

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17

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. 17
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 17 (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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of District Contributions be presented to supplement the basic financial statements. Such information, 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

May 25, 2021

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Management’s discussion and analysis of Harris County Emergency Services District No. 17’s (the “District”) financial performance 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.

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 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 as a whole 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, costs of assessing and collecting taxes and general expenditures.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
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 FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$23,989,269 as of December 31, 2020.

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

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2020</u>	<u>2019</u>	Change Positive (Negative)
Current and Other Assets	\$ 15,601,715	\$ 15,207,657	\$ 394,058
Capital Assets (Net of Accumulated Depreciation)	<u>21,914,098</u>	<u>22,446,198</u>	<u>(532,100)</u>
Total Assets	<u>\$ 37,515,813</u>	<u>\$ 37,653,855</u>	<u>\$ (138,042)</u>
Deferred Outflows of Resources	<u>\$ 503,825</u>	<u>\$ 355,018</u>	<u>\$ 148,807</u>
Long-Term Liabilities	\$ 7,675,058	\$ 8,361,642	\$ 686,584
Other Liabilities	<u>918,687</u>	<u>885,697</u>	<u>(32,990)</u>
Total Liabilities	<u>\$ 8,593,745</u>	<u>\$ 9,247,339</u>	<u>\$ 653,594</u>
Deferred Inflows of Resources	<u>\$ 5,436,624</u>	<u>\$ 4,981,048</u>	<u>\$ (455,576)</u>
Net Position:			
Net Investment in Capital Assets	\$ 13,557,451	\$ 13,424,022	\$ 133,429
Restricted	637,696	637,696	
Unrestricted	<u>9,794,122</u>	<u>9,718,768</u>	<u>75,354</u>
Total Net Position	<u>\$ 23,989,269</u>	<u>\$ 23,780,486</u>	<u>\$ 208,783</u>

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

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2020</u>	<u>2019</u>	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 4,832,313	\$ 4,463,751	\$ 368,562
Sales Tax Receipts	4,121,267	3,838,222	283,045
Other Revenues	<u>292,002</u>	<u>393,846</u>	<u>(101,844)</u>
Total Revenues	<u>\$ 9,245,582</u>	<u>\$ 8,695,819</u>	<u>\$ 549,763</u>
Expenses for Services	<u>9,036,799</u>	<u>8,637,722</u>	<u>(399,077)</u>
Change in Net Position	\$ 208,783	\$ 58,097	\$ 150,686
Net Position, Beginning of Year	<u>23,780,486</u>	<u>23,722,389</u>	<u>58,097</u>
Net Position, End of Year	<u>\$ 23,989,269</u>	<u>\$ 23,780,486</u>	<u>\$ 208,783</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
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 \$9,606,593, a decrease of \$146,589 from the prior year. The decrease was primarily due to service operations and capital outlay costs exceeding property tax and sales tax revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners amended the budget during the current fiscal year. Actual revenues were \$1,179,274 more than budgeted revenues due to higher than expected revenues in most categories. Actual expenditures were \$1,214,762 more than budgeted expenditures, primarily due to higher than expected maintenance, salaries and benefits and capital outlay costs.

CAPITAL ASSETS

Capital assets as of December 31, 2020, total \$21,914,098 (net of accumulated depreciation) and include land, buildings and equipment.

Completed Projects/Purchases:		
Camera System-Station No. 81	\$	31,227
Two 2020 Chevrolet Tahoes		147,296
Transfer Switch		12,466
Purvis HSAS System		57,391
Air-Packs X3 Pro SCBA (60)		389,519
Core to Evo Upgrade Kit		5,695
X-13 Motor RH1T Air Handler		5,540
Total Completed Projects/Purchases	\$	<u>649,134</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

CAPITAL ASSETS (Continued)

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 669,964	\$ 669,964	\$
Construction in Progress	152,414		152,414
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	17,006,480	17,649,211	(642,731)
Machinery and Equipment	975,550	628,558	346,992
Vehicles	3,109,690	3,498,465	(388,775)
Total Net Capital Assets	\$ 21,914,098	\$ 22,446,198	\$ (532,100)

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

LONG-TERM DEBT ACTIVITY

At December 31, 2020, the District had total long-term debt payable of \$8,286,154. The changes in the debt position of the District during the year ended December 31, 2020, are summarized as follows:

Notes Payable, January 1, 2020	\$ 8,947,209
Less: Note Principal Paid	661,055
Notes Payable, December 31, 2020	\$ 8,286,154

CONTACTING THE DISTRICT'S FINANCIAL 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. 17, 10410 Airline, Houston, Texas 77037.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
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>
ASSETS			
Cash-Unrestricted	\$ 957,770	\$	\$ 957,770
Investments-Unrestricted	8,327,729		8,327,729
Investments-Restricted	637,696		637,696
Receivables:			
Property Taxes	4,607,261		4,607,261
Penalty and Interest on Delinquent Taxes		132,611	132,611
Accrued Interest	2,507		2,507
Other	4,769		4,769
Sales Tax	780,954		780,954
Prepaid Costs	132,199		132,199
Due from Escrow			
Net Pension Asset		18,219	18,219
Land		669,964	669,964
Construction in Progress		152,414	152,414
Capital Assets (Net of Accumulated Depreciation)		<u>21,091,720</u>	<u>21,091,720</u>
TOTAL ASSETS	<u>\$ 15,450,885</u>	<u>\$ 22,064,928</u>	<u>\$ 37,515,813</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Plan Charges	<u>\$ - 0 -</u>	<u>\$ 503,825</u>	<u>\$ 503,825</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 15,450,885</u>	<u>\$ 22,568,753</u>	<u>\$ 38,019,638</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020

	General Fund	Adjustments	Statement of Net Position
LIABILITIES			
Accounts Payable	\$ 173,619	\$	\$ 173,619
Accrued Interest Payable		63,479	63,479
Long-Term Debt:			
Notes Payable Within One Year		681,589	681,589
Notes Payable After One Year		7,675,058	7,675,058
	<u>\$ 173,619</u>	<u>\$ 8,420,126</u>	<u>\$ 8,593,745</u>
TOTAL LIABILITIES			
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 5,670,673	\$ (242,108)	\$ 5,428,565
Deferred Pension Plan Income		8,059	8,059
	<u>\$ 5,670,673</u>	<u>\$ (234,049)</u>	<u>\$ 5,436,624</u>
TOTAL DEFERRED INFLOWS OF RESOURCES			
FUND BALANCE			
Nonspendable:			
Prepaid Costs	\$ 132,199	\$ (132,199)	\$
Restricted for Debt Service	637,696	(637,696)	
Assigned to 2021 Budget	2,449,642	(2,449,642)	
Unassigned	6,387,056	(6,387,056)	
	<u>\$ 9,606,593</u>	<u>\$ (9,606,593)</u>	<u>\$ - 0 -</u>
TOTAL FUND BALANCE			
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 15,450,885</u>		
NET POSITION			
Net Investment in Capital Assets		\$ 13,557,451	\$ 13,557,451
Restricted for Debt Service		637,696	637,696
Unrestricted		9,794,122	9,794,122
		<u>\$ 23,989,269</u>	<u>\$ 23,989,269</u>
TOTAL NET POSITION			

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020**

Total Fund Balance - Governmental Funds	\$ 9,606,593
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	21,914,098
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Certain assets are not available in the current period and, therefore, are not reported as assets in the governmental funds. These assets at year-end consist of net pension asset.	18,219
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Portions of the change in net pension asset that are not immediately recognized as pension expense are recorded as deferred outflows and inflows of resources.	495,766
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenues in the governmental activities of the District.	374,719
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Accrued Interest Payable	\$ (63,479)	
Notes Payable Within One Year	(681,589)	
Notes Payable After One Year	<u>(7,675,058)</u>	<u>(8,420,126)</u>

Total Net Position - Governmental Activities	<u>\$ 23,989,269</u>
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The accompanying notes to financial statements are an integral part of this report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	\$ 4,766,428	\$ 65,885	\$ 4,832,313
Sales Tax Receipts	4,121,267		4,121,267
Penalty and Interest	69,002	21,155	90,157
Investment Revenues	97,927		97,927
Miscellaneous Revenues	103,918		103,918
TOTAL REVENUES	\$ 9,158,542	\$ 87,040	\$ 9,245,582
EXPENDITURES/EXPENSES			
Service Operations:			
Accounting and Auditing	\$ 55,425	\$	\$ 55,425
Appraisal District Fees	37,488		37,488
Building Maintenance and Supplies	343,235		343,235
Contracted Services	135,199		135,199
Depreciation		1,333,648	1,333,648
Dispatch	53,424		53,424
Dues and Fees	1,850		1,850
Election Expenses	900		900
EMS Supplies	13,220		13,220
Fire Vehicle Maintenance	518,270		518,270
Insurance	237,561		237,561
Legal Fees - General	75,284		75,284
Legal Fees - Delinquent Tax Collections	21,495		21,495
Office Equipment and Supplies	40,085		40,085
Personnel	31,891		31,891
Protective Gear	63,882		63,882
Public Relations	10,520		10,520
Salaries and Benefits	4,982,510	(129,578)	4,852,932
Sales Tax Consultant	13,115		13,115
Tax Assessor/Collector Fees	21,497		21,497
Training	109,354		109,354
Uniforms	142,674		142,674
Utilities	223,504		223,504
Other-Fire Operations	43,965		43,965
Other-Administration	21,970		21,970
Capital Outlay	1,144,254	(801,548)	342,706
Debt Service:			
Note Principal	661,055	(661,055)	
Note Interest	301,504	(9,799)	291,705
TOTAL EXPENDITURES/EXPENSES	\$ 9,305,131	\$ (268,332)	\$ 9,036,799

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Fund	Adjustments	Statement of Activities
NET CHANGE IN FUND BALANCE	\$ (146,589)	\$ 146,589	\$
CHANGE IN NET POSITION		208,783	208,783
FUND BALANCE/NET POSITION - JANUARY 1, 2020	9,753,182	14,027,304	23,780,486
FUND BALANCE/NET POSITION - DECEMBER 31, 2020	\$ 9,606,593	\$ 14,382,676	\$ 23,989,269

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
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	\$	(146,589)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		65,885
<p>Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the government-wide financial statements, revenues are recorded when the penalty and interest are assessed.</p>		21,155
<p>The changes in the net pension asset as well as deferred inflows and outflows of resources are recorded as pension expense in the government-wide financial statements.</p>		129,578
<p>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.</p>		(1,333,648)
<p>Governmental funds report capital asset purchases 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.</p>		801,548
<p>Governmental funds report principal payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, liabilities are reduced when principal payments are made and the Statement of Activities is not affected.</p>		661,055
<p>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 long-term debt through fiscal year-end.</p>		9,799
Change in Net Position - Governmental Activities	\$	<u>208,783</u>

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

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1. CREATION OF DISTRICT

Harris County Rural Fire Prevention District No. 17 (the “District”) was created by the Commissioners Court of Harris County, Texas on August 20, 1985, as a political subdivision of the State of Texas under the provision of Section 48-d of Article III of the State Constitution in accordance with Title 44, Article 3351a-6 of The Revised Civil Statutes of the State of Texas. This action was taken by the Commissioners as a result of voter approval by residents of the District on August 10, 1985. 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. 17 (the “District”). In accordance with Senate Bill 1021, the District now operates under Chapter 775 of the Health and Safety Code.

Chapter 775 of the Health and Safety Code provides that an emergency services district may provide all or any one of the emergency services included in the code, including fire prevention and firefighting, but is not required to perform all emergency services. The District transitioned from a volunteer fire department-based service provider to a direct District-based provider in 2016.

The District is governed by a Board of Commissioners consisting of five individuals residing within the District who are elected by voters within the District. The Board of Commissioners sets the policies 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”).

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Fund Financial Statements

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

Governmental Funds

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenues 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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Personal tangible assets (computers, office machines, office furniture, etc.) are capitalized if they have a total cost of \$5,000 or more (including installation costs and professional fees) and a useful life of more than one year. All other capital assets are capitalized if they have a total cost of \$5,000 or more (including installation costs and professional fees) and a useful life of more than one year. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings and Improvements	30
Machinery and Equipment	2-15
Vehicles	7-15

Budgeting

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

Pensions

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. The District has a 403(b) retirement plan for its employees. See Note 10. The District also participates in the Texas County and District Retirement System for its employees. See Note 11.

Measurement Focus

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

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (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. As of December 31, 2020, the District has restricted funds of \$106,160 for 2021 note payments to Wells Fargo Brokerage Services; and \$531,536 for 2021 note payment to Capital One Public Funding, LLC. See Note 7.

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. As of December 31, 2020, the District has assigned \$2,449,642 of the General Fund fund balance for a projected budget deficit for the year ending December 31, 2021.

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

On May 13, 2006, the voters of the District approved the levy and collection of a tax not to exceed \$0.10 per \$100 of assessed valuation of taxable property within the District. During the year ended December 31, 2020, the District levied an ad valorem tax at the rate of \$ 0.099044 per \$100 of assessed valuation, which resulted in a tax levy of \$5,428,565 on the adjusted taxable valuation of \$5,480,607,126 for the 2020 tax year.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3. TAX LEVY (Continued)

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

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District’s deposits was \$3,117,770 and the bank balance was \$2,574,364. 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:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 957,770	\$ 2,160,000	\$ 3,117,770

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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

Certificates of deposit are valued at acquisition cost at the date of purchase.

As of December 31, 2020, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 6,805,425	\$ 6,805,425
Certificates of Deposit	2,160,000	2,160,000
TOTAL INVESTMENTS	\$ 8,965,425	\$ 8,965,425

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 investment in Texas CLASS was rated “AAAm” by Standard and Poor’s. The District also manages credit risk by investing in certificates of deposit covered by FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in Texas CLASS to have a maturity of less than one year because 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. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020:

	January 1, 2020	Increases	Decreases	December 31, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 669,964	\$	\$	\$ 669,964
Construction in Progress		801,548	649,134	152,414
Total Capital Assets Not Being Depreciated	\$ 669,964	\$ 801,548	\$ 649,134	\$ 822,378
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 19,288,462			\$ 19,288,462
Machinery and Equipment	1,094,710	501,839		1,596,549
Vehicles	6,444,509	147,295		6,591,804
Total Capital Assets at Subject to Depreciation	\$ 26,827,681	\$ 649,134	\$ - 0 -	\$ 27,476,815
Less Accumulated Depreciation				
Buildings and Improvements	\$ 1,639,251	\$ 642,731		\$ 2,281,982
Machinery and Equipment	466,152	154,847		620,999
Vehicles	2,946,044	536,070		3,482,114
Total Accumulated Depreciation	\$ 5,051,447	\$ 1,333,648	\$ - 0 -	\$ 6,385,095
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 21,776,234	\$ (684,514)	\$ - 0 -	\$ 21,091,720
Total Capital Assets, Net of Accumulated Depreciation	\$ 22,446,198	\$ 117,034	\$ 649,134	\$ 21,914,098

NOTE 6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three fiscal years.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7. NOTES PAYABLE

On September 4, 2008, the District entered into a \$1,200,000 real estate lien note with Wells Fargo Brokerage Services at an interest rate of 4.99%. The proceeds were used to fund the construction of Station No. 83. On January 15, 2014, this note was refinanced with Wells Fargo Bank, National Association at an interest rate of 2.59%. The new note is for \$930,000 and is secured by a pledge and lien against all gross sales and use taxes it receives during each calendar year. Principal and interest payments of \$53,080.18 are payable semi-annually, on the 1st day of each March and September beginning March 1, 2014 and ending September 1, 2023.

On October 20, 2016, the District entered into a \$7,500,000 loan agreement with Capital One Public Funding, LLC at an interest rate of 3.58%. The proceeds were used to finance the construction of two fire stations, an administration building and related equipment. The loan is secured by and payable solely from sales tax revenues received by the District. Principal and interest payments of \$531,535.23 are payable annually, on October 20 beginning October 20, 2017 and ending October 20, 2036. The District has the right to prepay the note in full on any date on or after October 20, 2026 with three days prior written notice to the lender.

On March 1, 2018, the District entered into a \$2,300,000 loan agreement with Trustmark National Bank at an interest rate of 2.95%. The proceeds will be used to finance the acquisition of three fire apparatus and secured by the titles to the purchased vehicles. Principal and interest payments of \$162,431.78 are payable semi-annually, on September 1 and March 1 beginning September 1, 2018 and ending March 1, 2026. The District has the right to prepay at any time, and from time to time, all or any part of the principal amount of this note, without notice, penalty or fee.

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

	January 1, 2020	Additions	Retirements	December 31, 2020
Notes Payable	\$ 8,947,209	\$	\$ 661,055	\$ 8,286,154
Unamortized Premiums	74,967		4,474	70,493
Notes Payable, Net	<u>\$ 9,022,176</u>	<u>\$ -0-</u>	<u>\$ 665,529</u>	<u>\$ 8,356,647</u>
		Amounts Due Within One Year		\$ 681,589
		Amounts Due After One Year		7,675,058
		Notes Payable, Net		<u>\$ 8,356,647</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7. NOTES PAYABLE (Continued)

The debt service requirements on these notes as of December 31, 2020 were as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 681,589	\$ 280,971	\$ 962,560
2022	703,322	259,236	962,558
2023	714,226	236,799	951,025
2024	641,774	214,624	856,398
2025	662,893	193,506	856,399
2026-2030	2,057,985	720,531	2,778,516
2031-2035	2,311,722	345,954	2,657,676
2036	512,643	18,892	531,535
	<u>\$ 8,286,154</u>	<u>\$ 2,270,513</u>	<u>\$ 10,556,667</u>

NOTE 8. TOWER LEASE AGREEMENT

On March 20, 2000, the District entered into an agreement with Nextel of Texas, LLC for the lease of land within the District. In September 2000, the lease interest transferred to SpectraSite, which subsequently merged with American Tower Corporation on August 5, 2005. The initial term of the lease is 5 years, with automatic renewals for up to 5 additional 5-year terms, unless the lessee notifies the District prior to commencement of any subsequent renewal term. Effective January 30, 2015, the agreement was amended to extend the term of the agreement for four additional 5-year renewal terms. If all renewal options are exercised final expiration of the lease would be April 17, 2050. Commencing with the first rental payment due following the effective date, the rent will increase to \$1,360 per month. Commencing on April 18, 2015 and each renewal term thereafter, rent due will increase by 15 percent. Currently, the rent payable to the District is \$1,799 per month. During the current fiscal year the District recorded revenue of \$20,981 from this lease.

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 sales and use tax if authorized by a majority of the qualified voters of the District. The election to adopt a sales and use tax is governed by the provisions of Subchapter E, Chapter 323 of the Tax Code.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9. SALES AND USE TAX (Continued)

On May 12, 2012, 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 30, 2012, 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. The sales tax became effective on October 1, 2012. During the year ended December 31, 2020, the District recorded \$4,121,267 in sales tax receipts, of which \$780,954 was recorded as a receivable.

NOTE 10. 403 (b) RETIREMENT PLANS

Effective January 1, 2009, Little York Volunteer Fire Department established a 403(b) retirement plan for its employees. The plan was transferred to the District in 2016. The plan is a qualified prototype plan approved by the Internal Revenue Service and administered by AXA Equitable Life Insurance Company which also serves as custodian of assets of the plan. The 403(b) is a deferred compensation plan open to all employees and is funded 100 percent by employee pre-tax contributions. Employees can contribute up to the maximum amount permitted annually by law. Each employee participant directs the investment in his/her respective account. During the current year, the employees contributed \$12,164 to the plan.

NOTE 11. 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. TCDRS issues a publicly available comprehensive annual financial report (CAFR) which includes financial statements, notes and required supplementary information which can be obtained at TCDRS, Finance Division, Barton Oaks Plaza IV Suite 500, 901 S. MoPac Expressway, Austin, Texas 78746 or at www.TCDRS.org.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. 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 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 10 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	15
Active employees	77

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 6.83% for the months of the 2020 accounting year. The deposit rate payable by the employee members for calendar year 2020 is 7% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

For the District’s accounting year ended December 31, 2020, the annual pension cost for the TCDRS plan for its employees was \$252,453; the actual contributions were \$252,453. The employees contributed \$259,446 to the plan for the 2020 fiscal year.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. 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	18.7 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return ¹	8.00%
Projected salary increases ¹	4.90%
Inflation	2.75%
Cost-of-living adjustments	0.00%

¹ Includes inflation at the stated rate

The actuarial assumptions that determined the total pension liability as of December 31, 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, projected 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% of the MP-2014 Ultimate scale after 2014.

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 8.1%. 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 8.0%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. 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 April 2020 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a 30-year time horizon; the most recent analysis was performed in 2017 based on the period January 1, 2013–December 31, 2016. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	14.50%	5.20%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities-Developed Markets	7.00%	5.20%
International Equities-Emerging Markets	7.00%	5.70%
Investment-Grade Bonds	3.00%	-0.20%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%
REIT Equities	3.00%	4.50%
Master Limited Partnerships (MLPs)	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. DEFINED BENEFIT PENSION PLAN (Continued)

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2018	\$ 609,954	\$ 641,532	\$ (31,578)
Changes for the year:			
Service costs	353,559		353,559
Interest on the total pension liability	78,044		78,044
Effect of Plan Changes			
Effect of economic/demographic gains or losses	184,796		184,796
Refund of Contributions			
Administrative expenses		(948)	948
Member contributions		237,319	(237,319)
Net investment income		104,862	(104,862)
Employer contributions		245,116	(245,116)
Other		16,691	(16,691)
Balances of December 31, 2019	<u>\$ 1,226,353</u>	<u>\$ 1,244,572</u>	<u>\$ (18,219)</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	\$ 1,524,721	\$ 1,226,353	\$ 995,315
Fiduciary net position	<u>1,244,572</u>	<u>1,244,572</u>	<u>1,244,572</u>
Net pension liability/(asset)	<u>\$ 280,149</u>	<u>\$ (18,219)</u>	<u>\$ (249,257)</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. DEFINED BENEFIT PENSION PLAN (Continued)

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ - 0 -	\$ 251,372
Changes in assumptions	1,946	
Net difference between projected and actual earnings	6,113	.
Contributions paid subsequent to the measurement date		252,453
Total	<u>\$ 8,059</u>	<u>\$ 503,825</u>

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	\$ 26,271
2021	26,273
2022	25,432
2023	19,199
2024	25,822
Thereafter	120,316

NOTE 12. RADIO CHANNEL COMMUNICATIONS DISPATCH SYSTEM

Effective February 1, 2016, the District entered into an Interlocal Agreement for a Combined Radio Channel Communications Dispatch System. Harris County Emergency Services District Nos. 7, 13, 16, 28 and 29 (the “ESD Members”), Ponderosa Volunteer Fire Association, Spring Volunteer Fire Department, Cypress Creek Volunteer Fire Department, Klein Volunteer Fire Department, and Little York Volunteer Fire Department (the “VFD Members”), are parties to the agreement, collectively referred to as Radio Communications Consortium Members. The agreement sets out the understanding regarding the purchase, acquisition and maintenance of the radio channel communications dispatch system for the use and benefit of the Members and the related cost-sharing. The term of the agreement is through December 31, 2019 and will automatically renew every year for one-year terms unless agreed upon otherwise by the Members. The agreement may be terminated by a two-thirds vote by the Members. Any party to this agreement may exit and terminate its obligation under this agreement and remove itself from any further obligations by giving 90 days written notice to the other Members prior to the renewal date.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 12. RADIO CHANNEL COMMUNICATIONS DISPATCH SYSTEM
(Continued)

The combined fire department dispatch channels will be used to dispatch fire, first responder and emergency medical services to the Members. Initially three sites will maintain the three analog channels. The channels will be monitored for integrity in accordance with Insurance Services Organization (“ISO”) requirements. Each host department will: allow any and all of their facilities to be used for the term of this agreement; promptly pay for any and all utility costs related to operation of the channels and will not seek reimbursements from other Members for these costs; maintain insurance coverage sufficient to replace, at full replacement value, any and all equipment owned or maintained by the host department, name other parties to this agreement as additional insured on such policies; and maintain adequate backup power to the equipment.

The Members agree the initial equipment and installation costs will be shared equally between the six ESD Members and their respective Department’s. The estimated cost was \$271,456.38 with each ESD or corresponding department paying to Northwest Communications, Inc. (“NWC”) one-sixth of the total cost of the equipment, \$45,242.73. In 2016, the District paid \$41,897 to NWC for the District’s share of the actual cost of the equipment and installation. There will be initial as well as reoccurring costs paid as follows: 1) Spring VFD will invoice the six ESD Members their pro-rata share of the rental cost for the Plum Creek Tower, \$9,816 per year; 2) NWC will invoice the six ESD Members their pro-rata share of the rental cost for the NWC Tower and the Greenspoint No. 4 site, \$8,400 each site per year. Maintenance, repair, replacement and upgrade costs, recurring costs, and Cypress Creek VFD administrator and project manager costs for the system operations will be shared equally between the six ESD Members or their corresponding department. Initially, it is not anticipated that there would be any cost to the Members for the administrative work. During the prior year, the District paid \$48,247 for its share of the tower lease. During the current year, the District paid \$33,809 for its share of the tower lease.

NOTE 13. ECONOMIC UNCERTAINTIES

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Amended and Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 4,764,000	\$ 4,180,000	\$ 4,766,428	\$ 586,428
Sales Tax Receipts	4,000,000	3,600,000	4,121,267	521,267
Penalty and Interest	65,000	65,000	69,002	4,002
Investment Revenues	111,000	111,000	97,927	(13,073)
Miscellaneous Revenues	23,268	23,268	103,918	80,650
TOTAL REVENUES	<u>\$ 8,963,268</u>	<u>\$ 7,979,268</u>	<u>\$ 9,158,542</u>	<u>\$ 1,179,274</u>
EXPENDITURES				
Service Operations:				
Accounting and Auditing	\$ 62,000	\$ 62,000	\$ 55,425	\$ 6,575
Appraisal District Fees	37,900	37,900	37,488	412
Building Maintenance and Supplies	214,000	173,000	343,235	(170,235)
Contracted Services	47,500	145,650	135,199	10,451
Dispatch	143,600	68,000	53,424	14,576
Dues and Fees	1,400	1,400	1,850	(450)
Election Expenses			900	(900)
EMS Supplies	11,100	11,100	13,220	(2,120)
Fire Vehicle Maintenance	280,200	252,000	518,270	(266,270)
Insurance	322,291	335,000	237,561	97,439
Legal Fees - General	65,000	65,000	75,284	(10,284)
Legal Fees - Delinquent Tax Collections			21,495	(21,495)
Office Equipment and Supplies	54,700	54,700	40,085	14,615
Personnel	39,000	43,500	31,891	11,609
Protective Gear	131,000	169,200	63,882	105,318
Public Relations	34,000	34,000	10,520	23,480
Salaries and Benefits	4,019,813	4,624,588	4,982,510	(357,922)
Sales Tax Consultant	25,000	25,000	13,115	11,885
Tax Assessor/Collector Fees	32,500	32,500	21,497	11,003
Training	129,000	113,000	109,354	3,646
Uniforms	45,000	45,000	142,674	(97,674)
Utilities	198,900	209,000	223,504	(14,504)
Other-Fire Operations	39,000	23,000	43,965	(20,965)
Other-Administration	8,450	8,450	21,970	(13,520)
Capital Outlay	1,210,000	594,821	1,144,254	(549,433)
Debt Service:				
Note Principal	659,242	\$ 659,887	\$ 661,055	\$ (1,168)
Note Interest	303,319	302,673	301,504	1,169
TOTAL EXPENDITURES	<u>\$ 8,113,915</u>	<u>\$ 8,090,369</u>	<u>\$ 9,305,131</u>	<u>\$ (1,214,762)</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Original Budget</u>	<u>Amended and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
NET CHANGE IN FUND BALANCE	\$ 849,353	\$ (111,101)	\$ (146,589)	\$ (35,488)
FUND BALANCE - JANUARY 1, 2020	<u>9,753,182</u>	<u>9,753,182</u>	<u>9,753,182</u>	<u> </u>
FUND BALANCE - DECEMBER 31, 2020	<u>\$ 10,602,535</u>	<u>\$ 9,642,081</u>	<u>\$ 9,606,593</u>	<u>\$ (35,488)</u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2020

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total Pension Liability			
Service cost	\$ 353,559	\$ 196,108	\$ 157,520
Interest on total pension liability	78,044	29,313	12,759
Effect of plan changes		119,013	(2,675)
Effect of economic/demographic (gains) or losses	184,796	101,783	135
Benefit payments/refunds of contributions		(4,002)	
Net change in total pension liability	\$ 616,399	\$ 442,215	\$ 167,739
Total pension liability, beginning	609,954	167,739	
Total pension liability, ending (a)	<u>\$ 1,226,353</u>	<u>\$ 609,954</u>	<u>\$ 167,739</u>
Fiduciary Net Position			
Employer contributions	\$ 245,116	\$ 298,137	\$ 95,042
Member contributions	237,319	153,540	79,296
Investment income net of investment expenses	104,862	1,659	2,804
Benefit payments/refunds of contributions		(4,002)	
Administrative expenses	(948)	(515)	(119)
Other	16,691	13,355	2,335
Net change in plan fiduciary net position	\$ 603,040	\$ 462,174	\$ 179,358
Fiduciary net position, beginning	641,532	179,358	
Fiduciary net position, ending (b)	<u>\$ 1,244,572</u>	<u>\$ 641,532</u>	<u>\$ 179,358</u>
Net Pension Liability/(Asset), Ending = (a) - (b)	<u>\$ (18,219)</u>	<u>\$ (31,578)</u>	<u>\$ (11,619)</u>
Fiduciary net position as a percentage of the total pension liability	101.49%	105.18%	106.93%
Pensionable covered payroll	\$ 3,390,270	\$ 2,193,429	\$ 1,132,801
Net pension liability as a percentage of covered employee payroll	-0.54%	-1.44%	-1.03%

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
DECEMBER 31, 2020

Fiscal Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽¹⁾	Actual Contribution as a Percentage of Covered Payroll
2017	\$ 95,042	\$ 95,042	\$ -0-	\$ 1,132,801	8.4%
2018	\$ 184,029	\$ 298,137	\$ (114,108)	\$ 2,193,429	13.6%
2019	\$ 245,116	\$ 245,116	\$ -0-	\$ 3,390,270	7.2%
2020	\$ 252,453	\$ 252,453	\$ -0-	\$ 3,706,371	6.8%

⁽¹⁾ Payroll is calculated based on contributions as reported to TCDRS.

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

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	18.7 years (based on contribution rate calculated in 12/31/18 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 administrative and 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 MP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP -2014 Healthy Annuitant Mortality Table for females both projected with 110% of 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
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions. 2016: No changes in plan provisions. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions. 2019: Employer contributions reflect that the prior service matching rate was increased to 100%.

See accompanying independent auditor's report.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17

SUPPLEMENTARY INFORMATION

REQUIRED BY HARRIS COUNTY

DECEMBER 31, 2020

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
COMPUTATION OF NET LONG-TERM DEBT PER CAPITA
DECEMBER 31, 2020
(UNAUDITED)

Long-Term Debt at December 31, 2020	\$ 8,286,154
Less: Amount in Debt Service Fund	<u> </u>
Net Long-Term Debt at December 31, 2020	\$ 8,286,154
Estimated District Population	<u>90,000</u>
Net Long-Term Debt Per Capita at December 31, 2020	<u>\$ 92.07</u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
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	2,393
Number of Emergency Responses made Outside of the District	<u>180</u>
Total Emergency Responses	<u><u>2,573</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2020

Type of Coverage	From To	Amount of Coverage	Insurer/Name
POSITION SCHEDULE BOND Treasurer	06/07/20 06/07/21	\$ 100,000	National Union Fire Insurance Company
PUBLIC EMPLOYEE BLANKET BOND	06/07/20 06/07/21	\$ 100,000	National Union Fire Insurance Company
GENERAL LIABILITY General Aggregate Per Occurrence	06/07/20 06/07/21	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
MANAGEMENT LIABILITY General Aggregate Per Wrongful Act	06/07/20 06/07/21	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
EXCESS LIABILITY General Aggregate Per Occurrence	06/07/20 06/07/21	\$ 2,000,000 1,000,000	National Union Fire Insurance Company
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit	06/07/20 06/07/21	\$ 1,000,000	National Union Fire Insurance Company
WORKER'S COMPENSATION Bodily Injury by Accident Bodily Injury by Disease Disease Policy Limit	06/17/20 06/17/21	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company
PROPERTY Buildings Contents Portable Equipment Deductible	06/07/20 06/07/21	\$ 20,719,004 945,327 Replacement Cost 5,000	National Union Fire Insurance Company
ACCIDENT AND SICKNESS Accidental Death and Dismemberment Medical	06/17/20 06/17/21	\$ 100,000 100,000	National Union Fire Insurance Company

See accompanying independent auditor's report.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

		Maintenance Taxes
TAXES RECEIVABLE - JANUARY 1, 2020	\$ 3,399,142	
Adjustments to Beginning Balance	<u>(146,546)</u>	\$ 3,252,596
Original 2020 Tax Levy	\$ 5,019,330	
Adjustment to 2020 Tax Levy	<u>409,235</u>	<u>5,428,565</u>
 TOTAL TO BE ACCOUNTED FOR		 \$ 8,681,161
 TAX COLLECTIONS:		
Prior Years	\$ 3,010,488	
Current Year	<u>1,063,412</u>	<u>4,073,900</u>
 TAXES RECEIVABLE - DECEMBER 31, 2020		 <u>\$ 4,607,261</u>
 TAXES RECEIVABLE BY YEAR:		
2020		\$ 4,365,153
2019		109,837
2018		28,358
2017		20,606
2016		14,116
2015		12,334
2014		10,121
2013		7,988
2012		7,945
2011		8,501
2010		7,863
2009		5,852
2008		1,594
2007		1,202
2006		1,074
2005		552
2004		479
2003		408
2002		745
2001		871
2000		592
1999		<u>1,070</u>
TOTAL		<u>\$ 4,607,261</u>

See accompanying independent auditor's report.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PROPERTY VALUATIONS	<u>\$ 5,480,607,126</u>	<u>\$ 4,978,879,328</u>	<u>\$ 4,546,895,991</u>	<u>\$ 4,152,049,104</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.099044</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
ADJUSTED TAX LEVY*	<u>\$ 5,428,565</u>	<u>\$ 4,978,859</u>	<u>\$ 4,552,533</u>	<u>\$ 4,152,508</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>19.59 %</u>	<u>97.79 %</u>	<u>99.38 %</u>	<u>99.50 %</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. 17
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 4,766,428	\$ 4,475,316	\$ 4,102,373
Sales Tax Receipts	4,121,267	3,838,222	3,452,480
Penalty and Interest	69,002	85,457	67,195
Investment Revenues	97,927	254,222	229,417
Sale of Assets			
Miscellaneous Revenues	103,918	60,906	49,488
TOTAL REVENUES	\$ 9,158,542	\$ 8,714,123	\$ 7,900,953
EXPENDITURES			
Accounting and Auditing	\$ 55,425	\$ 59,714	\$ 62,175
Appraisal District Fees	37,488	34,029	31,527
Building Maintenance and Supplies	343,235	510,940	292,708
Communications		67,089	90,301
Contracted Services	135,199	65,061	15,625
Dispatch	53,424	48,002	54,275
Dues and Fees	1,850		3,025
Election Expenses	900		
EMS Supplies	13,220	24,519	6,824
Equipment and Supplies		8,365	8,763
Fire Vehicle Maintenance	518,270	293,353	248,625
Insurance	237,561	225,691	182,557
Legal Fees - General	75,284	28,279	66,958
Legal Fees - Delinquent Tax Collections	21,495	23,001	20,859
Office Equipment and Supplies	40,085	31,914	62,348
Personnel	31,891	35,926	32,359
Protective Gear	63,882	78,253	143,867
Public Relations	10,520	12,880	12,097
Salaries and Benefits	4,982,510	4,501,274	3,191,454
Sales Tax Consultant	13,115	50,549	67,329
Tax Assessor/Collector Fees	21,497	35,683	31,686
Training	109,354	98,856	85,171
Uniforms	142,674	54,140	35,146
Utilities	223,504	141,080	119,713
Other-Fire Operations	43,965	52,382	42,557
Other-Administration	21,970	26,058	22,329
Capital Outlay	1,144,254	1,845,602	7,157,178

** Transitioned to District-based service provider

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016**	2020	2019	2018	2017	2016**
\$ 3,750,502	\$ 3,485,671	52.0 %	51.4 %	51.9 %	49.8 %	53.9 %
3,417,815	2,778,774	45.0	44.0	43.7	45.4	42.9
65,678	93,306	0.8	1.0	0.9	0.9	1.4
120,712	27,051	1.1	2.9	2.9	1.6	0.4
101,000					1.3	
75,547	88,143	1.1	0.7	0.6	1.0	1.4
<u>\$ 7,531,254</u>	<u>\$ 6,472,945</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 48,758	\$ 57,333	0.6 %	0.7 %	0.8 %	0.6 %	0.9 %
28,790	26,800	0.4	0.4	0.4	0.4	0.4
101,046	127,805	3.7	5.9	3.7	1.3	2.0
25,958	9,518		0.8	1.1	0.3	0.1
24,374	15,819	1.5	0.7	0.2	0.3	0.2
51,319	43,734	0.6	0.6	0.7	0.7	0.7
1,100	1,178					
11,780	4,351	0.1	0.3	0.1	0.2	0.1
6,098	58,419		0.1	0.1	0.1	0.9
195,659	198,642	5.7	3.4	3.1	2.6	3.1
151,871	131,886	2.6	2.6	2.3	2.0	2.0
22,108	54,504	0.8	0.3	0.8	0.3	0.8
20,414	29,051	0.2	0.3	0.3	0.3	0.4
19,813	38,428	0.4	0.4	0.8	0.3	0.6
5,118	18,050	0.3	0.4	0.4	0.1	0.3
81,510	109,707	0.7	0.9	1.8	1.1	1.7
11,030	7,098	0.1	0.1	0.2	0.1	0.1
1,781,556	1,524,593	54.4	51.7	40.4	23.7	23.6
69,620	53,698	0.1	0.6	0.9	0.9	0.8
32,354	31,646	0.2	0.4	0.4	0.4	0.5
81,296	87,700	1.2	1.1	1.1	1.1	1.4
31,449	17,047	1.6	0.6	0.4	0.4	0.3
89,512	86,977	2.4	1.6	1.5	1.2	1.3
29,826	33,290	0.5	0.6	0.5	0.4	0.5
9,480	13,148	0.2	0.3	0.3	0.1	0.2
<u>4,831,625</u>	<u>2,988,706</u>	<u>12.5</u>	<u>21.2</u>	<u>90.6</u>	<u>64.2</u>	<u>46.2</u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2020	2019	2018
Debt Service:			
Debt Issuance Costs	\$	\$	\$
Capital Leases Principal			
Capital Leases Interest			
Note Principal	661,055	639,146	492,777
Note Interest	301,504	323,414	307,350
TOTAL EXPENDITURES	\$ 9,305,131	\$ 9,315,200	\$ 12,887,583
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (146,589)	\$ (601,077)	\$ (4,986,630)
OTHER FINANCING SOURCES (USES)			
Note Proceeds	\$	\$ (34,384)	\$ 2,300,000
Premium on Note Proceeds			
Contribution from Little York Volunteer Fire Department			90,298
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ (34,384)	\$ 2,390,298
NET CHANGE IN FUND BALANCE	\$ (146,589)	\$ (635,461)	\$ (2,596,332)
BEGINNING FUND BALANCE	9,753,182	10,388,643	12,984,975
ENDING FUND BALANCE	\$ 9,606,593	\$ 9,753,182	\$ 10,388,643

** Transitioned to District-based service provider

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2017</u>	<u>2016**</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016**</u>
\$	\$ 120,260	%	%	%	%	1.9 %
	456,966					7.1
	13,143					0.2
353,414	86,883	7.2	7.3	6.2	4.7	1.3
<u>284,282</u>	<u>19,277</u>	<u>3.3</u>	<u>3.7</u>	<u>3.9</u>	<u>3.8</u>	<u>0.3</u>
<u>\$ 8,401,160</u>	<u>\$ 6,465,657</u>	<u>101.3 %</u>	<u>107.0 %</u>	<u>163.0 %</u>	<u>111.6 %</u>	<u>99.9 %</u>
<u>\$ (869,906)</u>	<u>\$ 7,288</u>	<u>(1.3) %</u>	<u>(7.0) %</u>	<u>(63.0) %</u>	<u>(11.6) %</u>	<u>0.1 %</u>
\$	\$ 7,500,000					
	89,233					
<u>\$ - 0 -</u>	<u>\$ 7,589,233</u>					
\$ (869,906)	\$ 7,596,521					
<u>13,854,881</u>	<u>6,258,360</u>					
<u>\$ 12,984,975</u>	<u>\$ 13,854,881</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2020**

District Mailing Address - Harris County Emergency Services District No. 17
10410 Airline
Houston, Texas 77037

District Telephone Number - (281) 448-0391

<u>Commissioners</u>	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of Office for the year ended December 31, 2020</u>	<u>Expense Reimbursement for the year ended December 31, 2020</u>	<u>Title</u>
William C. Blasdel, Jr.	06/01/20 05/31/24 (Elected)	\$ -0-	\$ -0-	President
Robin L. Hayslip	06/01/18 05/31/22 (Elected)	\$ -0-	\$ 1,233	Secretary/ Treasurer/
Kenneth Adcock	09/03/19 05/31/22 (Appointed)	\$ -0-	\$ -0-	Commissioner
Everett Griffin	06/01/20 05/31/24 (Elected)	\$ -0-	\$ 588	Commissioner
Don Gilkey	06/01/20 05/31/24 (Elected)	\$ -0-	\$ -0-	Commissioner

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

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2020

Consultants:	<u>Date Hired</u>	<u>Fees for the Year ended December 31, 2020 *</u>	<u>Title</u>
Coveler & Peeler, P.C.		\$ 75,284	General Counsel
McCall Gibson Swedlund Barfoot PLLC	08/23/11	\$ 23,275	Auditor
Municipal Account & Consulting, LP	04/30/13	\$ 31,620	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP		\$ 21,495	Delinquent Tax Attorney
Mark Burton	05/31/2013	\$ -0-	Investment Officer
Katherine Turner	05/31/2013	\$ -0-	Investment Officer
Sales Tax Assurance, LLC	02/28/2013	\$ 11,615	Sales Tax Consultant
Harris County Tax Assessor/Collector	Legislative Action	\$ 21,497	Tax Assessor/ Collector

* Accrual basis

See accompanying independent auditor's report.

