

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

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2021**

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



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

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2021**



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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 4 (the "District") as of and for the year ended December 31, 2021, 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, 2021, 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 – Emergency Service District and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Huffman EMS be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**Other Information**

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

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

May 9, 2022



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Management’s discussion and analysis of Harris County Emergency Services District No. 4’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The first of the government-wide statements is the Statement of Net Position. This information is found in the Statement of Net Position column. The Statement of Net Position is the district-wide statement of its financial position presenting information that includes all of the District’s assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for sales tax revenues, property tax revenues, operating costs, EMS services and general expenditures.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$4,489,645 as of December 31, 2021.

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 4,804,063	\$ 3,698,130	\$ 1,105,933
Capital Assets (Net of Accumulated Depreciation)	<u>2,510,574</u>	<u>2,030,910</u>	<u>479,664</u>
Total Assets	\$ 7,314,637	\$ 5,729,040	\$ 1,585,597
Long-Term Liabilities	\$ 1,205,283	\$ 335,378	\$ (869,905)
Other Liabilities	<u>343,773</u>	<u>210,100</u>	<u>(133,673)</u>
Total Liabilities	\$ 1,549,056	\$ 545,478	\$ (1,003,578)
Deferred Inflows of Resources	<u>\$ 1,275,936</u>	<u>\$ 1,174,428</u>	<u>\$ (101,508)</u>
Net Position:			
Net Investment in Capital Assets	\$ 1,028,772	\$ 1,540,346	\$ (511,574)
Unrestricted	<u>3,460,873</u>	<u>2,468,788</u>	<u>992,085</u>
Total Net Position	<u>\$ 4,489,645</u>	<u>\$ 4,009,134</u>	<u>\$ 480,511</u>

The following table provides a summary of the District's operations for the years ended December 31, 2021, and December 31, 2020. The District's net position increased by \$480,511.

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,192,635	\$ 1,114,044	\$ 78,591
Sales Tax Receipts	1,530,018	1,380,664	149,354
EMS Services	191,461	219,601	(28,140)
Other Revenues	<u>53,329</u>	<u>93,206</u>	<u>(39,877)</u>
Total Revenues	\$ 2,967,443	\$ 2,807,515	\$ 159,928
Expenses for Services	<u>2,486,932</u>	<u>2,179,022</u>	<u>(307,910)</u>
Change in Net Position	\$ 480,511	\$ 628,493	\$ (147,982)
Net Position, Beginning of Year	<u>4,009,134</u>	<u>3,380,641</u>	<u>628,493</u>
Net Position, End of Year	<u>\$ 4,489,645</u>	<u>\$ 4,009,134</u>	<u>\$ 480,511</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

The District's General Fund fund balance as of December 31, 2021, was \$3,365,310, an increase of \$996,684 from the prior year. The increase was primarily due to proceeds from a capital lease and financing note.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Commissioners amended the Emergency Services District budget during the current fiscal year to reflect more accurately anticipated activity. Actual revenues were \$449,826 more than budgeted primarily due to higher than expected sales tax revenues. Actual expenditures were \$710,773 more than budgeted.

The Board of Commissioners did not amend the Huffman EMS budget during the current fiscal year. Actual revenues were \$318,573 less than budgeted primarily due to lower than anticipated EMS revenues. Actual expenditures were \$78,141 less than budgeted.

**CAPITAL ASSETS**

Capital assets as of December 31, 2021, total \$2,510,574 (net of accumulated depreciation) and includes land, buildings, vehicles and equipment. Capital asset activity during the current fiscal year included the purchase of a fire truck, fire station no. 52 renovations and a Chevy Tahoe.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 431,663	\$ 431,663	\$
Construction in Progress	47,442		47,442
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	843,000	874,191	(31,191)
Vehicles	997,894	499,718	498,176
Equipment	190,575	225,338	(34,763)
Total Net Capital Assets	\$ 2,510,574	\$ 2,030,910	\$ 479,664



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**LONG-TERM DEBT ACTIVITY**

At year-end, the District had total debt payable of \$1,481,802. The changes in the debt position of the District during the fiscal year ended December 31, 2021, are summarized as follows:

Capital Leases Payable	January 1, 2021	\$	490,564
Capital Lease Proceeds			640,023
Less: Capital Lease Principal Paid			198,785
Capital Leases Payable,	December 31, 2021	\$	931,802
Note Payable,	January 1, 2021	\$	- 0 -
Add: Note Proceeds			550,000
Less: Note Principal Paid			- 0 -
Note Payable,	December 31, 2021	\$	550,000

**CONTACTING THE DISTRICT'S MANAGEMENT**

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**DECEMBER 31, 2021**

	General Fund	
	Emergency Service District	Huffman EMS
<b>ASSETS</b>		
Cash	\$ 787,489	\$ 240,376
Investments	2,309,316	371,143
Receivables:		
Property Taxes	733,613	
Sales Tax Receipts	305,609	
Penalty and Interest on Delinquent Taxes		
Accrued Interest	87	
Prepaid Costs	15,294	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 4,151,408</b>	<b>\$ 611,519</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 44,671	\$
Accrued Interest Payable		
Long Term Liabilities:		
Capital Leases Payable Within One Year		
Capital Leases Payable After One Year		
Note Payable Within One Year		
Note Payable After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 44,671</b>	<b>\$ - 0 -</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 1,352,946	\$ - 0 -
<b>FUND BALANCE</b>		
Nonspendable: Prepaid Costs	\$ 15,294	\$
Unassigned	2,738,497	611,519
<b>TOTAL FUND BALANCE</b>	<b>\$ 2,753,791</b>	<b>\$ 611,519</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 4,151,408</b>	<b>\$ 611,519</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 1,027,865	\$	\$ 1,027,865
2,680,459		2,680,459
733,613		733,613
305,609		305,609
	41,136	41,136
87		87
15,294		15,294
	431,663	431,663
	47,442	47,442
	<u>2,031,469</u>	<u>2,031,469</u>
<u>\$ 4,762,927</u>	<u>\$ 2,551,710</u>	<u>\$ 7,314,637</u>
\$ 44,671	\$ 16,307	\$ 60,978
	6,276	6,276
	246,664	246,664
	685,138	685,138
	29,855	29,855
	<u>520,145</u>	<u>520,145</u>
<u>\$ 44,671</u>	<u>\$ 1,504,385</u>	<u>\$ 1,549,056</u>
<u>\$ 1,352,946</u>	<u>\$ (77,010)</u>	<u>\$ 1,275,936</u>
\$ 15,294	\$ (15,294)	\$
<u>3,350,016</u>	<u>(3,350,016)</u>	<u></u>
<u>\$ 3,365,310</u>	<u>\$ (3,365,310)</u>	<u>\$ - 0 -</u>
<u>\$ 4,762,927</u>		
	\$ 1,028,772	\$ 1,028,772
	<u>3,460,873</u>	<u>3,460,873</u>
	<u>\$ 4,489,645</u>	<u>\$ 4,489,645</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

Total Fund Balance - Governmental Fund	\$	3,365,310
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		2,510,574
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Deferred inflows of resources related to property tax revenues and penalty and interest receivables on delinquent taxes for the 2020 and prior tax levies became part of recognized revenues in the governmental activities of the District.		118,146
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$	6,276		
Compensated Absences		16,307		
Capital Leases Payable Within One Year		246,664		
Capital Leases Payable After One Year		685,138		
Note Payable Within One Year		29,855		
Note Payable After One Year		520,145		(1,504,385)

Total Net Position - Governmental Activities	\$	4,489,645
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The accompanying notes to the financial statements are an integral part of this report.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	General Fund	
	Emergency Service District	Huffman EMS
<b>REVENUES</b>		
Property Taxes	\$ 1,186,421	\$
Sales Tax Receipts	1,530,018	
EMS Revenues		191,461
Penalty and Interest	29,075	
Investment and Miscellaneous Revenues	28,512	566
<b>TOTAL REVENUES</b>	<b>\$ 2,774,026</b>	<b>\$ 192,027</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
District Services - Huffman VFD	\$ 756,010	\$
Accounting and Auditing Fees	49,714	
Appraisal District Fees	8,832	
Commissioner Fees	36,000	
Equipment	61,245	4,013
Insurance	99,459	
Legal Fees-General	47,968	
Legal Fees-Delinquent Tax Collections	9,222	
Maintenance-Building and Vehicles	148,678	19,444
Medical Supplies		41,786
Salaries and Benefits	740,662	
Tax Collector Fees	14,069	
Utilities	34,601	9,642
Depreciation		
Other	38,547	49,534
Capital Outlay	743,805	
Debt Service:		
Capital Lease Principal	198,785	
Capital Lease Interest	47,376	
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 3,034,973</b>	<b>\$ 124,419</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER</b>		
<b>  EXPENDITURES/EXPENSES</b>	<b>\$ (260,947)</b>	<b>\$ 67,608</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Capital Lease Proceeds	\$ 640,023	\$
Note Proceeds	550,000	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 1,190,023</b>	<b>\$ - 0 -</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 929,076</b>	<b>\$ 67,608</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCE/NET POSITION -</b>		
<b>JANUARY 1, 2021</b>	1,824,715	543,911
<b>FUND BALANCE/NET POSITION -</b>		
<b>DECEMBER 31, 2021</b>	<b>\$ 2,753,791</b>	<b>\$ 611,519</b>

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

Total	Adjustments	Statement of Activities
\$ 1,186,421	\$ 6,214	\$ 1,192,635
1,530,018		1,530,018
191,461		191,461
29,075	(2,676)	26,399
29,078	(2,148)	26,930
<u>\$ 2,966,053</u>	<u>\$ 1,390</u>	<u>\$ 2,967,443</u>
\$ 756,010	\$	\$ 756,010
49,714		49,714
8,832		8,832
36,000		36,000
65,258		65,258
99,459		99,459
47,968		47,968
9,222		9,222
168,122		168,122
41,786		41,786
740,662	7,453	748,115
14,069		14,069
44,243		44,243
	261,993	261,993
88,081		88,081
743,805	(743,805)	
198,785	(198,785)	
47,376	684	48,060
<u>\$ 3,159,392</u>	<u>\$ (672,460)</u>	<u>\$ 2,486,932</u>
<u>\$ (193,339)</u>	<u>\$ 673,850</u>	<u>\$ 480,511</u>
\$ 640,023	\$ (640,023)	\$
550,000	(550,000)	
<u>\$ 1,190,023</u>	<u>\$ (1,190,023)</u>	<u>\$ - 0 -</u>
\$ 996,684	\$ (996,684)	\$
	480,511	480,511
<u>2,368,626</u>	<u>1,640,508</u>	<u>4,009,134</u>
<u>\$ 3,365,310</u>	<u>\$ 1,124,335</u>	<u>\$ 4,489,645</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balance - Governmental Fund \$ 996,684

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

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenues are recorded in the accounting period for which the taxes are levied.	6,214
Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the Statement of Activities, revenues are recorded when penalty and interest are assessed.	(2,676)
Compensated absences previously reported as a liability in the Statement of Net Position are recorded as a reduction in expenses in the Statement of Activities.	(7,453)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(261,993)
Governmental funds report capital asset purchases as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.	741,657
Governmental funds report capital lease and note principal payments as expenditures. However, in the Statement of Net Position, capital lease and note principal payments decrease long-term liabilities and the Statement of Activities is not affected.	198,785
Governmental funds report interest payments on capital leases and notes as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on leases and notes through fiscal year-end.	(684)
Governmental funds report capital lease and note proceeds as other financing sources. However, in the Statement of Net Position, capital lease and note proceeds increase long-term liabilities and the Statement of Activities is not affected.	<u>(1,190,023)</u>
Change in Net Position - Governmental Activities	<u><u>\$ 480,511</u></u>

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



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1. CREATION OF DISTRICT**

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

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”).

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

Fund Financial Statements (Continued)

Governmental Funds (Continued)

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

Basis of Accounting

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

Property taxes considered available by the District and recorded as revenue include the 2020 tax levy collections during the period October 1, 2020, to December 31, 2021, and taxes collected from January 1, 2021, to December 31, 2021, for all prior tax levies. The 2021 tax levy has been fully deferred to fund 2022 costs.

Sales tax receipts considered available by the District and included in revenue include sales taxes collected during the period of January 1, 2021, to December 31, 2021.

Capital Assets

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

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

Capital Assets (Continued)

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

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

Budgeting

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

Pensions

The District has employees and the District has established a 457(B) plan. See Note 13. The Internal Revenue Service has determined that fees of office received by Commissioners are considered wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

Measurement Focus (Continued)

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

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

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

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

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

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

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

Accounting Estimates

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

**NOTE 3. TAX LEVY**

During the year ended December 31, 2021, the District levied an ad valorem tax rate of \$0.10 per \$100 of assessed valuation, which resulted in a tax levy of \$1,275,936 on the adjusted taxable valuation of \$1,274,898,182 for the 2021 tax year.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

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

**NOTE 4. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$1,267,865 and the bank balance was \$1,226,633. The District was not exposed to any custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Fund Balance Sheet and the Statement of Net Position at December 31, 2021, as listed below:

	Cash	Certificate of Deposit	Total
GENERAL FUND	\$ 1,027,865	\$ 240,000	\$ 1,267,865

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

Investments (Continued)

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

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

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

As of December 31, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Certificate of Deposit	\$ 240,000	\$ 240,000
Texas CLASS	2,440,459	2,440,459
<b>TOTAL INVESTMENTS</b>	<b>\$ 2,680,459</b>	<b>\$ 2,680,459</b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2021, the District’s investment in Texas CLASS was rated “AAAm” by Standard and Poor’s. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in Texas CLASS to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5. FIRE PROTECTION SERVICES**

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

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

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

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



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 6. CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2021:

	January 1, 2021	Increases	Decreases	December 31, 2021
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 431,663	\$	\$	\$ 431,663
Construction in Progress	<u>                    </u>	743,805	696,363	<u>47,442</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 431,663</u>	<u>\$ 743,805</u>	<u>\$ 696,363</u>	<u>\$ 479,105</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings and Improvements	\$ 1,187,358	\$	\$	\$ 1,187,358
Vehicles	1,940,202	685,363	15,250	2,610,315
Equipment	<u>668,377</u>	<u>11,000</u>	<u>                    </u>	<u>679,377</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 3,795,937</u>	<u>\$ 696,363</u>	<u>\$ 15,250</u>	<u>\$ 4,477,050</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	\$ 313,167	\$ 31,191	\$	\$ 344,358
Vehicles	1,440,484	185,039	13,102	1,612,421
Equipment	<u>443,039</u>	<u>45,763</u>	<u>                    </u>	<u>488,802</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 2,196,690</u>	<u>\$ 261,993</u>	<u>\$ 13,102</u>	<u>\$ 2,445,581</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 1,599,247</u>	<u>\$ 434,370</u>	<u>\$ 2,148</u>	<u>\$ 2,031,469</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u><u>\$ 2,030,910</u></u>	<u><u>\$ 1,178,175</u></u>	<u><u>\$ 698,511</u></u>	<u><u>\$ 2,510,574</u></u>

**NOTE 7. CAPITAL LEASE AGREEMENTS**

On July 29, 2013, the District entered into a lease agreement with Leasing 2, Inc. for partial funding of a 2013 Darley 3500 Pumper tanker in the amount of \$350,000. Assets under this capital lease total \$478,580 and accumulated depreciation totals \$403,450 through December 31, 2021. Lease payments and related interest are due each April 15 in the amount of \$34,423. The District’s incremental borrowing rate is 2.743% and the balance payable at year end is \$128,636.

On May 25, 2017, the District entered into a lease agreement with Branch Banking and Trust Company (“BB&T”) for partial funding of a 2017 Chevrolet Ambulance in the amount of \$175,000. Assets under this capital lease total \$175,000 and accumulated depreciation totals \$77,288 through December 31, 2021. Lease payments and related interest are due each May 1 in the amount of \$37,538. The District’s incremental borrowing rate is 2.38% and the balance payable at year end is \$36,666.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

On November 1, 2016, the District entered into a lease agreement with Motorola Solutions, Inc. to purchase portable radios in the amount of \$307,000. Assets under this capital lease total \$307,000 and accumulated depreciation totals \$161,238 through December 31, 2021. Lease payments and related interest are due each December 1 in the amount of \$53,627. The District's incremental borrowing rate is 3.29% and the balance payable at year end is \$52,925.

On September 12, 2019, the District entered into a lease agreement with Branch Banking and Trust Company ("BB&T") to finance the purchase of a new ambulance in the amount of \$190,479. Assets under this capital lease total \$206,479 and accumulated depreciation totals \$33,975 through December 31, 2021. Lease payments and related interest are due each September 12 in the amount of \$41,059. The District's incremental borrowing rate is 2.55% and the balance payable at year end is \$117,152.

On February 1, 2021, the District entered into a lease agreement with U.S. Baking Equipment Finance to finance the purchase of a new fire apparatus in the amount of \$640,023. Assets under this capital lease total \$640,023 and accumulated depreciation totals \$58,391 through December 31, 2021. Lease payments and related interest are due each February 1 and August 1 in the amount of \$48,241. The District's incremental borrowing rate is 1.45% and the balance payable at year end is \$596,423.

The following is a summary of transactions regarding capital leases payable for the year ended December 31, 2021:

Capital Leases Payable, January 1, 2021	\$	490,564
Add: Capital Lease Proceeds		640,023
Less: Capital Lease Principal Paid		<u>198,785</u>
Capital Leases Payable, December 31, 2021	\$	<u>931,802</u>
Due Within One Year	\$	246,664
Due After One Year		<u>685,138</u>
Capital Leases Payable, December 31, 2021	\$	<u>931,802</u>

The following is a schedule of future minimum lease payments as of December 31, 2021.

Fiscal Year	Principal	Interest	Total
2022	\$ 246,664	\$ 16,465	\$ 263,129
2023	160,184	11,779	171,963
2024	163,361	8,602	171,963
2025	125,549	5,355	130,904
2026	93,396	3,085	96,481
2027-2028	<u>142,648</u>	<u>2,073</u>	<u>144,721</u>
	<u>\$ 931,802</u>	<u>\$ 47,359</u>	<u>\$ 979,161</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 8. SALES AND USE TAX**

In accordance with Chapter 775 of the Health and Safety Code, the District is authorized to adopt and impose a sale and use tax if authorized by a majority of the qualified voters of the District. The election to adopt sales and use tax is governed by the provisions of Subchapter E, Chapter 323 of the Tax Code.

On May 10, 2008, the voters of the District approved the establishment and adoption of a sales and use tax of up to a maximum of one percent. On May 19, 2008, the Board set a local sales and use tax of one percent on all applicable sales and uses within the boundaries of the District, excluding any territory in the District where sales and use tax is currently two percent, effective October 1, 2008. On May 11, 2013, the voters of the District approved increasing the rate to two percent. During the current year, the District recorded \$1,530,018 in sales tax receipts, of which \$305,609 was due from the State Comptroller at December 31, 2021.

**NOTE 9. RISK MANAGEMENT**

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

**NOTE 10. ECONOMIC UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. Since that time, the District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.

**NOTE 11. COMPENSATED ABSENCES**

The liability for compensated absences reported in the government-wide fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees. As of December 31, 2021, this balance was \$16,307.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 12. PROMISSORY NOTE**

On December 21, 2021, the District entered into a note with First Financial Bank, N.A. in the amount of \$550,000 with an interest rate of 2.87%. Annual note payments are due December 21st of each year, starting on December 21, 2022, in the amount of \$45,640 through December 21, 2036. No payments on this note were made during the current fiscal year.

The following is a schedule of future note payments as of December 31, 2021:

Fiscal Year	Principal	Interest	Total
2022	\$ 29,855	\$ 15,785	\$ 45,640
2023	30,711	14,928	45,639
2024	31,593	14,047	45,640
2025	32,499	13,140	45,639
2026	33,432	12,207	45,639
2027-2031	182,117	46,081	228,198
2032-2036	209,793	18,405	228,198
	<u>\$ 550,000</u>	<u>\$ 134,593</u>	<u>\$ 684,593</u>

The following is a summary of transactions regarding notes payable for the year ended December 31, 2021:

Note Payable, January 1, 2021	\$ -0-
Add: Note Proceeds	550,000
Less: Note Principal Paid	<u>-0-</u>
Note Payable, December 31, 2021	<u>\$ 550,000</u>
Due Within One Year	\$ 29,855
Due After One Year	<u>520,145</u>
Note Payable, December 31, 2021	<u>\$ 550,000</u>

**NOTE 13. DEFERRED COMPENSATION PLAN**

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2021**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL – EMERGENCY SERVICE DISTRICT  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 1,159,000	\$ 1,159,000	\$ 1,186,421	\$ 27,421
Sales Tax Receipts	1,150,000	1,150,000	1,530,018	380,018
Penalty and Interest			29,075	29,075
Investment and Miscellaneous Revenues	<u>15,200</u>	<u>15,200</u>	<u>28,512</u>	<u>13,312</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,324,200</u>	<u>\$ 2,324,200</u>	<u>\$ 2,774,026</u>	<u>\$ 449,826</u>
<b>EXPENDITURES</b>				
Service Operations:				
District Services - Huffman VFD	\$ 849,272	\$ 916,061	\$ 756,010	\$ 160,051
Accounting and Auditing Fees	51,000	51,000	49,714	1,286
Appraisal District Fees	7,600	7,600	8,832	(1,232)
Commissioner Fees	35,000	35,000	36,000	(1,000)
Equipment	63,400	63,400	61,245	2,155
Insurance	43,000	43,000	99,459	(56,459)
Legal Fees-General	50,000	50,000	47,968	2,032
Legal Fees-Delinquent Tax Collections			9,222	(9,222)
Maintenance-Building and Vehicles	79,645	95,961	148,678	(52,717)
Salaries and Benefits	647,015	756,391	740,662	15,729
Tax Collector Fees	10,000	10,000	14,069	(4,069)
Utilities	32,400	40,800	34,601	6,199
Other	39,100	40,099	38,547	1,552
Capital Outlay			743,805	(743,805)
Debt Service:				
Capital Lease Principal	198,785	198,785	198,785	
Capital Lease Interest	<u>37,862</u>	<u>16,103</u>	<u>47,376</u>	<u>(31,273)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,144,079</u>	<u>\$ 2,324,200</u>	<u>\$ 3,034,973</u>	<u>\$ (710,773)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>\$ 180,121</u>	<u>\$ -0-</u>	<u>\$ (260,947)</u>	<u>\$ (260,947)</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Capital Lease Proceeds	\$	\$	\$ 640,023	\$ 640,023
Note Proceeds			<u>550,000</u>	<u>550,000</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,190,023</u>	<u>\$ 1,190,023</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 180,121	\$ -0-	\$ 929,076	\$ 929,076
<b>FUND BALANCE - JANUARY 1, 2021</b>	<u>1,824,715</u>	<u>1,824,715</u>	<u>1,824,715</u>	
<b>FUND BALANCE - DECEMBER 31, 2021</b>	<u>\$ 2,004,836</u>	<u>\$ 1,824,715</u>	<u>\$ 2,753,791</u>	<u>\$ 929,076</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL – HUFFMAN EMS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
EMS Revenues	\$ 150,000	\$ 191,461	\$ 41,461
Property Taxes	360,000		(360,000)
Investment and Miscellaneous Revenues	600	566	(34)
<b>TOTAL REVENUES</b>	<b>\$ 510,600</b>	<b>\$ 192,027</b>	<b>\$ (318,573)</b>
<b>EXPENDITURES</b>			
Service Operations:			
Equipment	\$ 41,000	\$ 4,013	\$ 36,987
Maintenance-Building and Vehicles	29,400	19,444	9,956
Medical Supplies	58,000	41,786	16,214
Utilities	4,400	9,642	(5,242)
Other	69,760	49,534	20,226
<b>TOTAL EXPENDITURES</b>	<b>\$ 202,560</b>	<b>\$ 124,419</b>	<b>\$ 78,141</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 308,040</b>	<b>\$ 67,608</b>	<b>\$ (240,432)</b>
<b>FUND BALANCE - JANUARY 1, 2021</b>	<b>543,911</b>	<b>543,911</b>	
<b>FUND BALANCE - DECEMBER 31, 2021</b>	<b>\$ 851,951</b>	<b>\$ 611,519</b>	<b>\$ (240,432)</b>

See accompanying independent auditor's report.



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

**SUPPLEMENTARY INFORMATION**

**REQUIRED BY HARRIS COUNTY**

**DECEMBER 31, 2021**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**COMPUTATION OF NET LONG-TERM DEBT PER CAPITA**  
**DECEMBER 31, 2021**  
**(UNAUDITED)**

Long-Term Debt at December 31, 2021	\$ 1,481,802
Less: Amount in Debt Service Fund	<u>-0-</u>
Net Long-Term Debt at December 31, 2021	\$ 1,481,802
Estimated District Population	<u>12,500</u>
Net Long-Term Debt Per Capita at December 31, 2021	<u>\$ 118.54</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
LISTING OF THE NUMBER OF EMERGENCY  
RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT –  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)**

Huffman VFD

Number of Emergency Responses made Within the District	561
Number of Emergency Responses made Outside the District	<u>38</u>
Total Emergency Responses	<u><u>599</u></u>

Ambulance

Number of Emergency Responses made Within the District	1,206
Number of Emergency Responses made Outside the District	<u>38</u>
Total Emergency Responses	<u><u>1,244</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**SCHEDULE OF INSURANCE AND BONDING COVERAGE**  
**DECEMBER 31, 2021**

Type of Coverage	From To	Amount of Coverage	Insurer/Name
PUBLIC OFFICIAL BOND Treasurer	01/01/21 01/01/22	\$ 100,000	National Union Fire Insurance Company
PUBLIC EMPLOYEE BLANKET BOND Crime Limit	01/01/21 01/01/22	\$ 100,000	National Union Fire Insurance Company
GENERAL LIABILITY General Aggregate Each Occurrence	01/01/21 01/01/22	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
MANAGEMENT LIABILITY Aggregate Each Occurrence	01/01/21 01/01/22	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
EXCESS LIABILITY Aggregate Each	01/01/21 01/01/22	\$20,000,000 10,000,000	National Union Fire Insurance Company
PROPERTY LIABILITY Buildings Contents	01/01/21 01/01/22	\$ 1,625,686 194,890	National Union Fire Insurance Company
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit	01/01/21 01/01/22	\$ 1,000,000	National Union Fire Insurance Company
PORTABLE EQUIPMENT	01/01/21 01/01/22	Guaranteed Replacement Costs	National Union Fire Insurance Company
WORKERS COMPENSATION Bodily Injury by Accident Bodily Injury by Disease Disease Policy Limit	01/01/21 01/01/22	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company
ACCIDENT AND SICKNESS POLICY AD&D Medical Off Duty Rider	01/01/21 01/01/22	\$ 20,000 50,000 20,000	National Union Fire Insurance Company

See accompanying independent auditor's report.

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

**OTHER SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2021**





**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Property Taxes	
TAXES RECEIVABLE - JANUARY 1, 2021	\$ 908,759	
Adjustments to Beginning Balance	18,208	\$ 926,967
Original 2021 Tax Levy	\$ 1,184,797	
Adjustment to 2021 Tax Levy	91,139	1,275,936
 TOTAL TO BE ACCOUNTED FOR		 \$ 2,202,903
 TAX COLLECTIONS:		
Prior Years	\$ 849,957	
Current Year	619,333	1,469,290
 TAXES RECEIVABLE - DECEMBER 31, 2021		 \$ <u>733,613</u>
 TAXES RECEIVABLE BY YEAR:		
2021		\$ 656,603
2020		26,747
2019		13,082
2018		7,429
2017		4,947
2016		4,496
2015		3,445
2014		2,397
2013		2,282
2012 and prior		12,185
 TOTAL TAXES RECEIVABLE BY YEAR		 \$ <u><u>733,613</u></u>

See accompanying independent auditor's reports.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020	2019	2018
TOTAL PROPERTY VALUATIONS	<u>\$ 1,274,898,182</u>	<u>\$ 1,174,394,072</u>	<u>\$ 1,112,730,635</u>	<u>\$ 1,023,456,122</u>
TAX RATE PER \$100 VALUATION	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.09956</u>
ADJUSTED TAX LEVY*	<u>\$ 1,275,936</u>	<u>\$ 1,174,428</u>	<u>\$ 1,112,730</u>	<u>\$ 1,018,953</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>48.54 %</u>	<u>97.72 %</u>	<u>98.82 %</u>	<u>99.27 %</u>

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

See accompanying independent auditor's reports.

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

	Amounts		
	2021	2020	2019
<b>REVENUES</b>			
Property Taxes	\$ 1,186,421	\$ 1,105,263	\$ 1,022,818
Sales Tax Receipts	1,530,018	1,380,664	1,183,052
EMS Revenues	191,461	219,601	205,672
Penalty and Interest	29,075	21,984	36,339
Investment and Miscellaneous Revenues	29,078	75,504	36,676
<b>TOTAL REVENUES</b>	<u>\$ 2,966,053</u>	<u>\$ 2,803,016</u>	<u>\$ 2,484,557</u>
<b>EXPENDITURES</b>			
Service Operations:			
District Services - EMS Services	\$	\$	\$ 595,187
District Services - Huffman VFD	756,010	628,449	767,476
Accounting and Auditing Fees	49,714	52,301	47,867
Appraisal District Fees	8,832	8,394	7,578
Commissioner Fees	36,000	36,000	34,800
Equipment	65,258	105,804	100,118
Insurance	99,459	60,695	
Legal Fees-General	47,968	38,068	36,791
Legal Fees-Delinquent Tax Collections	9,222	6,952	7,756
Maintenance-Building and Vehicles	168,122	99,849	69,860
Medical Supplies	41,786	26,502	30,971
Salaries and Benefits	740,662	664,890	
Tax Collector Fees	14,069	6,169	10,879
Utilities	44,243	33,908	45,172
Other	88,081	120,335	136,784
Capital Outlay	743,805	190,489	70,785
Debt Service:			
Capital Lease Principal	198,785	224,336	183,647
Note Principal			72,306
Capital Lease Interest	47,376	16,994	16,623
Note Interest			3,327
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,159,392</u>	<u>\$ 2,320,135</u>	<u>\$ 2,237,927</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>OVER EXPENDITURES</b>	<u>\$ (193,339)</u>	<u>\$ 482,881</u>	<u>\$ 246,630</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital Lease Financing	\$ 640,023	\$	\$ 190,479
Note Proceeds	550,000		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ 1,190,023</u>	<u>\$ - 0 -</u>	<u>\$ 190,479</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ 996,684	\$ 482,881	\$ 437,109
<b>BEGINNING FUND BALANCES</b>	<u>2,368,626</u>	<u>1,885,745</u>	<u>1,448,636</u>
<b>ENDING FUND BALANCES</b>	<u>\$ 3,365,310</u>	<u>\$ 2,368,626</u>	<u>\$ 1,885,745</u>

See accompanying independent auditor's reports.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 1,016,847	\$ 944,013	39.9 %	39.4 %	41.1 %	40.3 %	47.6 %
1,110,025	926,549	51.6	49.3	47.6	44.0	46.8
267,423	15,033	6.5	7.8	8.3	10.6	0.8
		1.0	0.8	1.5		
127,877	94,903	1.0	2.7	1.5	5.1	4.8
<u>\$ 2,522,172</u>	<u>\$ 1,980,498</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 516,526	\$ 190,541		%	24.0 %	20.5 %	9.6 %
1,043,239	1,090,307	25.5	22.4	31.0	41.4	55.1
20,034	9,000	1.7	1.9	1.9	0.8	0.5
7,458	7,018	0.3	0.3	0.3	0.3	0.4
15,000	15,000	1.2	1.3	1.4	0.6	0.8
		2.2	3.8	4.0		
		3.4	2.2			
51,734	58,157	1.6	1.4	1.5	2.1	2.9
		0.3	0.2	0.3		
119,521	34,246	5.7	3.6	2.8	4.7	1.7
26,682	14,565	1.4	0.9	1.2	1.1	0.7
		25.0	23.7			
7,783	9,566	0.5	0.2	0.4	0.3	0.5
35,536	30,858	1.5	1.2	1.8	1.4	1.6
51,451	95,388	3.0	4.3	5.5	2.0	4.8
91,976	512,297	25.1	6.8	2.8	3.6	25.9
199,366	160,269	6.7	8.0	7.4	7.9	8.1
69,127	66,087			2.9	2.7	3.3
23,728	24,593	1.6	0.6	0.7	0.9	1.2
6,506	9,546			0.1	0.3	0.5
<u>\$ 2,285,667</u>	<u>\$ 2,327,438</u>	<u>106.7 %</u>	<u>82.8 %</u>	<u>90.0 %</u>	<u>90.6 %</u>	<u>117.6 %</u>
<u>\$ 236,505</u>	<u>\$ (346,940)</u>	<u>(6.7) %</u>	<u>17.2 %</u>	<u>10.0 %</u>	<u>9.4 %</u>	<u>(17.6) %</u>
\$	\$ 175,000					
<u>\$ - 0 -</u>	<u>\$ 175,000</u>					
\$ 236,505	\$ (171,940)					
1,212,131	1,384,071					
<u>\$ 1,448,636</u>	<u>\$ 1,212,131</u>					

See accompanying independent auditor's reports.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2021**

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

District Telephone Number - (713) 984-8222

<u>Commissioners</u>	<u>Term of Office (Appointed – Elected)</u>	<u>Fees of Office for the year ended December 31, 2021</u>	<u>Expense Reimbursements for the year ended December 31, 2021</u>	<u>Title</u>
Ray Jones	06/20 – 05/24 (Elected)	\$ 7,200	\$ -0-	President
Ken Gregory	06/20 – 05/24 (Elected)	\$ 7,200	\$ -0-	Vice President
Shareen Redus	06/18 – 05/22 (Elected)	\$ 7,200	\$ -0-	Treasurer/ Investment Officer
Christy Graves	06/18 – 05/22 (Elected)	\$ 7,200	\$ -0-	Assistant Treasurer
Leslie Deen	06/18 – 05/22 (Elected)	\$ 7,200	\$ -0-	Secretary

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

See accompanying independent auditor’s report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2021**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2021</u>	<u>Title</u>
Coveler & Peeler, P.C.	2002	\$ 47,695	Attorney
McCall Gibson Swedlund Barfoot PLLC	12/09/19	\$ 13,500	Auditor
Municipal Accounts and Consulting	12/10/18	\$ 37,714	Bookkeeper
Harris County Tax Assessor/Collector	Legislative Action	\$ 14,069	Tax Assessor/ Collector
Linebarger Goggan Blair & Sampson, LLP		\$ 9,222	Delinquent Tax Attorney

See accompanying independent auditor's report.

