal District Fees			42,208	(42,208)
Delinquent Tax Attorney Fees			18,168	(18,168)
Tax Assessor/Collector Fees			33,320	(33,320)
Training	184,700	233,450	316,609	(83,159)
Utilities and Maintenance	350,410	302,220	377,711	(75,491)
Other	358,800	410,700	559,676	(148,976)
Capital Outlay	15,000	155,000	427,614	(272,614)

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, 2022

	<u>Original Budget</u>	<u>Amended Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (Continued)				
Debt Service:				
Note Principal	650,857	650,857	650,857	
Note Interest	<u>250,783</u>	<u>250,783</u>	<u>247,181</u>	<u>3,602</u>
TOTAL EXPENDITURES	<u>\$ 10,647,426</u>	<u>\$ 11,182,038</u>	<u>\$ 12,595,253</u>	<u>\$ (1,413,215)</u>
NET CHANGE IN FUND BALANCE	\$ 847,574	\$ 1,162,962	\$ 1,864,404	\$ 701,442
FUND BALANCE - JANUARY 1, 2022	<u>10,139,108</u>	<u>10,139,108</u>	<u>10,139,108</u>	<u> </u>
FUND BALANCE - DECEMBER 31, 2022	<u>\$ 10,986,682</u>	<u>\$ 11,302,070</u>	<u>\$ 12,003,512</u>	<u>\$ 701,442</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, 2022

	Year Ended December 31, 2021	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	\$ 752,929	\$ 588,789	\$ 541,281	\$ 411,299	\$ 156,765
Interest on total pension liability	265,783	172,150	113,920	46,792	12,698
Effect of plan changes	10,695			130,304	
Effect of economic/demographic (gains) or losses	144,246	168,045	26,281	119,616	135
Effect of assumptions changes or inputs	78,549	301,757			(2,298)
Benefit payments/refunds of contributions	<u>(43,827)</u>	<u>(3,005)</u>	<u>(16,931)</u>	<u>(1,867)</u>	<u> </u>
Net change in total pension liability	\$ 1,208,375	\$ 1,227,736	\$ 664,551	\$ 706,144	\$ 167,300
Total pension liability, beginning	<u>2,765,731</u>	<u>1,537,995</u>	<u>873,444</u>	<u>167,300</u>	<u> </u>
Total pension liability, ending (a)	<u>\$ 3,974,106</u>	<u>\$ 2,765,731</u>	<u>\$ 1,537,995</u>	<u>\$ 873,444</u>	<u>\$ 167,300</u>
Fiduciary Net Position					
Employer contributions	\$ 367,959	\$ 332,728	\$ 297,986	\$ 243,386	\$ 382,891
Member contributions	376,118	338,531	309,844	257,145	71,788
Investment income net of investment expenses	654,989	181,880	159,910	(3,145)	7,313
Benefit payments/refunds of contributions	(43,827)	(3,005)	(16,931)	(1,867)	
Administrative expenses	(2,158)	(1,914)	(1,332)	(785)	(311)
Other	<u>20,559</u>	<u>19,947</u>	<u>20,474</u>	<u>14,904</u>	<u>6,091</u>
Net change in plan fiduciary net position	\$ 1,373,640	\$ 868,167	\$ 769,951	\$ 509,638	\$ 467,772
Fiduciary net position, beginning	<u>2,615,528</u>	<u>1,747,361</u>	<u>977,410</u>	<u>467,772</u>	<u> </u>
Fiduciary net position, ending (b)	<u>\$ 3,989,168</u>	<u>\$ 2,615,528</u>	<u>\$ 1,747,361</u>	<u>\$ 977,410</u>	<u>\$ 467,772</u>
Net Pension Liability/(Asset), Ending = (a) - (b)	<u>\$ (15,062)</u>	<u>\$ 150,203</u>	<u>\$ (209,366)</u>	<u>\$ (103,966)</u>	<u>\$ (300,472)</u>
Fiduciary net position as a percentage of the total pension liability	100.38%	94.57%	113.61%	111.90%	279.60%
Pensionable covered payroll	\$ 5,373,121	\$ 4,836,162	\$ 4,426,340	\$ 3,673,497	\$ 1,025,543
Net pension liability as a percentage of covered employee payroll	-0.28%	3.11%	-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, 2022

Fiscal Year Ending December 31	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a Percentage of Covered Payroll
2017	\$ 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-	\$ 4,836,162	6.9%
2021	\$ 367,959	\$ 367,959	\$ -0-	\$ 5,373,121	6.8%
2022	\$ 579,944	\$ 579,944	\$ -0-	\$ 6,169,612	9.4%

(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, 2022

Assumptions

The following methods and assumptions were used to determine contribution rates:

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.
Actuarial Cost Method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19.2 years (based on contribution rate calculated in 12/31/21 valuation)
Asset Valuation Method	5-year, smoothed market
Inflation	2.50%
Salary Increases	4.7%, average over career including inflation, varies by age and service
Investment Rate of Return	7.50%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Change in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New Inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New Inflation, mortality and other assumptions were reflected
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 current service matching rate was increased to 150% for future benefits. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule.

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10

SUPPLEMENTARY INFORMATION

REQUIRED BY HARRIS COUNTY

DECEMBER 31, 2022

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
COMPUTATION OF NET LONG-TERM DEBT PER CAPITA
DECEMBER 31, 2022
(UNAUDITED)

Long-Term Debt at December 31, 2022	\$ 10,010,778
Less: Amount in Debt Service Fund	<u>-0-</u>
Net Long-Term Debt at December 31, 2022	<u>\$ 10,010,778</u>
Estimated District Population	<u>95,000</u>
Net Long-Term Debt Per Capita at December 31, 2022	<u>\$ 105.38</u>

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, 2022
(UNAUDITED)**

Number of Emergency Responses Made Within the District	2,899
Number of Emergency Responses Made Outside the District (Including District 19)	<u>583</u>
Total Emergency Responses	<u><u>3,482</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2022

Type of Coverage	From To	Amount of Coverage	Insurer/Name
CRIME AND FIDELITY Employee Theft Forgery or Alteration	11/01/22 11/01/23	\$ 1,000,000 100,000	Arch Insurance Company
GENERAL LIABILITY General Aggregate Products/Completed Operations Personal and Advertising Injury Per Occurrence Damage to Premises Medical Expense	11/01/22 11/01/23	\$ 10,000,000 10,000,000 1,000,000 1,000,000 100,000 5,000	Arch Insurance Company
UMBRELLA LIABILITY General Aggregate Personal and Advertising Injury Each Occurrence	11/01/22 11/01/23	\$ 1,000,000 1,000,000 1,000,000	Arch Insurance Company
AUTOMOBILE LIABILITY Each Accident	11/01/22 11/01/23	\$ 1,000,000	Arch Insurance Company
POLLUTION Corrective Action Costs	11/01/22 11/01/23	\$ 1,000,000	Arch Insurance Company
PROPERTY Buildings (Property and Contents Included) Deductible	11/01/22 11/01/23	\$ 24,911,842 1,000	Arch Insurance Company
PUBLIC OFFICIALS BOND Treasurer	12/14/22 12/14/23	\$ 100,000	Western Surety Company
WORKERS COMPENSATION Each Accident Each Employee Disease Policy Limit Disease	01/01/22 01/01/23	\$ 1,000,000 1,000,000 1,000,000	Benchmark Insurance Company
POSITION SCHEDULE BOND Treasurer	11/01/22 11/01/23	\$ 100,000	Arch Insurance Company
FAITHFUL PERFORMANCE BOND Employee Theft-Per Loss	11/01/22 11/01/23	\$ 1,000,000	Arch Insurance Company
PORTABLE EQUIPMENT	11/01/22 11/01/23	Guaranteed Replacement Cost	Arch Insurance Company
NETWORK SECURITY AND DATA BREACH Aggregate Per Event Private Event Mitigation Expense (Each) Private Event Mitigation (Aggregate)	11/01/22 11/01/23	\$ 10,000,000 1,000,000 50,000 50,000	Arch Insurance Company

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Property Taxes	
TAXES RECEIVABLE - JANUARY 1, 2022	\$ 3,975,380	
Adjustments to Beginning Balance	<u>(87,178)</u>	\$ 3,888,202
Original 2022 Tax Levy	\$ 6,035,350	
Adjustment to 2022 Tax Levy	<u>322,594</u>	<u>6,357,944</u>
TOTAL TO BE ACCOUNTED FOR		\$ 10,246,146
TAX COLLECTIONS:		
Prior Years	\$ 2,721,492	
Current Year	<u>3,252,632</u>	<u>5,974,124</u>
TAXES RECEIVABLE - DECEMBER 31, 2022		<u>\$ 4,272,022</u>
TAXES RECEIVABLE BY YEAR:		
2022		\$ 3,105,312
2021		159,778
2020		137,255
2019		127,322
2018		119,747
2017		115,914
2016		115,007
2015		180,246
2014		188,471
2013		5,045
2012 and prior		<u>17,925</u>
TOTAL		<u>\$ 4,272,022</u>

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PROPERTY				
VALUATIONS	<u>\$ 6,513,767,338</u>	<u>\$ 5,640,894,751</u>	<u>\$ 5,124,213,410</u>	<u>\$ 4,578,211,016</u>
TAX RATES PER \$100				
VALUATION	<u>\$ 0.098312</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
ADJUSTED TAX LEVY*	<u>\$ 6,357,944</u>	<u>\$ 5,640,890</u>	<u>\$ 5,125,354</u>	<u>\$ 4,578,598</u>
PERCENTAGE OF TAXES				
COLLECTED TO				
TAXES LEVIED	<u>51.16 %</u>	<u>97.17 %</u>	<u>97.32 %</u>	<u>97.22 %</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		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 5,432,427	\$ 4,984,500	\$ 4,439,921
Payments in Lieu of Taxes			
Sales Tax Receipts	7,956,774	7,204,161	5,949,236
Contract Payments	230,000		110,000
Penalty and Interest	69,917	73,935	54,249
Investment Revenues	55,264	1,202	18,352
Miscellaneous Revenues	113,681	167,639	288,365
Sale of Assets			
FEMA, TDEM and TIFMAS Revenues	601,594	1,137,598	
TOTAL REVENUES	\$ 14,459,657	\$ 13,569,035	\$ 10,860,123
EXPENDITURES			
Service Operations:			
Apparatus Maintenance	\$ 286,675	\$ 219,540	\$ 164,800
Accounting and Auditing	61,562	54,375	53,750
Commissioner Fees of Office	18,403	16,581	21,600
Communications	145,652	101,259	130,901
Fire Fighter Support	384,320	333,671	551,117
Fuel	100,415	67,762	53,470
Insurance	270,163	197,720	168,606
Legal Fees	68,314	73,009	78,279
Office Supplies and Equipment	14,122	4,761	29,286
Personnel - Health and Safety			
Salaries and Benefits	8,308,036	7,475,352	6,394,143
Station Supplies and Equipment	264,247	119,146	115,044
Tax Collections:			
Appraisal District Fees	42,208	37,780	35,127
Delinquent Tax Attorney Fees	18,168	22,039	12,627
Tax Assessor/Collector Fees	33,320	39,436	19,828
Training	316,609	170,211	105,363
Utilities and Maintenance	377,711	244,082	289,716
Other	559,676	303,794	250,081

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
\$ 4,033,009	\$ 3,747,469	37.5 %	36.8 %	40.8 %	40.0 %	35.6 %
	2,670					
5,573,879	5,273,871	55.0	53.1	54.8	55.3	50.0
	55,000	1.6		1.0		0.5
49,248	43,268	0.5	0.5	0.5	0.5	0.4
135,677	125,677	0.4		0.2	1.3	1.2
291,872	416,996	0.8	1.2	2.7	2.9	4.0
	875,886					8.3
		4.2	8.4			
<u>\$ 10,083,685</u>	<u>\$ 10,540,837</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 171,545	\$ 157,625	2.0 %	1.6 %	1.5 %	1.7 %	1.5 %
56,025	84,247	0.4	0.4	0.5	0.6	0.8
20,550	20,100	0.1	0.1	0.2	0.2	0.2
107,758	139,214	1.0	0.7	1.2	1.1	1.3
365,669	289,826	2.7	2.5	5.1	3.6	2.7
64,128	65,502	0.7	0.5	0.5	0.6	0.6
130,524	98,494	1.9	1.5	1.6	1.3	0.9
74,956	67,074	0.5	0.5	0.7	0.7	0.6
6,723	69,761	0.1		0.3	0.1	0.7
	4,471					
5,918,387	4,856,688	57.5	55.1	58.9	58.7	46.1
118,666	57,294	1.8	0.9	1.1	1.2	0.5
30,627	36,926	0.3	0.3	0.3	0.3	0.4
12,046	12,722	0.1	0.2	0.1	0.1	0.1
27,256	26,350	0.2	0.3	0.2	0.3	0.2
171,172	120,361	2.2	1.3	1.0	1.7	1.1
278,111	164,049	2.6	1.8	2.7	2.8	1.6
162,586	6,868	3.9	2.2	2.3	1.6	0.1

See accompanying independent auditor's report.

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

	Amounts		
	2022	2021	2020
EXPENDITURES (Continued)			
Capital Outlay	\$ 427,614	\$ 2,622,706	\$ 611,188
Debt Service:			
Capital Lease Principal		314,704	158,348
Capital Lease Interest		7,494	10,824
Note Principal	650,857	1,309,078	263,525
Note Interest	<u>247,181</u>	<u>147,819</u>	<u>278,891</u>
TOTAL EXPENDITURES	<u>\$ 12,595,253</u>	<u>\$ 13,882,319</u>	<u>\$ 9,796,514</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 1,864,404</u>	<u>\$ (313,284)</u>	<u>\$ 1,063,609</u>
OTHER FINANCING SOURCES (USES)			
Note Proceeds	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 2,400,000</u>
NET CHANGE IN FUND BALANCE	\$ 1,864,404	\$ (313,284)	\$ 3,463,609
BEGINNING FUND BALANCE	<u>10,139,108</u>	<u>10,452,392</u>	<u>6,988,783</u>
ENDING FUND BALANCE	<u><u>\$ 12,003,512</u></u>	<u><u>\$ 10,139,108</u></u>	<u><u>\$ 10,452,392</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2019</u>	<u>2018</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 2,326,749	\$ 12,584,263	3.0 %	19.3 %	5.6 %	23.1 %	119.4 %
211,461	205,167		2.3	1.5	2.1	1.9
17,316	23,611		0.1	0.1	0.2	0.2
631,448	605,057	4.5	9.6	2.4	6.3	5.7
<u>355,528</u>	<u>381,918</u>	<u>1.7</u>	<u>1.1</u>	<u>2.6</u>	<u>3.5</u>	<u>3.6</u>
\$ <u>11,259,231</u>	\$ <u>20,077,588</u>	<u>87.2 %</u>	<u>102.3 %</u>	<u>90.4 %</u>	<u>111.8 %</u>	<u>190.2 %</u>
\$ <u>(1,175,546)</u>	\$ <u>(9,536,751)</u>	<u>12.8 %</u>	<u>(2.3) %</u>	<u>9.6 %</u>	<u>(11.8) %</u>	<u>(90.2) %</u>
\$ <u>- 0 -</u>	\$ <u>- 0 -</u>					
\$ (1,175,546)	\$ (9,536,751)					
<u>8,164,329</u>	<u>17,701,080</u>					
\$ <u><u>6,988,783</u></u>	\$ <u><u>8,164,329</u></u>					

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2022

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

<u>Commissioners</u>	<u>Term of Office (Appointed or 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>
Paul Lessor	06/01/20 05/31/24 (Elected)	\$ 5,250	\$ -0-	President
Mike Tucker	06/01/22 05/31/26 (Elected)	\$ 6,300	\$ -0-	Vice President
Robyn Hoekstra	06/01/22 05/31/26 (Elected)	\$ 3,750	\$ -0-	Treasurer/ Investment Officer
Martha Serna	06/01/22 05/31/26 (Elected)	\$ 1,050	\$ -0-	Secretary
Kito Bonner	10/25/22 05/31/24 (Appointed)	\$ 300	\$ -0-	Assistant Secretary/ Treasurer

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.

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2022

<u>Consultants:</u>	<u>Date Hired</u>	<u>Fees of Office for the year ended December 31, 2022*</u>	<u>Title</u>
Coveler & Peeler, P.C.	02/09/99	\$ 120,944	General Counsel
McCall Gibson Swedlund Barfoot PLLC	05/26/96	\$ 31,000	Auditor
ABIP	03/21	\$ 30,562	Bookkeeper
Harris County Tax Assessor/Collector	Legislative Action	\$ 33,320	Tax Assessor/ Collector
Linebarger Goggan Blair & Sampson, LLP	04/11/00	\$ 18,168	Delinquent Tax Attorney

* Accrual basis

See accompanying independent auditor's report.

