
HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

REPORT ON FINANCIAL STATEMENTS
(With Supplemental Material)

FOR THE YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

October 6, 2021

Board of Commissioners
Harris County Emergency Services District No. 48
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harris County Emergency Services District No. 48, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Harris County Emergency Services District No. 48, as of December 31, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and retirement plan information on pages 3 through 6 and 25 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Harris County Emergency Service District No. 48's financial statements as a whole. The Supplementary Information on pages 29 to 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information was the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole

Breallone & Co., P.C.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

MANAGEMENT'S DISCUSSION & ANALYSIS DECEMBER 31, 2020

Our discussion and analysis of the financial performance of Harris County Emergency Services District No. 48 (the "District") provides an overview of the District's financial activities for the year ended December 31, 2020. Please read it in conjunction with the District's financial statements, included in this annual report.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include (1) combined fund financial statements and government-wide financial statements, and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine (1) the Statement of Net Position and Governmental Fund Balance Sheet, and (2) the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance. This report also includes other supplemental information in addition to these 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 financial statements is the Statement of Net Position. This statement is the District-wide statement of its financial position presenting information that includes all of the District's assets and liabilities, 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 revenues and expenses are included regardless of when cash is received or paid.

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 by \$32,083,884 as of December 31, 2020.

With the implementation of Government Accounting Standards Board (GASB) Statement No. 34, the District is presenting comparable prior-year columns in the various comparisons and analyses.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2020
(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Net Position

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 22 177 394	\$ 23 594 540
Capital assets	<u>29 384 408</u>	<u>26 069 824</u>
Total assets	<u>\$ 51 561 802</u>	<u>\$ 49 664 364</u>
Deferred outflows of resources	<u>\$ 595 150</u>	<u>\$ 126 032</u>
Current liabilities	\$ 2 796 976	\$ 2 807 231
Long term liabilities	<u>17 189 691</u>	<u>19 071 403</u>
Total liabilities	<u>\$ 19 986 667</u>	<u>\$ 21 878 634</u>
Deferred inflows of resources	<u>\$ 86 401</u>	<u>\$ 29 918</u>
Net position:		
Net investment in capital assets	\$ 10 314 379	\$ 5 178 552
Unrestricted	<u>21 769 505</u>	<u>22 703 292</u>
Total net position	<u>\$ 32 083 884</u>	<u>\$ 27 881 844</u>

The following table provides a summary of the District's operations for the year ended December 31, 2020. The District increased its net position by \$4,202,040.

Summary of Changes in Net Position

	<u>2020</u>	<u>2019</u>
Revenues:		
Property taxes	\$ 13 339 087	\$ 12 515 499
Sales taxes	5 469 487	4 573 354
Other revenues	<u>2 599 253</u>	<u>2 887 974</u>
Total revenues	<u>21 407 827</u>	<u>19 976 827</u>
Operating expenses	15 118 153	14 398 333
Interest expense	648 027	570 157
Depreciation	<u>1 439 607</u>	<u>1 157 352</u>
Total expenses	<u>17 205 787</u>	<u>16 125 842</u>
Change in net position	4 202 040	3 850 985
Net position, beginning of period	<u>27 881 844</u>	<u>24 030 859</u>
Net position, end of period	<u>\$ 32 083 884</u>	<u>\$ 27 881 844</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

MANAGEMENT'S DISCUSSION & ANALYSIS DECEMBER 31, 2020 (Continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's fund balance as of December 31, 2020 was \$11,675,106.

The General Fund balance decreased by \$4,789,565, primarily due to capital outlay.

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 property and sales tax revenues, costs, general expenditures, and resources not accounted for in another fund.

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 adjustment column and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance 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 basic financial statements provide information essential to a full understanding of government-wide and fund financial statements. The notes to the financial statements follow the financial statements in this annual report.

OTHER INFORMATION

In addition to the basic 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners amended the budget during the fiscal year 2020. Actual excess revenues were \$5,211,315 less than the budgeted excess revenues due to capital outlay being greater than expected and property tax revenue being less than expected.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

MANAGEMENT'S DISCUSSION & ANALYSIS DECEMBER 31, 2020 (Continued)

CAPITAL ASSETS AND RELATED DEBT

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized below.

	<u>2020</u>	<u>2019</u>
Land	\$ 3 173 892	\$ 3 173 892
Construction in progress	637 402	3 514 759
Capital assets, net of depreciation	<u>25 573 114</u>	<u>19 381 173</u>
Total capital assets	<u>\$29 384 408</u>	<u>\$26 069 824</u>

Construction in progress includes cost of site preparation and land improvements incurred in prior years, plus costs of constructing a new fire station.

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2020 are summarized as follows:

Long term debt, beginning of year	\$20 891 272
Proceeds	-
Retirements of principal	<u>(1 821 243)</u>
Long term debt, end of year	<u>\$19 070 029</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Rich Majeres, ABIP CPAs & Advisors, 1717 Saint James Place, Suite 500, Houston, Texas 77056.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET DECEMBER 31, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4 113 267	\$ -	\$ 4 113 267
Temporary Investments	5 922 286	-	5 922 286
Cash on Hand with Tax Assessor	1 842 482	-	1 842 482
Property Taxes Receivable	10 272 188	-	10 272 188
Other Receivable	2 929	-	2 929
Prepaid Expenses	24 242	-	24 242
Capital Assets			
Land	-	3 173 892	3 173 892
Construction in Progress	-	637 402	637 402
Capital Assets, Net of Accumulated Depreciation of \$9,618,689	-	<u>25 573 114</u>	<u>25 573 114</u>
Total Assets	<u>22 177 394</u>	<u>29 384 408</u>	<u>51 561 802</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources	<u>595 150</u>	-	<u>595 150</u>
Total Deferred Outflows of Resources	<u>595 150</u>	-	<u>595 150</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 22 772 544</u>	<u>\$ 29 384 408</u>	<u>\$ 52 156 952</u>
<u>LIABILITIES</u>			
Accounts Payable and Accrued Liabilities	\$ 29 138	\$ 177 789	\$ 206 927
Retirement Plan Payable	87 547	-	87 547
Net Pension Liability	622 164	-	622 164
Long Term Liabilities			
Due within One Year	-	1 880 338	1 880 338
Due after One Year	-	<u>17 189 691</u>	<u>17 189 691</u>
Total Liabilities	<u>738 849</u>	<u>19 247 818</u>	<u>19 986 667</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources	86 401	-	86 401
Unavailable Tax Revenue	<u>10 272 188</u>	<u>(10 272 188)</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>10 358 589</u>	<u>(10 272 188)</u>	<u>86 401</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund Balance			
Unassigned Fund Balance	<u>11 675 106</u>	<u>(11 675 106)</u>	<u>-</u>
Total Fund Balance	<u>11 675 106</u>	<u>(11 675 106)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 22 772 544</u>		
Net Position			
Net Investment in Capital Assets		10 314 379	10 314 379
Unrestricted		<u>21 769 505</u>	<u>21 769 505</u>
Total Net Position		<u>32 083 884</u>	<u>32 083 884</u>
Total Liabilities, Deferred Inflows of Resources and Net Position		<u>\$ 29 384 408</u>	<u>\$ 52 156 952</u>

See the Accompanying Independent Auditors' Report and Notes to Financial Statements

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Adjustments	Statement of Activities
Revenues			
Property Taxes	\$ 9 506 582	\$ 3 832 505	\$ 13 339 087
Contract Payments	250 000	-	250 000
Sales Taxes	5 469 487	-	5 469 487
Penalty and Interest on Property Taxes	128 662	-	128 662
Patient Revenue	1 832 178	-	1 832 178
Interest Earned on Temporary Investments	131 640	-	131 640
Gain on Sale of Property	59 403	-	59 403
Miscellaneous	197 370	-	197 370
Total Revenues	17 575 322	3 832 505	21 407 827
Expenditures/Expenses			
Service Operations			
Accounting	33 683	-	33 683
Appraisal District Fees	94 810	-	94 810
Collection Fees	36 497	-	36 497
Dispatch Fee	192 095	-	192 095
Election	775	-	775
Employee Benefits	1 187 458	-	1 187 458
Insurance	239 658	-	239 658
IT Infrastructure and Support	338 346	-	338 346
Maintenance and Repair, Small Equipment	1 498 871	-	1 498 871
Miscellaneous	62 411	-	62 411
Medical Billing and Other Contracts	70 365	-	70 365
Medical Supplies	483 748	-	483 748
Notice, Publication, and Filing Fees	2 476	-	2 476
Professional Fees	325 106	-	325 106
Rent	10 000	-	10 000
Retirement Plan	490 788	-	490 788
Payroll	8 540 223	-	8 540 223
Payroll Tax	613 269	-	613 269
Public Relations	52 172	-	52 172
Safety and Training	163 026	-	163 026
Supplies	356 908	-	356 908
Utilities	235 658	-	235 658
Workers Compensation Insurance	89 810	-	89 810
Capital Outlay	4 754 191	(4 754 191)	-
Debt Service			
Note Principal	1 209 129	(1 209 129)	-
Note Interest	586 774	(11 225)	575 549
Capital Lease Principal	612 114	(612 114)	-
Capital Lease Interest	84 526	(12 048)	72 478
Depreciation	-	1 439 607	1 439 607
Total Expenditures/Expenses	22 364 887	(5 159 100)	17 205 787
Excess (Deficiency) of Revenues Over Expenditures	(4 789 565)	8 991 605	
Change in Net Position			4 202 040
Fund Balance/Net Position			
Beginning of Year	16 464 671	11 417 173	27 881 844
End of Year	\$ 11 675 106	\$ 20 408 778	\$ 32 083 884

See the Accompanying Independent Auditors' Report and Notes to Financial Statements

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

NOTE (1) CREATION OF DISTRICT

Harris County Rural Fire Prevention District No. 48 was created by the Commissioners' Court of the County of Harris in 1984, in accordance with Article III, section 48-d, of the Texas Constitution. This action was taken by the Commissioners as a result of voter approval by residents of the District on August 19, 1984. Effective September 1, 2003, the 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. 48 (the "District"). The District operates under Chapter 775 of the Health and Safety Code. The District was established to provide operating funds for the contracting of fire prevention and emergency medical services within the boundaries of the District. In 2015, the District began to provide fire protection and rescue services within.

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in accordance with accounting principles generally accepted (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The District is an Emergency Services District with a five-member board of commissioners, who are elected to a four year term on a specific staggered basis.

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District is not a participant in any joint venture and has not identified any entities which would be components units of the District.

The District is a special-purpose government that is governed by a separately elected governing body. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the District.

B. BASIS OF PRESENTATION

The financial transactions of the District are recorded in an individual fund. The funds are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. The funds are reported by generic classification within the financial statements.

The District uses the following fund types:

a. Governmental Funds

General Fund - To account for all revenues and expenditures not required to be accounted for in other funds.

b. Fund Balances

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Government Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

b. Fund Balances

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose.

The District uses the following classifications for net position:

Net Investment in Capital Assets - To indicate the value of capital invested in capital assets less accumulated depreciation, net of associated debt.

Restricted - To indicate the funds restricted within the General Fund for the purposes of contingencies or emergencies. The board must approve any change in the restriction of this fund balance.

Unrestricted - To indicate net position that is available for use in future period.

C. BASIS OF ACCOUNTING

All Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded in the accounting period in which they become available and measurable. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the period in which the fund liability is incurred, if measurable. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

The District has adopted GASB 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." In compliance with GASB 34, the District has presented a Statement of Net Position and Statement of Activities for the year ended December 31, 2020. These statements are presented on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded in the period they are earned, and expenses are recorded in the period they are incurred. The "Adjustments" column on these statements represents tax revenues adjusted to reflect an accrual basis rather than a modified accrual basis of accounting. All fund balances are adjusted to reflect net position.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGET

The District annually adopts a budget for the General Fund in accordance with the accounting principles applicable to this fund. The Board of Commissioner's approval is required for revisions that alter the total expenditures. Reported budgeted amounts were amended during the year. Budgeted amounts lapse annually.

E. CASH EQUIVALENTS

The District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

F. 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 as 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.

Assets are capitalized if they have an original cost of \$25,000 or more, and a useful life of at least one year. 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
Temporary Buildings	10
Vehicles	10
Equipment	2-15

G. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts 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 expenses during the reporting period. Actual results could differ from those estimates. See Note 6 for Contingent Asset disclosure.

H. ALLOWANCE FOR UNCOLLECTIBLE PROPERTY TAXES RECEIVABLE

Management considers property taxes receivable to be fully collectible at year-end; accordingly, no allowance for doubtful accounts is required.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the statement of net position and governmental funds balance sheet are different because:

Total Fund Balance at December 31, 2020	<u>\$ 11 675 106</u>
Capital assets used in governmental activities are not financial and are not reported in the funds	29 384 408
Conversion of property tax assessments to full accrual basis	10 272 188
Interest paid on long term debt is adjusted to accrual basis	(177 789)
Long-term debt obligations are not reported in the funds	<u>(19 070 029)</u>
Adjustment to fund balance to arrive at net position	<u>20 408 778</u>
Total Net Position at December 31, 2020	<u><u>\$ 32 083 884</u></u>

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

Change in fund balance	\$ (4 789 565)
Governmental funds report capital outlays as expenditures. However, for government-wide financials statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and conveyance of capital assets exceeded depreciation in the current period.	3 314 584
Principal payments on debt are reported as expenditures in the funds. However, they do not affect net position.	1 821 243
Interest paid on long term debt is adjusted to accrual basis	23 273
Conversion of property tax assessments to full accrual basis	<u>3 832 505</u>
Change in net position of governmental activities	<u><u>\$ 4 202 040</u></u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (3) CONTRACTS FOR FIRE PROTECTION AND RESCUE SERVICES

On September 19, 2001, the District executed an interlocal agreement with Fort Bend County Emergency Services District No. 1 to provide fire protection, fire suppression and emergency medical first-responder and rescue services to Fort Bend County Emergency services District No. 1 (“ESD”). The agreement is in effect until terminated by either party given a sixty (60) day written notice.

During the year ended December 31, 2020, the District received \$250,000 from the ESD.

NOTE (4) AD VALOREM TAX

During the year ended December 31, 2020, the District levied an ad valorem tax at the rate of \$.099394 per \$100 of assessed valuation, which resulted in a tax levy of \$13,595,991 for 2020, on the taxable valuation of \$13,678,884,644 for the 2020 tax year. The ad valorem tax was due upon receipt and was considered delinquent if not paid by February 1, at which time penalties and interest were assessed. The levy date of the tax was September 1 of the prior year, or as soon after September 1 as it took to set the tax rate. The lien date was January 1 of the subsequent year.

In the governmental funds, property taxes are initially recorded as receivables and unearned revenue at the time the tax levy is billed. Revenues recognized during the fiscal year ended December 31, 2020, include collections during the current period or within 60 days of year-end related to the 2020 and prior years' tax levies.

NOTE (5) DEPOSITS AND INVESTMENTS

Deposits were with various contracted depository banks in checking accounts, money market accounts, and certificates of deposit during the year. The deposits were secured by FDIC coverage of \$250,000, and when necessary, additional securities were pledged. The funds were properly secured at all times.

The contracted depository bank used by the District was Allegiance Bank during the year 2020. The largest cash, savings, and time deposit combined balance in the bank during the year ended December 31, 2020 was \$15,925,998 in February 2020. During the year, amounts over FDIC coverage were adequately collateralized with additional securities.

The District also contracted with BBVA Compass Bank during the year 2020. The largest cash, savings, and time deposit combined balance in the bank during the year ended December 31, 2020 was \$255,433 in February 2020. During the year, amounts over FDIC coverage were adequately collateralized with additional securities.

Statutes authorize the District to invest in direct or indirect obligations of the United States, the state, or any county, school district, or other political subdivision of the state. Funds of the District may also be placed in certificates of deposit of state or national banks or savings associations within the state. The District holds investments at December 31, 2020, in accordance with the Board approved investment policy. The total carrying value and market value for the certificates of deposit was \$1,107,301. The District also holds investments at December 31, 2020, in accordance with the Board approved investment policy, in TexPool State Treasury (“TexPool”). In following the Public Funds Collateral Act, TexPool invests the District’s funds in obligations of the United States, obligations issued by a public agency that is payable from taxes, revenues, or a combination thereof that has been rated by a nationally recognized rating agency with a rating of not less than A, or any security in which a public entity may invest under the Public Funds Investment Act of 1987. Surety bonds and investment securities are used as collateral to secure both the amount of the deposits with TexPool plus any accrued interest. A separate financial report for TexPool is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (5) DEPOSITS AND INVESTMENTS (Continued)

Copies of the report can be obtained from TexPool Participant Services, c/o Federated Investors, 1001 Texas Ave., 14th Floor, Houston, Texas 77002. The District held investments in TexPool with a total carrying value and market value of \$2,392,429 at December 31, 2020.

The District also invested in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”). Texas CLASS is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended (the “Act”). Texas CLASS is created under an Amended and Restated Trust, dated May 1, 2001 (the “Agreement”), among certain Texas governmental entities investing in the pool (the “Participants”), Public Trust Advisors LLC (“Public Trust”), as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian. Texas CLASS is not SEC-registered and is not subject to regulatory oversight by the State of Texas. Under the Agreement, however, Texas CLASS is administered and supervised by a seven-member board of trustees (the “Board”), whose members are investment officers of Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, Texas CLASS has contracted with Public Trust to provide for the investment and management of the public funds of Texas CLASS. The fair value of the District’s position in the pool is the same the value of pool shares. At December 31, 2020, the District had a balance of \$2,422,556 in Texas CLASS.

Local governments are subject to the Public Funds Investment Act as amended during the 1995 legislative session. The Act directs local governments to adopt a written investment policy that primarily emphasizes safety of principal and liquidity. Also addressed under the Act are the areas of investment diversification, yield, maturity, and quality of investment management. The District has complied with the Act’s provisions during the year ended December 31, 2020.

NOTE (6) CONTINGENT ASSET

The District contracts with a billing service to bill and collect on patient accounts. The billing service bills insurance companies or individuals based on rates charged for specific services by the District. The billing service then negotiates payment on the account. At this time all amounts are considered uncollectible. The billing service collects based upon varying agreed upon amounts with different insurance companies. Some amounts are not collectible at all. The amount collectible is not known until several months after the original amount is billed. Remaining amounts are written off at that time. Therefore, the District has chosen not to record an asset or allowance associated with accounts receivable.

NOTE (7) CHANGES IN CAPITAL ASSETS

The changes in capital assets for the year are as follows:

	Beginning of Year	Acquisitions (Dispositions)	Depreciation Expense	End of Year
Land	\$ 3 173 892	\$ -	\$ -	\$ 3 173 892
Buildings	17 149 974	7 295 445	-	24 445 419
Fire Trucks and Vehicles	10 377 768	(270 622)	-	10 107 146
Furniture, Fixtures and Equipment	570 314	68 924	-	639 238
Less: Accumulated Depreciation	(8 716 883)	537 801	(1 439 607)	(9 618 689)
Net Capital Assets	<u>19 381 173</u>	<u>7 631 548</u>	<u>(1 439 607)</u>	<u>25 573 114</u>
Construction in Progress	3 514 759	(2 877 357)	-	637 402
Totals	<u>\$ 26 069 824</u>	<u>\$ 4 754 191</u>	<u>\$ (1 439 607)</u>	<u>\$ 29 384 408</u>

Construction in progress includes construction and design costs for station no. 6.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (8) NOTES PAYABLE

On June 27, 2007, the District entered into a real estate construction note with Wells Fargo Brokerage Services, LLC (“Lender”) for \$1,500,000 at an interest rate of 4.74%. The proceeds were used to pay for the construction of a fire station. The note is secured by a 25 year ground lease agreement with the Lender. Fifteen principal and interest payments of \$141,984 are due annually beginning June 27, 2008 through June 27, 2022. At January 1, 2020, the balance due on the note was \$388,552. During the year ended December 31, 2020, the District paid principal and interest of \$123,568 and \$18,417, respectively. The balance due at December 31, 2020 was \$264,984.

On November 20, 2013, the District entered into a real estate construction note with Trustmark National Bank (“Lender”) for \$3,300,000 at an annual interest rate of 2.76%. The proceeds were used to pay for the construction of a fire station. The note is secured by the District’s right, title and interest in construction contracts and plans for this station. Principal and interest payments of \$382,931 are due annually beginning November 20, 2016 through November 20, 2024. At January 1, 2020, the balance due on the note was \$1,760,918. During the year ended December 31, 2020, the District paid principal and interest of \$334,447 and \$48,484, respectively. The balance due at December 31, 2020 was \$1,426,471.

On November 19, 2014, the District entered into a real estate construction note with Trustmark National Bank (“Lender”) for \$9,198,566 at an annual interest rate of 3.200%. During the year ended December 31, 2017, the District entered into a loan modification agreement with the same Lender for the same balance due at an annual interest rate of 3.5205%. Principal and interest payments are due annual beginning November 19, 2018 through November 19, 2037. The proceeds were used to pay for the construction of a fire station. The note is secured by the District’s right, title and interest in construction contracts and plans for this station. At January 1, 2020, the balance due on the note was \$8,536,627. During the year ended December 31, 2020, the District paid principal and interest of \$347,262 and \$301,158, respectively. The balance due at December 31, 2020 was \$8,189,365.

On June 21, 2016, the District entered into a loan modification agreement with Trustmark National Bank (“Lender”) for \$454,095 at an annual interest rate of 2.82%, in addition to the original principal amount of \$9,198,566 (see note above). The proceeds were used to pay for the construction of the same fire station. The note is secured by a certificate of deposit with a carrying value of \$456,487. Thirteen principal and interest payments of \$37,473 each are due annually beginning November 19, 2017 through November 19, 2029, with a balloon payment of \$73,765 due on November 19, 2030. At January 1, 2020, the balance due on the note was \$377,264. During the year ended December 31, 2020, the District paid principal and interest of \$26,658 and \$10,815, respectively. The balance due at December 31, 2020 was \$350,606.

On August 1, 2019, the District entered into a real estate construction note with Capital One Public Funding, LLC (“Lender”) for \$7,000,000 at an annual interest rate of 2.97%. Principal and interest payments of \$585,094 are due annual beginning August 1, 2020 through August 1, 2034. The proceeds were used to pay for the construction of a fire station. The note is secured by the District’s sales tax revenue. At January 1, 2020, the balance due on the note was \$7,000,000. During the year ended December 31, 2020, the District paid principal and interest of \$377,194 and \$207,900, respectively. The balance due at December 31, 2020 was \$6,622,806.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020
 (Continued)

NOTE (8) NOTES PAYABLE (Continued)

Future maturities of the balances outstanding are as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2021	\$ 1 248 686
December 31, 2022	1 289 482
December 31, 2023	1 189 555
December 31, 2024	1 221 318
December 31, 2025	881 167
December 31, 2026-2030	4 886 863
December 31, 2031-2035	4 906 749
December 31, 2036-2037	<u>1 230 412</u>
Total Amount	<u>\$ 16 854 232</u>

NOTE (9) CAPITAL LEASE PAYABLE

On November 23, 2015, the Board entered into a capital lease payable with an interest rate of 2.91% with PNC Equipment Finance. The proceeds were used to pay for a pumper truck and platform and a booster truck. Principal and interest payments of \$249,084 are due annually beginning November 23, 2016 through November 23, 2025. During the year ended December 31, 2020, the District paid principal and interest of \$208,605 and \$40,480, respectively. The balance due at December 31, 2020 was \$1,140,734.

On December 22, 2015, the Board entered into a capital lease payable with an interest rate of 3.25% with Independent Bank. The proceeds were used to pay for a new ambulance and related equipment for District ambulance and fire service. Principal and interest payments of \$266,786 are due annually beginning January 22, 2017 through January 22, 2021. During the year ended December 31, 2020, the District paid principal and interest of \$249,981 and \$16,806, respectively. The balance due at December 31, 2020 was \$260,041.

On March 31, 2017, the Board entered into a capital lease payable with an interest rate of 2.91% with U.S. Bank. The proceeds were used to pay for a new ambulance. Principal and interest payments of \$46,776 are due annually beginning March 31, 2018 through March 31, 2022. During the year ended December 31, 2020, the District paid principal and interest of \$43,356 and \$3,420, respectively. The balance due at December 31, 2020 was \$90,075.

On February 19, 2019, the Board entered into a capital lease payable with an interest rate of 2.99% with Frost Bank. The proceeds were used to pay for a new ambulance. Principal and interest payments of \$133,991 are due annually beginning February 19, 2020 through February 19, 2028. During the year ended December 31, 2020, the District paid principal and interest of \$110,172 and \$23,820, respectively. The balance due at December 31, 2020 was \$724,947.

The following is an analysis of the leased assets included in Capital Assets:

Vehicles	\$ 4 226 246
Less: Accumulated Depreciation	<u>(1 866 229)</u>
	<u>\$ 2 360 017</u>

The lease agreements contain a bargain purchase option for payment of termination value with transfer of title at the end of the lease term.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE (9) CAPITAL LEASE PAYABLE (Continued)

Future maturities of the balances outstanding are as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2021	\$ 696 638
December 31, 2022	429 852
December 31, 2023	383 076
December 31, 2024	383 076
December 31, 2025	383 076
December 31, 2026	<u>133 991</u>
Total minimum payments	2 409 709
Less: amount representing interest	193 912
Less: current maturities of present value of minimum lease payments	<u>631 652</u>
Present value of minimum lease payments- net of current maturities	<u><u>\$ 1 584 145</u></u>

Amortization of assets held under capital leases is included with depreciation expense.

NOTE (10) LONG TERM DEBT

The following is a summary of transactions regarding both notes payable and capital lease payable at the year ended December 31, 2020:

Long Term Debt at Beginning of Current Year	\$ 20 891 272
Proceeds	-
Retirement of Principal	
Notes Payable	(1 209 129)
Capital Lease	<u>(612 114)</u>
Long Term Debt at End of Current Year	<u>\$ 19 070 029</u>
Long Term Debt Due in Future	
Current	
Notes Payable	\$ 1 248 686
Capital Lease	631 652
Long-Term	
Notes Payable	15 605 546
Capital Lease	<u>1 584 145</u>
	<u><u>\$ 19 070 029</u></u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (11) SALES TAX REVENUE

On May 10, 2014, the residents of the District authorized the District to impose a 1% sales tax where eligible within the District. During the year ended December 31, 2020, the District received \$5,469,487 in sales tax revenue.

NOTE (12) EMERGENCY RESPONSES

During the year ended December 31, 2020, the District responded to 11,789, emergencies. Of this amount, 8,417 calls were for medical emergency services and 3,372 were for fire department incidents.

NOTE (13) RETIREMENT PLAN

Plan Description

The District contributes to the Texas County & District Retirement System (the "Plan") which is a statewide, agent multiple-employer, public employee retirement system. All full- and part-time non-temporary employees participate in the Plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Employee membership data related to the Plan, as of December 31, 2020 was as follows:

Inactive employees entitled to but not yet receiving benefits	52
Active plan members	176
Inactive employees (or their beneficiaries) receiving benefits	<u>1</u>
	<u>229</u>

Any participant whose years of continuous employment, when added to the participant's age equals or exceeds 80, may retire without a reduction in the monthly benefit.

By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 100%) and is then converted to an annuity.

Plan provisions include death benefits for the surviving spouse if the employee had 4 or more years of service. The Plan provides a monthly income for disabled participants who have 5 or more years of service. Benefits vest at 100% after five years of service.

For the year ended December 31, 2020, the District's total payroll for all employees was \$8,540,223. Total covered payroll was \$8,239,025. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan and was calculated by the actuary based on contributions as reported to the Plan.

Contributions

Employees of the District are required to contribute 7% of covered compensation to the Plan. The contributions are deducted from the employee's wages or salary and remitted by the District to the Plan on a monthly basis. The District's contractually required contribution rate for the year ended December 31, 2020, was 5.5% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's contributions to the Plan for the year ended December 31, 2020 were \$453,146.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (13) RETIREMENT PLAN (Continued)

Pension Assets, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the District reported a liability of \$622,164 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2020, the District's proportion was 7.55%.

For the year ended December 31, 2020, the District recognized pension expense of \$490,788. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual results	\$ 23 452	\$ 114 308
Changes of assumptions	-	480 842
Net difference between projected and actual earnings	62 949	-
Contributions subsequent to the measurement date	N/A	<u>Employer determined</u>
Total	\$ 86 401	\$ 595 150

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	
2021	\$ 50 221
2022	56 194
2023	23 667
2024	53 177
2025	61 552
Thereafter	263 938

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by age and service. 4.6% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (13) RETIREMENT PLAN (Continued)

In the 2020 actuarial valuation, assumed life expectancies were 130% of the RP-2014 Healthy Annuitant Mortality Table of males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions used in the December 31, 2020 valuation 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 long-term expected rate of return on pension plan investments was determined by adding expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by the Plan's investment consultant, Cliffwater, LLC. The numbers shown are based on January 2019 information for a 10 year time horizon.

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 - Developed	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	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	<u>2.00%</u>	-0.70%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive, and retired employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (13) RETIREMENT PLAN (Continued)

Changes in District's Net Pension Liability/(Asset)

Changes in the District's net pension liability/(asset) for the year ended December 31, 2020 was as follows:

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2019	\$ 3 838 396	\$ 3 630 278	\$ 208 118
Changes for the year:			
Service cost	924 865	-	924 865
Interest on total pension liability	385 044	-	385 044
Effect of Plan changes	28 754	-	28 754
Effect of economic/demographic gains or losses	(24 273)	-	(24 273)
Effect of assumptions changes or inputs	533 192	-	533 192
Refund of contributions	(17 528)	(17 528)	-
Benefit payments	(2 119)	(2 119)	-
Administrative expenses	-	(3 691)	3 691
Member contributions	-	576 732	(576 732)
Net investment income	-	377 096	(377 096)
Employer contributions	-	453 146	(453 146)
Other	-	30 253	(30 253)
Balances as of December 31, 2020	\$ 5 666 331	\$ 5 044 167	\$ 622 164

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's net pension liability calculated using the discount rate of 7.60%, as well as what the District's 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:

	Discount Rate	Net Pension Liability/(Asset)
1% Decrease	6.60%	\$ 1 924 652
Current Discount Rate	7.60%	\$ 622 164
1% Increase	8.60%	\$ (403 329)

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Plan financial report.

Payable to the Plan

At December 31, 2020, the District reported a payable of \$87,547 for the outstanding amount of contributions due to the Plan for the year.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE (14) SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 6, 2021, (the date the financial statements were available to be issued) and noted no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property Taxes	\$ 12 650 000	\$ 12 650 000	\$ 9 506 582	\$ (3 143 418)
Contract Payments	250 000	250 000	250 000	-
Sales Tax Revenue	4 300 000	4 300 000	5 469 487	1 169 487
Penalty and Interest on Property Taxes	-	-	128 662	128 662
Patient Revenue	2 200 000	2 200 000	1 832 178	(367 822)
Interest Earned on Temporary Investments	107 780	107 780	131 640	23 860
Gain on Sale of Property	100 000	100 000	59 403	(40 597)
Miscellaneous	111 959	111 959	197 370	85 411
Total Revenues	<u>19 719 739</u>	<u>19 719 739</u>	<u>17 575 322</u>	<u>(2 144 417)</u>
Expenditures/Expenses				
Service Operations				
Accounting	36 000	36 000	33 683	2 317
Appraisal District Fees	95 000	95 000	94 810	190
Collection Fees	-	-	36 497	(36 497)
Communication	240 000	240 000	192 095	47 905
Election	1 000	1 000	775	225
Employee Benefits	1 146 921	1 146 921	1 187 458	(40 537)
Insurance	220 000	220 000	239 658	(19 658)
IT Infrastructure and Support	434 488	434 488	338 346	96 142
Maintenance and Repair, Small Equipment	1 549 831	1 549 831	1 498 871	50 960
Miscellaneous	138 900	138 900	62 411	76 489
Medical Billing and Other Contracts	48 500	48 500	70 365	(21 865)
Medical Supplies	564 500	564 500	483 748	80 752
Notice, Publication, and Filing Fees	2 000	2 000	2 476	(476)
Professional Fees	261 500	261 500	325 106	(63 606)
Rent	-	-	10 000	(10 000)
Retirement Plan	461 935	461 935	490 788	(28 853)
Payroll	8 864 722	8 864 722	8 540 223	324 499
Payroll Tax	729 013	729 013	613 269	115 744
Public Relations	90 000	90 000	52 172	37 828
Safety and Training	279 260	279 260	163 026	116 234
Supplies	394 500	394 500	356 908	37 592
Utilities	230 800	230 800	235 658	(4 858)
Workers Compensation Insurance	92 000	92 000	89 810	2 190
Capital Outlay	807 367	924 162	4 754 191	(3 830 029)
Debt Service				
Note Principal	1 209 082	1 209 082	1 209 129	(47)
Note Interest	586 775	586 775	586 774	1
Capital Lease Principal	612 575	612 575	612 114	461
Capital Lease Interest	84 525	84 525	84 526	(1)
Total Expenditures/Expenses	<u>19 181 194</u>	<u>19 297 989</u>	<u>22 364 887</u>	<u>(3 066 898)</u>
Excess (Deficiency) of Revenues over Expenditures	538 545	421 750	(4 789 565)	(5 211 315)
Fund Balance/Net Position				
Beginning of the Period	16 464 671	16 464 671	16 464 671	-
End of the Period	<u>\$ 17 003 216</u>	<u>\$ 16 886 421</u>	<u>\$ 11 675 106</u>	<u>\$ (5 211 315)</u>

See the Accompanying Independent Auditors' Report

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

	<u>Year Ended December 31</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability				
Service cost	\$ 924 865	\$ 837 894	\$ 635 302	\$ 427 843
Interest on total pension liability	385 044	283 388	168 680	78 135
Effect of plan changes	28 754	-	446 448	384 058
Effect of assumption changes or inputs	533 192	-	-	272
Effect of economic/demographic (gains) or losses	(24 273)	76 847	3 948	47 026
Benefit payments/refunds of contributions	<u>(19 647)</u>	<u>(40 121)</u>	<u>(41 510)</u>	<u>(12 951)</u>
Net change in total pension liability	1 827 935	1 158 008	1 212 868	924 383
Total pension liability, beginning	<u>3 838 396</u>	<u>2 680 388</u>	<u>1 467 520</u>	<u>543 137</u>
Total pension liability, ending	<u>5 666 331</u>	<u>3 838 396</u>	<u>2 680 388</u>	<u>1 467 520</u>
Fiduciary Net Position				
Employer contributions	453 146	443 436	414 222	274 831
Member contributions	576 732	564 374	509 928	318 205
Investment income net of investment expenses	377 096	370 375	(15 660)	107 850
Benefit payments/refunds of contributions	(19 647)	(40 121)	(41 510)	(12 951)
Administrative expenses	(3 691)	(2 766)	(1 816)	(911)
Other	<u>30 253</u>	<u>33 637</u>	<u>26 433</u>	<u>7 767</u>
Net change in fiduciary net position	1 413 889	1 368 935	891 597	694 791
Fiduciary net position, beginning	<u>3 630 278</u>	<u>2 261 343</u>	<u>1 369 746</u>	<u>674 955</u>
Fiduciary net position, ending	<u>5 044 167</u>	<u>3 630 278</u>	<u>2 261 343</u>	<u>1 369 746</u>
Net pension liability/(asset), ending	<u>\$ 622 164</u>	<u>\$ 208 118</u>	<u>\$ 419 045</u>	<u>\$ 97 774</u>
Fiduciary net position as a % of total pension liability/(asset)	89.02%	94.58%	84.37%	93.34%
Pensionable covered payroll	\$ 8 239 025	\$ 8 062 486	\$ 7 284 692	\$ 6 364 109
Net pension liability/(asset) as a % of covered payroll	7.55%	2.58%	5.75%	1.54%

See the Accompanying Independent Auditors' Report

		<u>Year Ended December 31</u>				
<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	
\$ 376 047	\$ 122 404	N/A	N/A	N/A	N/A	
25 117	4 948	N/A	N/A	N/A	N/A	
-	1 140	N/A	N/A	N/A	N/A	
-	1 057	N/A	N/A	N/A	N/A	
17 968	(2 174)	N/A	N/A	N/A	N/A	
(3 370)	-	N/A	N/A	N/A	N/A	
<u>415 762</u>	<u>127 375</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	
<u>127 375</u>	<u>-</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	
<u>543 137</u>	<u>127 375</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	
237 959	73 761	N/A	N/A	N/A	N/A	
262 649	81 414	N/A	N/A	N/A	N/A	
11 736	(1 318)	N/A	N/A	N/A	N/A	
(3 370)	-	N/A	N/A	N/A	N/A	
(128)	(58)	N/A	N/A	N/A	N/A	
<u>12 318</u>	<u>(8)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	
<u>521 164</u>	<u>153 791</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	
<u>153 791</u>	<u>-</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	
<u>674 955</u>	<u>153 791</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	
<u>\$ (131 818)</u>	<u>\$ (26 416)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	
124.27%	120.74%	N/A	N/A	N/A	N/A	
\$ 5 252 981	\$ 3 256 543	N/A	N/A	N/A	N/A	
-2.51%	-0.81%	N/A	N/A	N/A	N/A	

See the Accompanying Independent Auditors' Report

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2011					
2012					
2013					
2014					
2015	\$ 73 761	\$ 73 761	\$ -	\$ 1 628 272	4.53%
2016	\$ 237 959	\$ 237 959	\$ -	\$ 5 252 981	4.53%
2017	\$ 171 195	\$ 274 831	\$(103 636)	\$ 6 364 109	4.32%
2018	\$ 272 447	\$ 414 222	\$(141 774)	\$ 7 284 692	5.70%
2019	\$ 420 862	\$ 443 436	\$ (22 574)	\$ 8 062 486	5.50%
2020	\$ 425 134	\$ 453 146	\$ (28 012)	\$ 8 239 025	5.50%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE (1) VALUATION DATE

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

NOTE (2) METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20 years (based on contribution rate calculated in 12/31/20 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation.
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 of males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes 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 and 2016: No changes in plan provisions were reflected. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the member contribution rate was increased to 7% 2019: Employer contributions reflect that the current service matching rate was increased to 125% 2020: No changes in plan provisions were reflected.

See the Accompanying Independent Auditors' Report

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

SUPPLEMENTARY INFORMATION

ANALYSIS OF TAXES RECEIVABLE
DECEMBER 31, 2020

Taxes Receivable - Beginning of Year	\$ 6 439 683
2020 Tax Roll	13 595 991
Adjustments	<u>(256 904)</u>
Total to be Accounted for	19 778 770
Tax Collections Received from Tax Collector	<u>(9 506 582)</u>
Taxes Receivable - End of Year	<u>\$ 10 272 188</u>
Taxes Receivable - By Years	
2020	\$ 10 073 523
2019	75 122
2018	34 381
2017	31 843
2016 and prior	57 319
Taxes Receivable - End of Year	<u>\$ 10 272 188</u>

Assessed Valuation Summary

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Property Valuations					
Total Property Valuations	<u>\$ 13 678 884 644</u>	<u>\$ 12 767 200 587</u>	<u>\$ 11 958 661 546</u>	<u>\$ 11 584 573 980</u>	<u>\$ 10 099 634 849</u>
Tax Rate per \$100 Valuations	<u>\$ 0.099394</u>	<u>\$ 0.10000</u>	<u>\$ 0.10000</u>	<u>\$ 0.10000</u>	<u>\$ 0.10000</u>
Tax Rolls	<u>\$ 13 595 991</u>	<u>\$ 12 767 201</u>	<u>\$ 11 958 662</u>	<u>\$ 11 584 574</u>	<u>\$ 10 099 635</u>
Percent of Taxes Collected to Taxes Levied	<u>25.9%</u>	<u>99.4%</u>	<u>99.7%</u>	<u>99.7%</u>	<u>99.9%</u>

See the Accompanying Independent Auditors' Report

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

SUPPLEMENTARY INFORMATION

BOARD MEMBERS AND CONSULTANTS
DECEMBER 31, 2020

District Mailing Address: Harris County Emergency Services District No. 48
820 Gessner, Suite 1710
Houston, Texas 77024

District Telephone Number: (713) 984-8222

Names	Term of office	Fees Paid* FYE 12/31/20	Expense Reimburse- ments FYE 12/31/20	Title at Year End
Board Members:				
Marshall Kramer	(Elected) 06/20 - 05/24 06/16 - 05/20	\$ - \$	-	President
Bret Fossum	(Elected) 06/20 - 05/24 06/16 - 05/20	\$ - \$	-	Vice President
Samuel Henderson	(Elected) 06/18 - 05/22	\$ - \$	-	Treasurer
Jon Russell Solomon	(Elected) 06/20 - 05/24 (Appointed) 06/17 - 05/20	\$ - \$	-	Secretary
Michael Fleming	(Elected) 06/18 - 05/22	\$ - \$	-	Assistant Secretary/ Treasurer

* Fees are the amounts actually paid to a commissioner during the District's fiscal year.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 48

SUPPLEMENTARY INFORMATION

BOARD MEMBERS AND CONSULTANTS

DECEMBER 31, 2020

(Continued)

<u>Names</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements FYE 12/31/20</u>	<u>Title at Year End</u>
Consultants:			
Coveler & Peeler, P.C.	2003	\$ 143 777	Attorney
Ann Harris Bennett	2003	\$ 36 497	Tax Collector
Ubernosky & Majeres	2017	\$ 33 683	Bookkeeper
Bredlove & Co., P.C.	2008	\$ 18 573	Auditor
Harris County Appraisal District	2003	\$ 96 429	Appraisal District

* Fees Paid are the amounts actually paid to a consultant during the District's fiscal year.