

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2020**

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



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2020**



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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Harris County Emergency  
Services District No. 46  
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 46 (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

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





Board of Commissioners  
Harris County Emergency  
Services District No. 46

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of District Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

June 21, 2021



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Management’s discussion and analysis of Harris County Emergency Services District No. 46’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended December 31, 2020.

**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 fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,319,680 as of December 31, 2020.

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 14,509,449	\$ 12,744,087	\$ 1,765,362
Capital Assets (Net of Accumulated Depreciation)	13,904,788	11,953,740	1,951,048
Total Assets	<u>\$ 28,414,237</u>	<u>\$ 24,697,827</u>	<u>\$ 3,716,410</u>
Deferred Outflows of Resources	<u>\$ 512,946</u>	<u>\$ 485,879</u>	<u>\$ 27,067</u>
Long-Term Liabilities	\$ 4,490,536	\$ 3,103,674	\$ (1,386,862)
Other Liabilities	1,579,281	1,563,426	(15,855)
Total Liabilities	<u>\$ 6,069,817</u>	<u>\$ 4,667,100</u>	<u>\$ (1,402,717)</u>
Deferred Inflows of Resources	<u>\$ 6,537,686</u>	<u>\$ 6,021,816</u>	<u>\$ (515,870)</u>
Net Position:			
Net Investment in Capital Assets	\$ 8,309,340	\$ 8,005,956	\$ 303,384
Unrestricted	8,010,340	6,488,834	1,521,506
Total Net Position	<u>\$ 16,319,680</u>	<u>\$ 14,494,790</u>	<u>\$ 1,824,890</u>

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

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 5,979,237	\$ 5,495,310	\$ 483,927
Sales Tax Receipts	4,108,891	3,442,436	666,455
Charges for Services	1,860,569	1,947,477	(86,908)
Other Revenues	517,434	608,481	(91,047)
Total Revenues	<u>\$ 12,466,131</u>	<u>\$ 11,493,704</u>	<u>\$ 972,427</u>
Expenses for Services	<u>10,641,241</u>	<u>9,289,918</u>	<u>(1,351,323)</u>
Change in Net Position	\$ 1,824,890	\$ 2,203,786	\$ (378,896)
Net Position, Beginning of Year	<u>14,494,790</u>	<u>12,291,004</u>	<u>2,203,786</u>
Net Position, End of Year	<u>\$ 16,319,680</u>	<u>\$ 14,494,790</u>	<u>\$ 1,824,890</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

The District's General Fund fund balance as of December 31, 2020, was \$7,677,346, an increase of \$1,262,124 from the prior year. This increase was primarily due to capital lease and note proceeds recorded in the current fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Commissioners amended the budget during the current fiscal year to increase estimated debt payments and capital outlay. Actual revenues were \$1,417,404 more than budgeted revenues. Actual expenditures were \$1,644,645 more than budgeted expenditures primarily due to capital outlay being more than budgeted.

**CAPITAL ASSETS**

Capital assets as of December 31, 2020, total \$13,904,788 (net of accumulated depreciation) and include land, buildings, vehicles and equipment. During the current fiscal year, the District purchased two ambulances, two trucks, property, and equipment. Construction in progress includes Station No. 29 renovation project, fleet maintenance shop project and UHF trunked radio system.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,500,637	\$ 263,451	\$ 1,237,186
Construction in Progress	1,318,250	628,205	690,045
Capital Assets, Net of Accumulated Depreciation:			
Buildings	8,306,513	8,655,039	(348,526)
Vehicles	2,391,907	2,005,861	386,046
Fire and Rescue Equipment	190,275	71,588	118,687
Office Equipment	27,426	47,237	(19,811)
Communications Equipment	169,780	282,359	(112,579)
Total Net Capital Assets	<u>\$ 13,904,788</u>	<u>\$ 11,953,740</u>	<u>\$ 1,951,048</u>

Additional information on the District's capital assets can be found in Note 5 of this report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**LONG-TERM DEBT ACTIVITY**

At the end of the current fiscal year, the District had total long-term debt payable of \$5,595,448. The changes in the debt position of the District during the fiscal year ended December 31, 2020, are summarized as follows:

Notes Payable, January 1, 2020	\$ 3,796,677
Add: Note Proceeds	1,880,000
Less: Note Principal Paid	<u>855,441</u>
Notes Payable, December 31, 2020	<u>\$ 4,821,236</u>
Capital Lease Payable, January 1, 2020	\$ 160,157
Add: Capital Lease Proceeds	693,071
Less: Capital Lease Principal Paid	<u>79,016</u>
Capital Lease Payable, December 31, 2020	<u>\$ 774,212</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. 46, c/o Coveler & Peeler, P.C., 820 Gessner, Suite 1710, Houston, TX 77024.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**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>
<b>ASSETS</b>			
Cash	\$ 915,231	\$	\$ 915,231
Investments	6,600,808		6,600,808
Cash with Harris County	970,494		970,494
Receivables:			
Property Taxes	4,840,150		4,840,150
Sales Tax Receipts	845,951		845,951
Penalty and Interest on Delinquent Taxes		73,579	73,579
Other	66,668		66,668
Prepaid Costs	55,338		55,338
Inventory	61,736		61,736
Net Pension Asset		79,494	79,494
Land		1,500,637	1,500,637
Construction in Progress		1,318,250	1,318,250
Capital Assets (Net of Accumulated Depreciation)		11,085,901	11,085,901
<b>TOTAL ASSETS</b>	<u>\$ 14,356,376</u>	<u>\$ 14,057,861</u>	<u>\$ 28,414,237</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows - Pension	<u>\$ - 0 -</u>	<u>\$ 512,946</u>	<u>\$ 512,946</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 14,356,376</u>	<u>\$ 14,570,807</u>	<u>\$ 28,927,183</u>

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



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**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>
<b>LIABILITIES</b>			
Accounts Payable	\$ 159,899	\$	\$ 159,899
Accrued Interest Payable		58,832	58,832
Net Pension Liability		255,638	255,638
Capital Lease Payable:			
Due Within One Year		136,709	136,709
Due After One Year		637,503	637,503
Notes Payable:			
Due Within One Year		968,203	968,203
Due After One Year		3,853,033	3,853,033
<b>TOTAL LIABILITIES</b>	<u>\$ 159,899</u>	<u>\$ 5,909,918</u>	<u>\$ 6,069,817</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	\$ 6,519,131	\$ (130,232)	\$ 6,388,899
Deferred Inflows - Pension		148,787	148,787
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 6,519,131</u>	<u>\$ 18,555</u>	<u>\$ 6,537,686</u>
<b>FUND BALANCE</b>			
Nonspendable: Prepaid Costs	\$ 55,338	\$ (55,338)	\$
Unassigned	7,622,008	(7,622,008)	
<b>TOTAL FUND BALANCE</b>	<u>\$ 7,677,346</u>	<u>\$ (7,677,346)</u>	<u>\$ - 0 -</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 14,356,376</u>		
<b>NET POSITION</b>			
Net Investment in Capital Assets		\$ 8,309,340	\$ 8,309,340
Unrestricted		8,010,340	8,010,340
<b>TOTAL NET POSITION</b>		<u>\$ 16,319,680</u>	<u>\$ 16,319,680</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

Total Fund Balance - Governmental Funds \$ 7,677,346

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. 13,904,788

Portions of the change in net pension asset and liability that are not immediately recognized as pension expense are recorded as deferred outflows and inflows of resources. 188,015

Deferred inflows of resources related to property tax revenues and penalty and interest receivables on delinquent taxes for the 2019 and prior tax levies became part of recognized revenues in the governmental activities of the District. 203,811

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	\$ (58,832)	
Capital Leases Payable Within One Year	(136,709)	
Capital Leases Payable After One Year	(637,503)	
Notes Payable Within One Year	(968,203)	
Notes Payable After One Year	<u>(3,853,033)</u>	<u>(5,654,280)</u>

Total Net Position - Governmental Activities \$ 16,319,680

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>REVENUES</b>			
Property Taxes	\$ 5,947,016	\$ 32,221	\$ 5,979,237
Sales Tax Receipts	4,108,891		4,108,891
EMS Collections	1,860,569		1,860,569
Penalty and Interest	43,768	14,438	58,206
Investment Revenues	39,714		39,714
Sale of Assets	22,393		22,393
State Deployment Reimbursement	59,799		59,799
Grants, FEMA and Miscellaneous Revenues	337,322		337,322
<b>TOTAL REVENUES</b>	<u>\$ 12,419,472</u>	<u>\$ 46,659</u>	<u>\$ 12,466,131</u>
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
Administration	\$ 11,874	\$	\$ 11,874
Apparatus Repair and Maintenance	463,799		463,799
Accounting and Auditing	28,300		28,300
Appraisal District Fees	44,920		44,920
Collections	137,402		137,402
Commissioner Fees	15,600		15,600
Community Outreach	6,913		6,913
Emergency Management	46,750	(21,226)	25,524
Emergency Medical Services	436,557		436,557
Fire and Rescue	199,867		199,867
General	331,577		331,577
Insurance	238,523		238,523
Legal Fees - General	97,857		97,857
Legal Fees - Delinquent Tax Collections	10,206		10,206
Property Maintenance	176,623		176,623
Salaries and Benefits	6,814,108	(164,497)	6,649,611
Station Services/Utilities	207,308		207,308
Tax Assessor/Collector Fees	17,875		17,875
Technology and Communications	394,043		394,043
Depreciation		984,130	984,130
Capital Outlay	2,980,907	(2,913,952)	66,955
Debt Service:			
Capital Lease Principal	79,016	(79,016)	
Capital Lease Interest	4,278	1,940	6,218
Note Principal	855,441	(855,441)	
Note Interest	130,675	(41,116)	89,559
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 13,730,419</u>	<u>\$ (3,089,178)</u>	<u>\$ 10,641,241</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (1,310,947)</u>	<u>\$ 1,310,947</u>	<u>\$ - 0 -</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital Lease Proceeds	\$ 693,071	\$ (693,071)	\$
Note Proceeds	<u>1,880,000</u>	<u>(1,880,000)</u>	<u></u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ 2,573,071</u>	<u>\$ (2,573,071)</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 1,262,124	\$ (1,262,124)	\$
<b>CHANGE IN NET POSITION</b>		1,824,890	1,824,890
<b>FUND BALANCE/NET POSITION -     JANUARY 1, 2020</b>	<u>6,415,222</u>	<u>8,079,568</u>	<u>14,494,790</u>
<b>FUND BALANCE/NET POSITION -     DECEMBER 31, 2020</b>	<u><u>\$ 7,677,346</u></u>	<u><u>\$ 8,642,334</u></u>	<u><u>\$ 16,319,680</u></u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balance - Governmental Funds \$ 1,262,124

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. 32,221

Governmental funds report delinquent tax penalty and interest when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed. 14,438

The changes in the deferred outflows of resources for pensions are recorded as pension expense in the government-wide financial statements. 164,497

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. (984,130)

Governmental funds report capital 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. 1,055,178

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. 934,457

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. 39,176

Governmental funds report note proceeds and capital lease proceeds as other financing sources. However, in the government-wide financial statements, issued debt is recorded as a liability in the Statement of Net Position. (693,071)

Change in Net Position - Governmental Activities \$ 1,824,890

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

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1. CREATION OF DISTRICT**

Harris County Rural Fire Prevention District No. 46 (the “District”) was created by the Commissioners’ Court of the County of Harris on January 23, 2001, 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 January 20, 2001. 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. 46 (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.

**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”).

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

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

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

Capital Assets

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

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

Capital Assets (Continued)

	Years
Buildings	40
Vehicles	5-10
Fire and Rescue Equipment	2-15
Office Equipment	2-5
Communications Equipment	10

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Commissioners. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Budget Comparison Schedule – 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 the employees. See Note 10 for the District’s pension plan. 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.

Measurement Focus

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

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

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

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

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

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

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

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

Accounting Estimates

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

**NOTE 3. TAX LEVY**

At an election held May 6, 2017, the voters of the District approved increasing the maximum tax rate from \$0.08 to \$0.10 per \$100 of assessed valuation of property within the District. During the year ended December 31, 2020, the District levied an ad valorem tax at the rate of \$0.10 per \$100 of assessed valuation, which resulted in a tax levy of \$6,388,899 on the adjusted taxable valuation of \$6,388,939,589 for the 2020 tax year.

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**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 \$915,231 and the bank balance was \$1,138,803. The District was not exposed to custodial credit risk at year-end.

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

	<u>Cash</u>
Unrestricted	<u>\$ 915,231</u>

Investments

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4. DEPOSITS AND INVESTMENTS**

Investments (Continued)

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.

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

As of December 31, 2020, the District had the following investment and maturities.

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<b><u>GENERAL FUND</u></b>		
TexPool	\$ 3,482,985	\$ 3,482,985
Texas CLASS	3,117,823	3,117,823
<b>TOTAL INVESTMENTS</b>	<b>\$ 6,600,808</b>	<b>\$ 6,600,808</b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2020, the District’s investments in TexPool and Texas CLASS were rated “AAAm” by Standard and Poor’s. The District also manages credit risk by investing in certificates of deposit with balances covered in accordance with Texas statutes.

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5. CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2020:

	January 1, 2020	Increases	Decreases	December 31, 2020
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 263,451	\$ 1,237,186	\$	\$ 1,500,637
Construction in Progress	628,205	2,935,178	2,245,133	1,318,250
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 891,656</u>	<u>\$ 4,172,364</u>	<u>\$ 2,245,133</u>	<u>\$ 2,818,887</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings	\$ 10,748,492	\$	\$	\$ 10,748,492
Vehicles	4,865,040	855,718		5,720,758
Fire and Rescue Equipment	595,378	152,229		747,607
Office Equipment	422,802			422,802
Communications Equipment	1,069,167			1,069,167
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 17,700,879</u>	<u>\$ 1,007,947</u>	<u>\$ - 0 -</u>	<u>\$ 18,708,826</u>
<b>Less Accumulated Depreciation</b>				
Buildings	\$ 2,093,453	\$ 348,526	\$	\$ 2,441,979
Vehicles	2,859,179	469,672		3,328,851
Fire and Rescue Equipment	523,790	33,542		557,332
Office Equipment	375,565	19,811		395,376
Communications Equipment	786,808	112,579		899,387
<b>Total Accumulated Depreciation</b>	<u>\$ 6,638,795</u>	<u>\$ 984,130</u>	<u>\$ - 0 -</u>	<u>\$ 7,622,925</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 11,062,084</u>	<u>\$ 23,817</u>	<u>\$ - 0 -</u>	<u>\$ 11,085,901</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 11,953,740</u>	<u>\$ 4,196,181</u>	<u>\$ 2,245,133</u>	<u>\$ 13,904,788</u>

**NOTE 6. NOTES PAYABLE**

On January 15, 2013, the District entered into a \$1,770,200 construction loan agreement with Trustmark National Bank to fund the construction of the headquarters and administration building. Interest only was due January 1, 2014. Annual installments of \$199,995.43 are due each January 1, beginning January 1, 2015, and ending January 25, 2024. The interest rate is 2.25%.

On January 27, 2014, the District entered into a \$593,560 promissory note with Prosperity Bank to fund the acquisition of a 2014 E-One Rescue Pumper Truck. Annual installments of \$95,389.71 are due each January 27, beginning January 27, 2015, and ending January 27, 2021. The interest rate is 2.990%.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 6. NOTES PAYABLE (Continued)**

On September 15, 2014, the District entered into a \$5,000,000 construction loan agreement with Government Capital Corporation to fund the rebuilding of Station No. 1. Annual installments of \$585,296.90 are due each October 15, beginning October 1, 2015, and ending October 15, 2024. The interest rate is 2.984%. The note is secured by the pledge of net sales and use tax revenues.

On January 20, 2020, the District entered into a \$1,880,000 loan agreement with Trustmark National Bank to fund the purchase of a building and adjacent property for a future maintenance facility. Semi-annual installments of \$105,434.36 are due each January 10 and July 10, beginning July 10, 2020, and ending December 2, 2029. The interest rate is 2.17%.

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

Notes Payable, January 1, 2020	\$	3,796,677
Add: Note Proceeds		1,880,000
Less: Note Principal Paid		<u>855,441</u>
Notes Payable, December 31, 2020	\$	<u>4,821,236</u>
Notes Payable:		
Due Within One Year	\$	968,203
Due After One Year		<u>3,853,033</u>
Notes Payable, December 31, 2020	\$	<u>4,821,236</u>

As of December 31, 2020, the debt service requirements on the notes payable were as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 968,203	\$ 123,348	\$ 1,091,551
2022	899,077	97,084	996,161
2023	923,172	72,988	996,160
2024	944,118	48,291	992,409
2025	187,979	22,889	210,868
2026	192,138	18,731	210,869
2027	196,389	14,480	210,869
2028	200,708	10,160	210,868
2029	<u>309,452</u>	<u>6,657</u>	<u>316,109</u>
	<u>\$ 4,821,236</u>	<u>\$ 414,628</u>	<u>\$ 5,235,864</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 7. CAPITAL LEASE PAYABLE**

On February 22, 2016, the District entered into a \$385,000 Master Equipment Lease Purchase Agreement with Community First National Bank to fund the purchase of a Chevrolet Silverado 3500HD Frazer ambulance with equipment and a Chevrolet Tahoe. Assets under this capital lease total \$314,691 at December 31, 2020. Accumulated amortization/depreciation through December 31, 2020, totaled \$169,082. Annual installments of \$83,323.83 are due each February 22, beginning February 22, 2017, and ending February 22, 2021. The interest rate is 2.69%.

On October 15, 2020, the District entered into a \$693,071 Master Equipment Lease Purchase Agreement with Community First National Bank to fund the purchase of a two ambulances with related equipment. Assets under this capital lease total \$693,071 at December 31, 2020. Accumulated amortization/depreciation through December 31, 2020, totaled \$14,621. Annual installments of \$147,324.34 are due each April 1, beginning April 1, 2021, and ending April 1, 2025.

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

Capital Lease Payable, January 1, 2020	\$	160,157
Add: Capital Lease Proceeds		693,071
Less: Capital Lease Principal Paid		<u>79,016</u>
Capital Lease Payable, December 31, 2020	\$	<u><u>774,212</u></u>
Capital Lease Payable:		
Due Within One Year	\$	136,709
Due After One Year		<u>637,503</u>
Capital Lease Payable, December 31, 2020	\$	<u><u>774,212</u></u>

The following is a schedule of future minimum lease payments under the capital lease as of December 31, 2020.

Fiscal Year	Principal	Interest	Total
2021	\$ 220,302	\$ 10,346	\$ 230,648
2022	133,344	13,980	147,324
2023	136,709	10,615	147,324
2024	140,160	7,164	147,324
2025	<u>143,697</u>	<u>3,627</u>	<u>147,324</u>
	<u><u>\$ 774,212</u></u>	<u><u>\$ 45,732</u></u>	<u><u>\$ 819,944</u></u>



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8. RISK MANAGEMENT**

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

**NOTE 9. SALES AND USE TAX**

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

On May 14, 2011, 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 23, 2011, the Board set a local sales and use tax of one percent on all applicable sales and uses within the boundaries of the District, excluding any territory in the District where sales and use tax is currently two percent, effective September 1, 2011. During the current year, the District recorded \$4,108,891 in sales tax receipts, of which \$845,951 was due from the State Comptroller at December 31, 2020.

**NOTE 10. DEFINED BENEFIT 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 non-traditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available on the TCDRS website ([www.tcdrs.org](http://www.tcdrs.org)).

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)**

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 8 or more years of service, with 20 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 8 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, 2019, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-0-
Inactive employees entitled but not yet receiving benefits	41
Active employees	92

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 6.75% for the months of the 2020 accounting year. The deposit rate payable by the employee members for calendar year 2020 is 6.00% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

For the District's accounting year ended December 31, 2020, the annual pension cost for the TCDRS plan for its employees was \$329,316; the actual contributions were \$329,316. The employees contributed \$292,725 to the plan for the 2020 fiscal year.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)**

Actuarial Assumptions

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

Actuarial valuation date	12/31/19
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	0.0 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return <sup>1</sup>	8.00%
Projected salary increases <sup>1</sup>	4.90%
Inflation	2.75%
Cost-of-living adjustments	0.00%

<sup>1</sup> Includes inflation at the stated rate

The actuarial assumptions that determined the total pension liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68. All other assumptions and methods are the same as used in the prior valuation.

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.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)**

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. There was no change in the discount rate since the previous year.

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

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

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

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, the actuary has used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)**

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 2019 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 set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS investigation of experience report for the period January 1, 2013- December 31, 2016 for more details.

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equity	Dow Jones U.S Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities-Developed	MSCI World Ex USA (net)	7.00%	5.20%
International Equities-Emerging	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	<u>8.00%</u>	2.30%
Total		<u>100.00%</u>	

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances of December 31, 2018	\$ 870,912	\$ 783,730	\$ 87,182
Changes for the year:			
Service Costs	502,173		502,173
Interest on the Total Pension Liability	109,550		109,550
Effect of Economic/Demographic Gains or Losses	(103,610)		(103,610)
Effect of Assumptions Changes or Inputs			
Refund of Contributions	(42,046)	(42,046)	
Administrative Expenses		(1,080)	1,080
Member Contributions		249,756	(249,756)
Net investment income		128,208	(128,208)
Employer Contributions		280,976	(280,976)
Other		16,929	(16,929)
Balances of December 31, 2019	<u>\$ 1,336,979</u>	<u>\$ 1,416,473</u>	<u>\$ (79,494)</u>

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total Pension Liability	\$ 1,624,228	\$ 1,336,979	\$ 1,107,675
Fiduciary Net Position	<u>1,416,473</u>	<u>1,416,473</u>	<u>1,416,473</u>
Net Pension Liability/(Asset)	<u>\$ 207,755</u>	<u>\$ (79,494)</u>	<u>\$ (308,798)</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)**

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 125,968	\$ 159,643
Changes in assumptions	1,573	150
Net difference between projected and actual earnings	8,653	
Contributions paid to TCDRS subsequent to the measurement date		329,316
	\$ 136,194	\$ 489,109

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

Year ended December 31:	
2020	\$ 1,012
2021	659
2022	444
2023	(8,328)
2024	610
Thereafter	29,202

**NOTE 11. GROUP TERM LIFE FUND**

The District participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees.

The GTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at [www.tcdrs.org](http://www.tcdrs.org).

*Funding Policy:* Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The rate of 0.07% was used for the months of the 2020 calendar year. The District's contribution to the GTLF for the year ending December 31, 2020 was \$3,415, which equaled the contractually required contribution.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 12. PENSION PLAN (TESRS)**

On July 1, 2017, the District signed agreements with the Atascocita Volunteer Fire Department (the “Provider”) as a non-employer contributing entity to the Provider’s pension plan. The Provider provides retirement for their participating members through a non-traditional defined benefit pension plan in the statewide Texas Emergency Services Retirement System. (TESRS). The State of Texas is responsible for the administration of the statewide cost-sharing multiple-employer public employee retirement system.

As of August 31, 2020, there were 238 contributing fire or emergency departments, which is the most recent valuation report available. TESRS in the aggregate issues an audited annual financial report (AAFR) on a fiscal year basis. The AAFR is available upon written request from the TESRS Board of Trustees at 208 East 10<sup>th</sup> Street, Suite 309, Austin, TX 78701 or at [www.tesrs.org](http://www.tesrs.org).

Plan Description

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body’s average monthly contribution over the member’s years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases. Members are 50% vested after the 10th year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled but not yet receiving benefits	5
Active employees	68

Funding Policy

The plan provisions are adopted by the governing body of the participating departments. No contributions are required from the individuals who are members of the system, nor are they allowed. The governing bodies of each participating department are required to make contributions of at least \$36 per member for each month a member performs emergency services for a department. This is referred to as a Part One contribution, which is the legacy portion of the system contribution that directly impacts future retiree annuities.

The State of Texas is required to contribute an amount necessary to make the TESRS system “actuarially sound” each year, which may not exceed one-third of all contributions made by participating governing bodies in a particular year.



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 12. PENSION PLAN (TESRS) (Continued)**

Funding Policy (Continued)

The TESRS board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the most recent actuarial valuation as of August 31, 2019, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the system, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

Pension Expense and Net Pension Liability

For the District's accounting year ending December 31, 2020, the amount of expense recognized by the District for the TESRS plan for provider members was \$38,711. The District's proportionate share of the collective net pension liability was \$255,638 and the District's proportion of the collective pension liability was 1.014% as of the measurement date of August 31, 2020, which is the date of the most recent TESRS Report on Pension Information, a decrease of 0.196% from the prior year. The District has made \$47,300 in contributions on behalf of Provider members as of December 31, 2020, of which \$22,450 was after the measurement date of August 31, 2020. The District has recognized \$23,837 of deferred outflows of resources and deferred inflows of resources of \$12,593.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2020**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 6,027,908	\$ 6,027,908	\$ 5,947,016	\$ (80,892)
Sales Tax Receipts	3,105,000	3,105,000	4,108,891	1,003,891
EMS Collections	1,800,000	1,800,000	1,860,569	60,569
Penalty and Interest			43,768	43,768
Investment Revenues	6,360	6,360	39,714	33,354
Sale of Assets			22,393	22,393
State Deployment Reimbursement			59,799	59,799
Miscellaneous Revenues	62,800	62,800	337,322	274,522
<b>TOTAL REVENUES</b>	<b>\$ 11,002,068</b>	<b>\$ 11,002,068</b>	<b>\$ 12,419,472</b>	<b>\$ 1,417,404</b>
<b>EXPENDITURES</b>				
Services Operations:				
Administration	\$ 19,000	\$ 19,000	\$ 11,874	\$ 7,126
Apparatus Repair and Maintenance	367,500	367,500	463,799	(96,299)
Accounting and Auditing	30,000	30,000	28,300	1,700
Appraisal District Fees	42,000	42,000	44,920	(2,920)
Collections	138,600	138,600	137,402	1,198
Commissioner Fees			15,600	(15,600)
Community Outreach	25,000	25,000	6,913	18,087
Emergency Management	40,000	40,000	46,750	(6,750)
Emergency Medical Services	379,820	379,820	436,557	(56,737)
Fire and Rescue	281,000	281,000	199,867	81,133
General	341,802	341,802	331,577	10,225
Insurance	240,464	240,464	238,523	1,941
Legal Fees - General	93,000	93,000	97,857	(4,857)
Legal Fees - Delinquent Tax Collections			10,206	(10,206)
Property Maintenance	147,200	147,200	176,623	(29,423)
Salaries and Benefits	7,379,171	7,125,910	6,814,108	311,802
Station Services/Utilities	167,799	167,799	207,308	(39,509)
Tax Assessor/Collector Fees			17,875	(17,875)
Technology and Communications	402,371	402,371	394,043	8,328
Capital Outlay	10,000	920,272	2,980,907	(2,060,635)
Debt Service:				
Capital Lease Principal and Interest	83,354	203,354	83,294	120,060
Note Principal and Interest	880,682	1,120,682	986,116	134,566
<b>TOTAL EXPENDITURES</b>	<b>\$ 11,068,763</b>	<b>\$ 12,085,774</b>	<b>\$ 13,730,419</b>	<b>\$ (1,644,645)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (66,695)</b>	<b>\$ (1,083,706)</b>	<b>\$ (1,310,947)</b>	<b>\$ (227,241)</b>
<b>OTHER FINANCING SOURCES(USES)</b>				
Capital Lease Proceeds	\$	\$	\$ 693,071	\$ 693,071
Note Proceeds			1,880,000	1,880,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ 2,573,071</b>	<b>\$ 2,573,071</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (66,695)</b>	<b>\$ (1,083,706)</b>	<b>\$ 1,262,124</b>	<b>\$ 2,345,830</b>
<b>FUND BALANCE - JANUARY 1, 2020</b>	<b>6,415,222</b>	<b>6,415,222</b>	<b>6,415,222</b>	
<b>FUND BALANCE - DECEMBER 31, 2020</b>	<b>\$ 6,348,527</b>	<b>\$ 5,331,516</b>	<b>\$ 7,677,346</b>	<b>\$ 2,345,830</b>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Measurement Date December 31, 2019	Measurement Date December 31, 2018
<b>Total Pension Liability</b>		
Service cost	\$ 502,173	\$ 435,832
Interest on total pension liability	109,550	62,635
Effect of plan changes		66,804
Effect of economic/demographic (gains) or losses	(103,610)	(31,801)
Effect of assumptions changes or inputs		
Benefit payments/refund of contributions	(42,046)	
Net change in total pension liability	\$ 466,067	\$ 533,470
Total pension liability, beginning	870,912	337,442
Total pension liability, ending (a)	\$ 1,336,979	\$ 870,912
<b>Fiduciary Net Position</b>		
Employer contributions	\$ 280,976	\$ 236,550
Member contributions	249,756	234,080
Investment income net of investment expenses	128,208	(333)
Benefit payments/refund of contributions	(42,046)	
Administrative expenses	(1,080)	(629)
Other	16,929	14,051
Net change in fiduciary net position	\$ 632,743	\$ 483,719
Fiduciary net position, beginning	783,730	300,011
Fiduciary net position, ending (b)	\$ 1,416,473	\$ 783,730
Net pension liability/(asset), ending = (a) – (b)	\$ (79,494)	\$ 87,182
<b>Fiduciary net position as a % of total pension liability</b>	105.95%	89.99%
<b>Pensionable covered payroll</b>	\$ 4,162,608	\$ 3,901,336
<b>Net pension liability/(asset) as a % of covered payroll</b>	(1.91)%	2.23%

See accompanying independent auditor's report.

Measurement Date December 31, 2017	Measurement Date December 31, 2016	Measurement Date December 31, 2015
\$ 34,516	\$ 33,064	\$ 19,087
7,451	2,922	704
58,391		(1,563)
181,827	2,000	1,431
(1,823)		204
<u>(769)</u>		
\$ 279,593	\$ 37,986	\$ 19,863
<u>57,849</u>	<u>19,863</u>	<u>-0-</u>
<u>\$ 337,442</u>	<u>\$ 57,849</u>	<u>\$ 19,863</u>
\$ 81,725	\$ 18,278	\$ 9,798
138,517	22,155	11,876
12,990	1,639	(184)
(769)		
(200)	(18)	(8)
<u>2,940</u>	<u>1,273</u>	<u>(1)</u>
\$ 235,203	\$ 43,327	\$ 21,481
<u>64,808</u>	<u>21,481</u>	<u>-0-</u>
<u>\$ 300,011</u>	<u>\$ 64,808</u>	<u>\$ 21,481</u>
<u>\$ 37,431</u>	<u>\$ (6,959)</u>	<u>\$ (1,618)</u>
88.91%	112.03%	108.15%
\$ 2,308,617	\$ 369,256	\$ 263,912
1.62%	(1.88)%	(0.61)%

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**DECEMBER 31, 2020**

Fiscal Year Ending December 31	Actuarially Determined Contribution <sup>(1)</sup>	Actual Employer Contribution <sup>(1)</sup>	Contribution Deficiency (Excess)	Pensionable Covered Payroll <sup>(2)</sup>	Actual Contribution as a % of Covered Payroll
2015	\$ 9,798	\$ 9,798	\$ -0-	\$ 197,934	4.9%
2016	\$ 18,278	\$ 18,278	\$ -0-	\$ 369,256	4.9%
2017	\$ 81,725	\$ 81,725	\$ -0-	\$2,308,617	3.5%
2018	\$ 234,470	\$ 236,550	\$ (2,079)	\$3,901,336	6.1%
2019	\$ 280,976	\$ 280,976	\$ -0-	\$4,162,608	6.8%
2020	\$ 329,316	\$ 329,316	\$ -0-	\$4,989,636	6.6%

<sup>(1)</sup> TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

<sup>(2)</sup> Payroll is calculated based on contributions as reported to TCDRS.

See accompanying independent auditor's report.



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 1. NET PENSION LIABILITY - TEXAS COUNTY & DISTRICT  
RETIREMENT SYSTEM**

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	0.0 years (based on contribution rate calculated in 12/31/19 valuation)
Asset Valuation Method	5-year, smoothed market
Inflation	2.75%
Salary Increases	4.9%, average over career including inflation, varies by age and service
Investment Rate of Return	8.00%, 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.
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: Employer contributions reflect that the current service matching rate was increased to 150% for future benefits. 2019: Employer contributions reflect that the current service matching rate was increased to 175% for future benefits.

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**SCHEDULE OF CHANGES IN PROPORTIONATE SHARE OF NET**  
**PENSION LIABILITY AND CONTRIBUTIONS TO TEXAS EMERGENCY**  
**SERVICES RETIREMENT SYSTEM**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Nonemployer Contributing Entity's Proportionate Share of Collective Net Pension Liability			
Date of Actuarial Valuation	8/31/2020	8/31/2019	8/31/2018
Harris County ESD No. 46	<u>1.014%</u>	<u>1.210%</u>	<u>1.592%</u>
TESRS Net Pension Liability	\$ 25,210,882	\$ 28,345,563	\$ 21,650,451
proportionate share	\$ 255,638	\$ 342,981	\$ 344,675
Nonemployer Contributing Entity's Contributions to TESRS			
Contributions	\$ 47,300	\$ 54,924	\$ 76,927

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**

**SUPPLEMENTARY INFORMATION**

**REQUIRED BY HARRIS COUNTY**

**DECEMBER 31, 2020**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**COMPUTATION OF NET LONG-TERM DEBT PER CAPITA**  
**DECEMBER 31, 2020**  
**(UNAUDITED)**

Long-Term Debt at December 31, 2020	\$ 5,595,448
Less: Amount in Debt Service Fund	<u>-0-</u>
Net Long-Term Debt at December 31, 2020	<u>\$ 5,595,448</u>
Estimated District Population	<u>70,000</u>
Net Long-Term Debt Per Capita at December 31, 2020	<u>\$ 79.93</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**LISTING OF THE NUMBER OF EMERGENCY**  
**RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(UNAUDITED)**

Number of Emergency Responses made Within the District	4,604
Number of Emergency Responses made Outside of the District	<u>819</u>
Total Emergency Responses	<u><u>5,423</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**SCHEDULE OF INSURANCE AND BONDING COVERAGE**  
**DECEMBER 31, 2020**

Type of Coverage	From To	Amount of Coverage	Insurer/Name
PUBLIC EMPLOYEE BLANKET BOND Limit	01/01/20 01/01/21	\$ 100,000	National Union Fire Insurance Company
POSITION SCHEDULE BOND Limit - Treasurer	01/01/20 01/01/21	\$ 100,000	National Union Fire Insurance Company
GENERAL LIABILITY General Aggregate Per Occurrence	01/01/20 01/01/21	\$ 10,000,000 1,000,000	National Union Fire Insurance Company
MANAGEMENT LIABILITY General Aggregate Each Wrongful Act	01/01/20 01/01/21	\$ 10,000,000 1,000,000	National Union Fire Insurance Company
EXCESS LIABILITY General Aggregate Per Occurrence	01/01/20 01/01/21	\$ 4,000,000 2,000,000	National Union Fire Insurance Company
AUTOMOBILE LIABILITY Combined Single Limit	01/01/20 01/01/21	\$ 1,000,000	National Union Fire Insurance Company
PROPERTY COVERAGE Buildings Contents Deductible	01/01/20 01/01/21	\$ 19,936,457 1,842,381 1,000	National Union Fire Insurance Company
WORKERS COMPENSATION Bodily Injury by Accident Bodily Injury by Disease Disease Policy Limit	01/01/20 01/01/21	\$ 1,000,000 1,000,000 1,000,000	Bench Mark Insurance Company

See accompanying independent auditor's report.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**

**OTHER SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2020**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Maintenance Taxes	
TAXES RECEIVABLE - JANUARY 1, 2020	\$ 2,263,335	
Adjustments to Beginning Balance	(10,381)	\$ 2,252,954
Original 2020 Tax Levy	\$ 6,000,984	
Adjustment to 2020 Tax Levy	387,915	6,388,899
 TOTAL TO BE ACCOUNTED FOR		 \$ 8,641,853
 TAX COLLECTIONS:		
Prior Years	\$ 2,122,722	
Current Year	1,678,981	3,801,703
 TAXES RECEIVABLE - DECEMBER 31, 2020		 \$ 4,840,150
 TAXES RECEIVABLE BY YEAR:		
2020		\$ 4,709,918
2019		46,946
2018		21,885
2017		15,851
2016		9,005
2015		5,732
2014		5,174
2013		4,052
2012		4,169
2011		5,363
2010		4,110
2009		2,477
2008		1,039
2007		900
2006		738
2005		765
2004 and Prior		2,026
 TOTAL		 \$ 4,840,150

See accompanying independent auditor's report.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 6,388,939,589</u>	<u>\$ 5,990,357,027</u>	<u>\$ 5,500,144,539</u>	<u>\$ 5,332,425,159</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>\$ 6,388,899</u>	<u>\$ 5,989,618</u>	<u>\$ 5,499,890</u>	<u>\$ 5,332,138</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>26.28 %</u>	<u>99.22 %</u>	<u>99.60 %</u>	<u>99.70 %</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. 46**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND – FIVE YEARS**

	Amounts		
	2020	2019	2018
<b>REVENUES</b>			
Property Taxes	\$ 5,947,016	\$ 5,491,814	\$ 5,323,500
Sales Tax Receipts	4,108,891	3,442,436	3,251,446
EMS Collections	1,860,569	1,947,477	1,709,603
Penalty and Interest	43,768	51,313	37,764
Investment Revenues	39,714	133,621	26,965
Sale of Assets	22,393	27,571	18,902
State Deployment Reimbursement	59,799	7,182	198,511
Grants, FEMA and Miscellaneous Revenues	337,322	382,965	55,541
<b>TOTAL REVENUES</b>	<b>\$ 12,419,472</b>	<b>\$ 11,484,379</b>	<b>\$ 10,622,232</b>
<b>EXPENDITURES</b>			
Service Operations:			
District Service - Atascocita Volunteer Fire Department			
Operations	\$	\$	\$
Capital Expenditures			
Administration	11,874	19,780	17,040
Apparatus Repair and Maintenance	463,799	359,014	362,188
Accounting and Auditing	28,300	36,238	41,872
Appraisal District Fees	44,920	41,718	42,315
Collections	137,402	132,633	129,170
Commissioner Fees	15,600	5,400	1,650
Community Outreach	6,913	29,989	36,717
Emergency Management	46,750	38,128	13,445
Emergency Medical Services	436,557	380,692	403,780
Fire and Rescue	199,867	255,302	226,675
General	331,577	303,325	283,385
Insurance	238,523	214,298	237,016
Legal Fees - General	97,857	113,643	94,717
Legal Fees - Delinquent Tax Collections	10,206	11,413	7,579
Property Maintenance	176,623	160,478	151,205
Salaries and Benefits	6,814,108	5,558,037	5,128,562
Station Services/Utilities	207,308	187,535	179,203
Tax Assessor/Collector Fees	17,875	34,810	34,879
Technology and Communications	394,043	408,711	406,916
Other			
Capital Outlay	2,980,907	859,909	656,581
Debt Service:			
Retirement Buy-Back			419,957
Capital Lease Principal and Interest	83,294	83,324	1,290,384
Note Principal and Interest	986,116	880,682	880,682
<b>TOTAL EXPENDITURES</b>	<b>\$ 13,730,419</b>	<b>\$ 10,115,059</b>	<b>\$ 11,045,918</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>OVER EXPENDITURES</b>	<b>\$ (1,310,947)</b>	<b>\$ 1,369,320</b>	<b>\$ (423,686)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital Lease Proceeds	\$ 693,071	\$	\$
Note Proceeds	1,880,000		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 2,573,071</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 1,262,124</b>	<b>\$ 1,369,320</b>	<b>\$ (423,686)</b>
<b>PRIOR PERIOD ADJUSTMENT</b>			<b>\$ (143,207)</b>
<b>BEGINNING FUND BALANCE</b>	<b>6,415,222</b>	<b>5,045,902</b>	<b>5,612,795</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 7,677,346</b>	<b>\$ 6,415,222</b>	<b>\$ 5,045,902</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues						
2017	2016	2020	2019	2018	2017	2016		
\$ 4,023,014	\$ 3,708,585	47.8 %	47.8 %	50.0 %	44.5 %	46.9 %		
2,927,400	2,397,084	33.1	30.0	30.6	32.4	30.4		
1,794,726	1,717,358	15.0	17.0	16.1	19.9	21.8		
36,711	58,017	0.4	0.4	0.4	0.4	0.7		
16,468	12,198	0.3	1.2	0.3	0.2	0.2		
		0.2	0.2	0.2				
		0.5	0.1	1.9				
232,195		2.7	3.3	0.5	2.6			
<u>\$ 9,030,514</u>	<u>\$ 7,893,242</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>		
\$ 3,279,240	\$ 5,258,802		%	%	%	36.3 %	66.6 %	
158,224	90,931					1.8	1.2	
		0.1	0.2	0.2				
244,497		3.7	3.1	3.4				
50,501	32,900	0.2	0.3	0.4	0.6	0.4		
22,431	28,524	0.4	0.4	0.4	0.2	0.4		
		1.1	1.2	1.2				
400	4,250	0.1				0.1		
		0.1	0.3	0.3				
		0.4	0.3	0.1				
		3.5	3.3	3.8				
		1.6	2.2	2.1				
		2.7	2.6	2.7				
		1.9	1.9	2.2				
124,325	75,006	0.8	1.0	0.9	1.4	1.0		
8,281	14,798	0.1	0.1	0.1	0.1	0.2		
		1.4	1.4	1.4				
2,920,802	452,866	54.9	48.4	48.3	32.3	5.7		
173,964		1.7	1.6	1.7	1.9			
33,163	34,521	0.1	0.3	0.3	0.4	0.4		
		3.2	3.6	3.8				
210,504	123,753				2.3	1.5		
134,574	2,249,296	24.0	7.5	6.2	1.5	28.5		
				4.0				
269,297	189,706	0.7	0.8	12.1	3.0	2.4		
880,682	685,456	7.9	7.7	8.3	9.8	8.7		
<u>\$ 8,510,885</u>	<u>\$ 9,240,809</u>	<u>110.6 %</u>	<u>88.2 %</u>	<u>103.9 %</u>	<u>91.6 %</u>	<u>117.1 %</u>		
<u>\$ 519,629</u>	<u>\$ (1,347,567)</u>	<u>(10.6) %</u>	<u>11.8 %</u>	<u>(3.9) %</u>	<u>8.4 %</u>	<u>(17.1) %</u>		
\$	\$ 385,000							
<u>\$ - 0 -</u>	<u>\$ 385,000</u>							
\$ 519,629	\$ (962,567)							
5,093,166	6,055,733							
<u>\$ 5,612,795</u>	<u>\$ 5,093,166</u>							

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2020**

District Mailing Address - Harris County Emergency Services District No. 46  
c/o Coveler & Peeler, P.C.  
Two Memorial City Plaza  
820 Gessner Road, Suite 1710  
Houston, Texas 77024-8261

District Telephone Number - (713) 984-8222

Commissioners	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2020	Expense Reimbursement for the year ended December 31, 2020	Title
Tom Truver	06/01/18 05/31/22 (Elected)	\$ 2,850	\$ -0-	President
John Coyle	06/01/20 05/31/24 (Elected)	\$ 1,650	\$ -0-	Vice President
Buddy Rice	06/01/18 05/31/22 (Elected)	\$ 3,600	\$ -0-	Secretary
John Bollom	06/01/20 05/31/24 (Elected)	\$ 3,600	\$ -0-	Assistant Secretary/ Assistant Treasurer
Ron Clarke	06/01/18 05/31/22 (Elected)	\$ 3,900	\$ -0-	Treasurer/ Investment Officer

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

See accompanying independent auditor's report.



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 46  
BOARD OF COMMISSIONERS AND CONSULTANTS  
DECEMBER 31, 2020**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2020*</u>	<u>Title</u>
Coveler & Peeler, P.C.	05/09/01	\$ 97,807	Attorney
McCall Gibson Swedlund Barfoot PLLC	05/02/02	\$ 28,300	Auditor
Linebarger Goggan Blair & Sampson, LLP	05/02/02	\$ 10,206	Delinquent Tax Attorney
Alberta Balderas	07/01/11	\$ -0-	Sales Tax Consultant
Harris County Tax Assessor/Collector	Legislative Action	\$ 17,875	Tax Assessor/ Collector

\* Accrual basis

See accompanying independent auditor's report.

