

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
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. 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, 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 - 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.

Other Information

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



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

June 28, 2022

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 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 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, 2021**

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 \$26,758,132 as of December 31, 2021.

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, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 18,095,581	\$ 17,378,462	\$ 717,119
Capital Assets (Net of Accumulated Depreciation)	<u>24,901,037</u>	<u>23,471,800</u>	<u>1,429,237</u>
Total Assets	<u>\$ 42,996,618</u>	<u>\$ 40,850,262</u>	<u>\$ 2,146,356</u>
Deferred Outflows of Resources	<u>\$ 913,051</u>	<u>\$ 458,302</u>	<u>\$ 454,749</u>
Long-Term Liabilities	\$ 10,010,778	\$ 10,661,635	\$ 650,857
Other Liabilities	<u>1,480,712</u>	<u>1,768,954</u>	<u>288,242</u>
Total Liabilities	<u>\$ 11,491,490</u>	<u>\$ 12,430,589</u>	<u>\$ 939,099</u>
Deferred Inflows of Resources	<u>\$ 5,660,047</u>	<u>\$ 5,131,060</u>	<u>\$ (528,987)</u>
Net Position:			
Net Investment in Capital Assets	\$ 14,239,402	\$ 13,544,495	\$ 694,907
Unrestricted	<u>12,518,730</u>	<u>10,202,420</u>	<u>2,316,310</u>
Total Net Position	<u><u>\$ 26,758,132</u></u>	<u><u>\$ 23,746,915</u></u>	<u><u>\$ 3,011,217</u></u>

The following table provides a summary of the District's operations for the year ended December 31, 2021, and year ended December 31, 2020.

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 5,089,170	\$ 4,568,390	\$ 520,780
Sales Tax Receipts	7,204,161	5,949,236	1,254,925
Charges for Services		110,000	(110,000)
Other Revenues	<u>1,498,503</u>	<u>475,600</u>	<u>1,022,903</u>
Total Revenues	<u>\$ 13,791,834</u>	<u>\$ 11,103,226</u>	<u>\$ 2,688,608</u>
Expenses for Services	<u>10,780,617</u>	<u>9,308,810</u>	<u>(1,471,807)</u>
Change in Net Position	\$ 3,011,217	\$ 1,794,416	\$ 1,216,801
Net Position, Beginning of Year	<u>23,746,915</u>	<u>21,952,499</u>	<u>1,794,416</u>
Net Position, End of Year	<u><u>\$ 26,758,132</u></u>	<u><u>\$ 23,746,915</u></u>	<u><u>\$ 3,011,217</u></u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance as of December 31, 2021, was \$10,139,108, a decrease of \$313,284 from the prior year. This decrease was primarily due to current year expenditures exceeding revenues.

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 \$2,749,035 and actual expenditures exceeded budgeted expenditures by \$3,243,111, which resulted in a negative variance of \$494,076. See budgetary to actual comparison for more details.

CAPITAL ASSETS

Capital assets as of December 31, 2021, total \$24,901,037 (net of accumulated depreciation) and include land, buildings, trucks and equipment. Capital asset events during the current period included the purchase of vehicles, pierce tanker truck, and pump replacement for 2013 Pierce truck. Construction in progress is related to the construction of Stations No. 26 and 46.

Capital Assets At Period-End, Net of Accumulated Depreciation			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,483,652	\$ 1,483,652	\$
Construction in Progress	2,552,046	14,347,691	(11,795,645)
Capital Assets, Net of Accumulated Depreciation:			
Buildings	16,975,295	3,104,825	13,870,470
Trucks and Equipment	3,771,073	4,364,285	(593,212)
Other	118,971	171,347	(52,376)
Total Net Capital Assets	<u>\$ 24,901,037</u>	<u>\$ 23,471,800</u>	<u>\$ 1,429,237</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

LONG-TERM DEBT ACTIVITY

At the end of the current year, the District had total long-term debt payable of \$10,661,635. The changes in the debt position of the District during the year ended December 31, 2021, are summarized as follows:

Capital Leases Payable, January 1, 2021	\$ 314,704
Less: Principal Paid	<u>314,704</u>
Capital Leases Payable, December 31, 2021	<u>\$ - 0 -</u>
Notes Payable, January 1, 2021	\$ 11,970,713
Less: Principal Paid	<u>1,309,078</u>
Notes Payable, December 31, 2021	<u>\$ 10,661,635</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, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 8,119,300	\$	\$ 8,119,300
Investments	3,482,280		3,482,280
Cash with Harris County	173,674		173,674
Due from Other Governments	21,819		21,819
Receivables:			
Property Taxes	3,975,380		3,975,380
Penalty and Interest on Delinquent Taxes		660,739	660,739
Sales Tax Receipts	1,473,892		1,473,892
Other	3,480		3,480
Prepaid Costs	185,017		185,017
Net Pension Asset			
Land		1,483,652	1,483,652
Construction in Progress		2,552,046	2,552,046
Capital Assets (Net of Accumulated Depreciation)		20,865,339	20,865,339
TOTAL ASSETS	<u>\$ 17,434,842</u>	<u>\$ 25,561,776</u>	<u>\$ 42,996,618</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	<u>\$ - 0 -</u>	<u>\$ 913,051</u>	<u>\$ 913,051</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 17,434,842</u>	<u>\$ 26,474,827</u>	<u>\$ 43,909,669</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, 2021

	General Fund	Adjustments	Statement of Net Position
LIABILITIES			
Accounts Payable	\$ 605,816	\$	\$ 605,816
Accrued Interest Payable	3,603	70,233	73,836
Net Pension Liability		150,203	150,203
Notes Payable:			
Due Within One Year		650,857	650,857
Due After One Year		10,010,778	10,010,778
TOTAL LIABILITIES	\$ 609,419	\$ 10,882,071	\$ 11,491,490
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 6,686,315	\$ (1,045,425)	\$ 5,640,890
Deferred Inflows - Pension		19,157	19,157
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 6,686,315	\$ (1,026,268)	\$ 5,660,047
FUND BALANCE			
Nonspendable: Prepaid Costs	\$ 185,017	\$ (185,017)	\$
Unassigned	9,954,091	(9,954,091)	
TOTAL FUND BALANCE	\$ 10,139,108	\$ (10,139,108)	\$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 17,434,842		
NET POSITION			
Net Investment in Capital Assets		\$ 14,239,402	\$ 14,239,402
Unrestricted		12,518,730	12,518,730
TOTAL NET POSITION		\$ 26,758,132	\$ 26,758,132

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, 2021**

Total Fund Balance - Governmental Funds \$ 10,139,108

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. 24,901,037

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2020 and prior tax levies became part of recognized revenues in the governmental activities of the District. 1,706,164

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. 893,894

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	\$ (70,233)	
Net Pension Liability	(150,203)	
Notes Payable Within One Year	(650,857)	
Notes Payable After One Year	<u>(10,010,778)</u>	<u>(10,882,071)</u>

Total Net Position - Governmental Activities \$ 26,758,132

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, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Property Taxes	\$ 4,984,500	\$ 104,670	\$ 5,089,170
Sales Tax Receipts	7,204,161		7,204,161
Penalty and Interest	73,935	121,493	195,428
Investment Revenues	1,202		1,202
Miscellaneous Revenues	167,639	(3,364)	164,275
FEMA, TDEM and TIFMAS Revenues	1,137,598		1,137,598
TOTAL REVENUES	<u>\$ 13,569,035</u>	<u>\$ 222,799</u>	<u>\$ 13,791,834</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Apparatus Maintenance	\$ 219,540	\$	\$ 219,540
Accounting and Auditing	54,375		54,375
Commissioner Fees of Office	16,581		16,581
Communications	101,259		101,259
Depreciation		1,059,130	1,059,130
Fire Fighter Support	333,671		333,671
Fuel	67,762		67,762
Insurance	197,720		197,720
Legal Fees	73,009		73,009
Office Supplies and Equipment	4,761		4,761
Salaries and Benefits	7,475,352	(81,729)	7,393,623
Station Supplies and Equipment	119,146		119,146
Tax Collections:			
Appraisal District Fees	37,780		37,780
Delinquent Tax Attorney Fees	22,039		22,039
Tax Assessor/Collector Fees	39,436		39,436
Training	170,211		170,211
Utilities and Maintenance	244,082		244,082
Other	303,794		303,794
Capital Outlay	2,622,706	(2,491,731)	130,975

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, 2021**

	General Fund	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES (Continued)			
Debt Service:			
Capital Lease Principal	\$ 314,704	\$ (314,704)	\$
Capital Lease Interest	7,494	(326)	7,168
Note Principal	1,309,078	(1,309,078)	
Note Interest	147,819	36,736	184,555
TOTAL EXPENDITURES/EXPENSES	\$ 13,882,319	\$ (3,101,702)	\$ 10,780,617
NET CHANGE IN FUND BALANCE	\$ (313,284)	\$ 313,284	\$
CHANGE IN NET POSITION		3,011,217	3,011,217
FUND BALANCE/NET POSITION - JANUARY 1, 2021	10,452,392	13,294,523	23,746,915
FUND BALANCE/NET POSITION - DECEMBER 31, 2021	\$ 10,139,108	\$ 16,619,024	\$ 26,758,132

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, 2021**

Net Change in Fund Balance - Governmental Funds \$ (313,284)

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. 104,670

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. 121,493

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. (1,059,130)

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. 2,488,367

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. 1,623,782

The changes in deferred outflows and inflows of resources for pensions are recorded as pension expense in the government-wide financial statements. 81,729

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. (36,410)

Change in Net Position - Governmental Activities \$ 3,011,217

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

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021

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, 2021

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 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 meet the District's planned expenditures in the 2022 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, 2021

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:

	<u>Years</u>
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 not 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, 2021

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, 2021

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, 2021, the District levied an ad valorem tax at the rate of \$0.10 per \$100 of assessed valuation, which resulted in a tax levy of \$5,640,890 on the adjusted taxable valuation of \$5,640,894,751 for the 2021 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 \$8,119,300 and the bank balance was \$8,334,124.

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

GENERAL FUND	Cash \$ 8,119,300
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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, 2021

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, 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>		
TexPool	<u>\$ 3,482,280</u>	<u>\$ 3,482,280</u>

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 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, 2021

NOTE 5. CAPITAL ASSETS

	January 1, 2021	Increases	Decreases	December 31, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,483,652	\$	\$	\$ 1,483,652
Construction in Progress	<u>14,347,691</u>	<u>2,616,731</u>	<u>14,412,376</u>	<u>2,552,046</u>
Total Capital Assets Not Being Depreciated	<u>\$ 15,831,343</u>	<u>\$ 2,616,731</u>	<u>\$ 14,412,376</u>	<u>\$ 4,035,698</u>
Capital Assets Subject to Depreciation				
Buildings	\$ 4,564,975	\$ 14,347,691	\$	\$ 18,912,666
Trucks and Equipment	7,838,775	64,685	800,594	7,102,866
Computer Equipment	43,542			43,542
Other	<u>708,113</u>			<u>708,113</u>
Total Capital Assets Subject to Depreciation	<u>\$ 13,155,405</u>	<u>\$ 14,412,376</u>	<u>\$ 800,594</u>	<u>\$ 26,767,187</u>
Less Accumulated Depreciation				
Buildings	\$ 1,460,150	\$ 477,221	\$	\$ 1,937,371
Trucks and Equipment	3,474,490	529,533	672,230	3,331,793
Computer Equipment	43,542			43,542
Other	<u>536,766</u>	<u>52,376</u>		<u>589,142</u>
Total Accumulated Depreciation	<u>\$ 5,514,948</u>	<u>\$ 1,059,130</u>	<u>\$ 672,230</u>	<u>\$ 5,901,848</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,640,457</u>	<u>\$ 13,353,246</u>	<u>\$ 128,364</u>	<u>\$ 20,865,339</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 23,471,800</u>	<u>\$ 15,969,977</u>	<u>\$ 14,540,740</u>	<u>\$ 24,901,037</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6. 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, 2021:

Notes Payable, January 1, 2021	\$	11,970,713
Less: Principal Paid		1,309,078
Notes Payable, December 31, 2021	\$	10,661,635
Notes Payable:		
Due Within One Year	\$	650,857
Due After One Year		10,010,778
Notes Payable, December 31, 2021	\$	10,661,635

As of December 31, 2021, debt service requirements on the note are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 650,857	\$ 250,784	\$ 901,641
2023	666,035	235,605	901,640
2024	681,568	220,073	901,641
2025	696,995	204,645	901,640
2026	713,717	187,923	901,640
2027-2031	3,555,350	682,387	4,237,737
2032-2036	2,847,728	308,147	3,155,875
2037	849,385	24,606	873,991
	\$ 10,661,635	\$ 2,114,170	\$ 12,775,805

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. CAPITAL LEASES

On December 16, 2013, the District entered into a lease-purchase agreement with Leasing 2, Inc. for the purchase of a 2013 Pierce Velocity 100' PUC Ladder Truck in the amount of \$963,444. Assets under this lease total \$1,042,908 at December 31, 2021. Accumulated amortization/depreciation through December 31, 2021, totaled \$587,957. Lease payments and related interest of \$54,783 are due each June 16 and December 16, beginning June 16, 2014, and ending December 16, 2023. The District's incremental borrowing rate is 2.515%. This lease was paid in full during the current fiscal year.

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

Capital Leases Payable, January 1, 2021	\$	314,704
Less: Principal Paid		<u>314,704</u>
Capital Leases Payable, December 31, 2021	\$	<u>- 0 -</u>

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 \$7,204,161 in sales tax receipts, of which \$1,473,892 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; 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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled but not yet receiving benefits	-0-
Active employees	89

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. PENSION PLAN (Continued)

Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 6.70% for the months of the 2021 accounting year. The deposit rate payable by the employee members for calendar year 2021 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, 2021, the annual pension cost for the TCDRS plan for its employees was \$368,059; the actual contributions were \$368,059. The employees contributed \$376,118 to the plan for the 2021 fiscal year.

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumption:

Actuarial valuation date	12/31/20
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	20.0 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return ¹	7.50%
Projected salary increases ¹	4.60%
Inflation	2.50%
Cost-of-living adjustments	0.00%

¹ Includes inflation at the stated rate

The actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the following:

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.6%. The discount rate used in the previous year was 8.1%.

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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. PENSION PLAN (Continued)

Discount Rate (Continued)

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 2021 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a 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%	4.25%
Global Equities	2.50%	4.55%
International Equities-Development	5.00%	4.25%
International Equities-Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	2.11%
Direct Lending	16.00%	6.70%
Distressed Debt	4.00%	5.70%
REIT Equities	2.00%	3.45%
Master Limited Partnerships (MLPs)	2.00%	5.10%
Private Real Estate Partnerships	6.00%	4.90%
Private Equity	25.00%	7.25%
Hedge Funds	6.00%	1.85%
Cash Equivalents	2.00%	-0.70%

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. PENSION PLAN (Continued)

Changes in Net Pension Liability/(Asset)

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2020 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2019	\$ 1,537,995	\$ 1,747,361	\$ (209,366)
Changes for the year:			
Service Cost	588,789		588,789
Interest on the Total Pension Liability	172,150		172,150
Effect of Economic/Demographic gains or losses	168,045		168,045
Effect of Assumptions Changes or Inputs	301,757		301,757
Refund of Contributions	(3,005)	(3,005)	
Benefit Payments			
Administrative Expenses		(1,914)	1,914
Member Contributions		338,531	(338,531)
Net Investment Income		181,880	(181,880)
Employer Contributions		332,728	(332,728)
Other		19,947	(19,947)
Balances of December 31, 2020	<u>\$ 2,765,731</u>	<u>\$ 2,615,528</u>	<u>\$ 150,203</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	\$ 3,515,801	\$ 2,765,731	\$ 2,185,433
Fiduciary Net Position	<u>2,615,528</u>	<u>2,615,528</u>	<u>2,615,528</u>
Net Pension Liability/(Asset)	<u>\$ 900,273</u>	<u>\$ 150,203</u>	<u>\$ (430,095)</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. PENSION PLAN (Continued)

Deferred Inflows/Outflows of Resources

As of December 31, 2021, 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-	\$ 268,381
Changes in assumptions	1,531	276,611
Net difference between projected and actual earnings	17,626	
Contributions paid to TCDRS subsequent to the measurement date		368,059
Total	\$ 19,157	\$ 913,051

\$368,059 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:

2021	\$ 50,747
2022	48,549
2023	36,272
2024	47,574
2025	50,192
Thereafter	292,501

NOTE 11. UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

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, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 4,800,000	\$ 4,984,500	\$ 184,500
Sales Tax Receipts	5,700,000	7,204,161	1,504,161
Contract Payments	60,000		(60,000)
Penalty and Interest		73,935	73,935
Investment Revenues	100,000	1,202	(98,798)
Miscellaneous Revenues	160,000	167,639	7,639
FEMA, TDEM and TIFMAS Revenues		1,137,598	1,137,598
TOTAL REVENUES	\$ 10,820,000	\$ 13,569,035	\$ 2,749,035
EXPENDITURES			
Service Operations:			
Apparatus Maintenance	\$ 290,900	\$ 219,540	\$ 71,360
Accounting and Auditing	60,000	54,375	5,625
Commissioner Fees of Office	36,000	16,581	19,419
Communications	133,500	101,259	32,241
District Operations			
Fire Fighter Support	428,500	333,671	94,829
Fuel	75,000	67,762	7,238
Insurance	189,000	197,720	(8,720)
Legal Fees	75,000	73,009	1,991
Office Supplies and Equipment	17,500	4,761	12,739
Salaries and Benefits	6,906,499	7,475,352	(568,853)
Station Supplies and Equipment	39,000	119,146	(80,146)
Tax Collections:			
Appraisal District Fees	30,000	37,780	(7,780)
Delinquent Tax Attorney Fees		22,039	(22,039)
Tax Assessor/Collector Fees		39,436	(39,436)
Training	159,700	170,211	(10,511)
Utilities and Maintenance	309,710	244,082	65,628
Other	363,300	303,794	59,506
Capital Outlay	231,200	2,622,706	(2,391,506)

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, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (Continued)			
Debt Service:			
Capital Lease Principal	\$ 102,291	\$ 314,704	\$ (212,413)
Capital Lease Interest	7,275	7,494	(219)
Note Principal	1,036,590	1,309,078	(272,488)
Note Interest	<u>148,243</u>	<u>147,819</u>	<u>424</u>
TOTAL EXPENDITURES	<u>\$ 10,639,208</u>	<u>\$ 13,882,319</u>	<u>\$ (3,243,111)</u>
NET CHANGE IN FUND BALANCE	\$ 180,792	\$ (313,284)	\$ (494,076)
FUND BALANCE - JANUARY 1, 2021	<u>10,452,392</u>	<u>10,452,392</u>	<u></u>
FUND BALANCE - DECEMBER 31, 2021	<u>\$ 10,633,184</u>	<u>\$ 10,139,108</u>	<u>\$ (494,076)</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, 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	\$ 588,789	\$ 541,281	\$ 411,299	\$ 156,765
Interest on total pension liability	172,150	113,920	46,792	12,698
Effect of plan changes			130,304	
Effect of economic/demographic (gains) or losses	168,045	26,281	119,616	135
Effect of assumptions changes or inputs	301,757			(2,298)
Benefit payments/refunds of contributions	<u>(3,005)</u>	<u>(16,931)</u>	<u>(1,867)</u>	<u> </u>
Net change in total pension liability	\$ 1,227,736	\$ 664,551	\$ 706,144	\$ 167,300
Total pension liability, beginning	<u>1,537,995</u>	<u>873,444</u>	<u>167,300</u>	<u> </u>
Total pension liability, ending (a)	<u>\$ 2,765,731</u>	<u>\$ 1,537,995</u>	<u>\$ 873,444</u>	<u>\$ 167,300</u>
Fiduciary Net Position				
Employer contributions	\$ 332,728	\$ 297,986	\$ 243,386	\$ 382,891
Member contributions	338,531	309,844	257,145	71,788
Investment income net of investment expenses	181,880	159,910	(3,145)	7,313
Benefit payments/refunds of contributions	(3,005)	(16,931)	(1,867)	0
Administrative expenses	(1,914)	(1,332)	(785)	(311)
Other	<u>19,947</u>	<u>20,474</u>	<u>14,904</u>	<u>6,091</u>
Net change in plan fiduciary net position	\$ 868,167	\$ 769,951	\$ 509,638	\$ 467,772
Fiduciary net position, beginning	<u>1,747,361</u>	<u>977,410</u>	<u>467,772</u>	<u> </u>
Fiduciary net position, ending (b)	<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>\$ 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	94.57%	113.61%	111.90%	279.60%
Pensionable covered payroll	\$ 4,836,162	\$ 4,426,340	\$ 3,673,497	\$ 1,025,543
Net pension liability as a percentage of covered employee payroll	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, 2021

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	\$ 368,059	\$ 368,059	\$ -0-	\$ 5,373,121	6.9%

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

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, 2021**

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	20.0 years (based on contribution rate calculated in 12/31/20 valuation)
Asset Valuation Method	5-year, smoothed market
Inflation	2.50%
Salary Increases	4.6%, 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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Change in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New Inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 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.

See accompanying independent auditor's report.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10

SUPPLEMENTARY INFORMATION

REQUIRED BY HARRIS COUNTY

DECEMBER 31, 2021

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
COMPUTATION OF NET LONG-TERM DEBT PER CAPITA
DECEMBER 31, 2021
(UNAUDITED)

Long-Term Debt at December 31, 2021	\$ 10,661,635
Less: Amount in Debt Service Fund	<u>-0-</u>
Net Long-Term Debt at December 31, 2021	<u>\$ 10,661,635</u>
Estimated District Population	<u>95,000</u>
Net Long-Term Debt Per Capita at December 31, 2021	<u>\$ 112.23</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, 2021
(UNAUDITED)**

Number of Emergency Responses Made Within the District	2,696
Number of Emergency Responses Made Outside the District (Including District 19)	<u>550</u>
Total Emergency Responses	<u><u>3,246</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2021

Type of Coverage	From To	Amount of Coverage	Insurer/Name
CRIME AND FIDELITY Employee Theft Forgery or Alteration	11/01/21 11/01/22	\$ 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	11/01/21 11/01/22	\$ 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	11/01/21 11/01/22	\$ 1,000,000 1,000,000 1,000,000	Arch Insurance Company
AUTOMOBILE LIABILITY Each Accident	11/01/21 11/01/22	\$ 1,000,000	Arch Insurance Company
POLLUTION Corrective Action Costs	11/01/21 11/01/22	\$ 1,000,000	Arch Insurance Company
PROPERTY Buildings (Property and Contents Included) Deductible	11/01/21 11/01/22	\$ 23,725,562 1,000	Arch Insurance Company
PUBLIC OFFICIALS BOND Treasurer	12/14/19 12/14/22	\$ 100,000	Western Surety Company
WORKERS COMPENSATION Each Accident Each Employee Disease Policy Limit Disease	01/01/21 01/01/22	\$ 1,000,000 1,000,000 1,000,000	Benchmark Insurance Company
POSITION SCHEDULE BOND Treasurer	11/01/21 11/01/22	\$ 100,000	Arch Insurance Company
FAITHFUL PERFORMANCE BOND Employee Theft-Per Loss	11/01/21 11/01/22	\$ 1,000,000	Arch Insurance Company
PORTABLE EQUIPMENT	11/01/21 11/01/22	Guaranteed Replacement Cost	Arch Insurance Company
NETWORK SECURITY AND DATA BREACH Aggregate Per Event Private Event Mitigation Expense (Each) Private Event Mitigation (Aggregate)	11/01/21 11/01/22	\$ 10,000,000 1,000,000 50,000 50,000	Arch Insurance Company

See accompanying independent auditor's report.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2021**

		Property Taxes
TAXES RECEIVABLE - JANUARY 1, 2021	\$ 4,912,763	
Adjustments to Beginning Balance	(36,184)	\$ 4,876,579
Original 2021 Tax Levy	\$ 5,226,044	
Adjustment to 2021 Tax Levy	414,846	5,640,890
TOTAL TO BE ACCOUNTED FOR		\$ 10,517,469
TAX COLLECTIONS:		
Prior Years	\$ 3,831,154	
Current Year	2,710,935	6,542,089
TAXES RECEIVABLE - DECEMBER 31, 2021		\$ 3,975,380
TAXES RECEIVABLE BY YEAR:		
2021		\$ 2,929,955
2020		157,805
2019		133,228
2018		122,460
2017		118,691
2016		116,464
2015		181,088
2014		189,093
2013		5,537
2012		4,522
2011 and prior		16,537
TOTAL		\$ 3,975,380

See accompanying independent auditor's report.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PROPERTY				
VALUATIONS	<u>\$ 5,640,894,751</u>	<u>\$ 5,124,213,410</u>	<u>\$ 4,578,211,016</u>	<u>\$ 4,009,111,391</u>
TAX RATES PER \$100				
VALUATION	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
ADJUSTED TAX LEVY*	<u>\$ 5,640,890</u>	<u>\$ 5,125,354</u>	<u>\$ 4,578,598</u>	<u>\$ 4,009,286</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>48.06 %</u>	<u>96.92 %</u>	<u>97.09 %</u>	<u>96.95 %</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		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 4,984,500	\$ 4,439,921	\$ 4,033,009
Payments in Lieu of Taxes			
Sales Tax Receipts	7,204,161	5,949,236	5,573,879
Contract Payments		110,000	
Penalty and Interest	73,935	54,249	49,248
Investment Revenues	1,202	18,352	135,677
Miscellaneous Revenues	167,639	288,365	291,872
Sale of Assets			
FEMA, TDEM and TIFMAS Revenues	<u>1,137,598</u>		
TOTAL REVENUES	<u>\$ 13,569,035</u>	<u>\$ 10,860,123</u>	<u>\$ 10,083,685</u>
EXPENDITURES			
Service Operations:			
Apparatus Maintenance	\$ 219,540	\$ 164,800	\$ 171,545
Accounting and Auditing	54,375	53,750	56,025
Commissioner Fees of Office	16,581	21,600	20,550
Communications	101,259	130,901	107,758
Fire Fighter Support	333,671	551,117	365,669
Fuel	67,762	53,470	64,128
Insurance	197,720	168,606	130,524
Legal Fees	73,009	78,279	74,956
Office Supplies and Equipment	4,761	29,286	6,723
Personnel - Health and Safety			
Salaries and Benefits	7,475,352	6,394,143	5,918,387
Station Supplies and Equipment	119,146	115,044	118,666
Tax Collections:			
Appraisal District Fees	37,780	35,127	30,627
Delinquent Tax Attorney Fees	22,039	12,627	12,046
Tax Assessor/Collector Fees	39,436	19,828	27,256
Training	170,211	105,363	171,172
Utilities and Maintenance	244,082	289,716	278,111
Other	303,794	250,081	162,586

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 3,747,469	\$ 3,425,874	36.8 %	40.8 %	40.0 %	35.6 %	40.4 %
2,670	8,900					
5,273,871	4,932,495	53.1	54.8	55.3	50.0	58.1
55,000	53,000		1.0		0.5	0.6
43,268	47,399	0.5	0.5	0.5	0.4	0.6
125,677	20,609		0.2	1.3	1.2	0.2
416,996	7,071	1.2	2.7	2.9	4.0	0.1
875,886					8.3	
		8.4				
<u>\$ 10,540,837</u>	<u>\$ 8,495,348</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 157,625	\$ 158,781	1.6 %	1.5 %	1.7 %	1.5 %	1.9 %
84,247	70,226	0.4	0.5	0.6	0.8	0.8
20,100	21,150	0.1	0.2	0.2	0.2	0.2
139,214	120,545	0.7	1.2	1.1	1.3	1.4
289,826	150,619	2.5	5.1	3.6	2.7	1.8
65,502	55,385	0.5	0.5	0.6	0.6	0.7
98,494	91,417	1.5	1.6	1.3	0.9	1.1
67,074	85,801	0.5	0.7	0.7	0.6	1.0
69,761	34,441		0.3	0.1	0.7	0.4
4,471	4,059					
4,856,688	4,461,122	55.1	58.9	58.7	46.1	52.5
57,294	29,162	0.9	1.1	1.2	0.5	0.3
36,926	19,004	0.3	0.3	0.3	0.4	0.2
12,722	12,430	0.2	0.1	0.1	0.1	0.1
26,350	24,075	0.3	0.2	0.3	0.2	0.3
120,361	99,388	1.3	1.0	1.7	1.1	1.2
164,049	154,644	1.8	2.7	2.8	1.6	1.8
6,868	9,588	2.2	2.3	1.6	0.1	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		
	2021	2020	2019
EXPENDITURES (Continued)			
Capital Outlay	\$ 2,622,706	\$ 611,188	\$ 2,326,749
Debt Service:			
Capital Lease Principal	314,704	158,348	211,461
Capital Lease Interest	7,494	10,824	17,316
Note Principal	1,309,078	263,525	631,448
Note Interest	<u>147,819</u>	<u>278,891</u>	<u>355,528</u>
TOTAL EXPENDITURES	<u>\$ 13,882,319</u>	<u>\$ 9,796,514</u>	<u>\$ 11,259,231</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (313,284)</u>	<u>\$ 1,063,609</u>	<u>\$ (1,175,546)</u>
OTHER FINANCING SOURCES (USES)			
Note Proceeds	<u>\$ - 0 -</u>	<u>\$ 2,400,000</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ (313,284)	\$ 3,463,609	\$ (1,175,546)
BEGINNING FUND BALANCE	<u>10,452,392</u>	<u>6,988,783</u>	<u>8,164,329</u>
ENDING FUND BALANCE	<u>\$ 10,139,108</u>	<u>\$ 10,452,392</u>	<u>\$ 6,988,783</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2018</u>	<u>2017</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 12,584,263	\$ 1,593,218	19.3 %	5.6 %	23.1 %	119.4 %	18.8 %
205,167	199,064	2.3	1.5	2.1	1.9	2.3
23,611	30,334	0.1	0.1	0.2	0.2	0.4
605,057	247,428	9.6	2.4	6.3	5.7	2.9
<u>381,918</u>	<u>33,339</u>	<u>1.1</u>	<u>2.6</u>	<u>3.5</u>	<u>3.6</u>	<u>0.4</u>
\$ 20,077,588	\$ 7,705,220	102.3 %	90.4 %	111.8 %	190.2 %	90.6 %
\$ (9,536,751)	\$ 790,128	(2.3) %	9.6 %	(11.8) %	(90.2) %	9.4 %
\$ - 0 -	\$ 10,000,000					
\$ (9,536,751)	\$ 10,790,128					
<u>17,701,080</u>	<u>6,910,952</u>					
\$ <u>8,164,329</u>	\$ <u>17,701,080</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2021**

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

District Telephone Number - (713) 984-8222

Commissioners	Term of Office (Appointed or Elected)	Fees of Office for the year ended December 31, 2021	Expense Reimbursements for the year ended December 31, 2021	Title
Mike Tucker	06/01/18 05/31/22 (Elected)	\$ 7,050	\$ -0-	President
Paul Lessor	06/01/20 05/31/24 (Elected)	\$ 6,400	\$ -0-	Vice President
Rick Givens	06/01/18 05/31/22 (Elected)	\$ 1,050	\$ -0-	Secretary
Robyn Hoekstra	06/01/18 05/31/22 (Elected)	\$ 3,750	\$ -0-	Treasurer/ Investment Officer
Rebecca Todd	06/01/20 05/31/24 (Elected)	\$ 1,800	\$ -0-	Assistant Secretary

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

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 10
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2021

<u>Consultants:</u>	<u>Date Hired</u>	<u>Fees of Office for the year ended December 31, 2021*</u>	<u>Title</u>
Coveler & Peeler, P.C.	02/09/99	\$ 73,009	General Counsel
McCall Gibson Swedlund Barfoot PLLC	05/26/96	\$ 25,500	Auditor
ABIP	03/21	\$ 26,500	Bookkeeper
Ubernosky & Majeres, PLLC	02/26/19	\$ 2,375	Former Bookkeeper
Harris County Tax Assessor/Collector	Legislative Action	\$ 37,780	Tax Assessor/ Collector
Linebarger Goggan Blair & Sampson, LLP	04/11/00	\$ 22,040	Delinquent Tax Attorney

* Accrual basis

See accompanying independent auditor's report.

