

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2017**

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



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Harris County Emergency  
Services District No. 11  
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 11 (the "District"), as of and for the year ended December 31, 2017, 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, 2017, 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 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 is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide 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. The Statement of Activities of Cypress Creek Emergency Medical Services Association was lifted from the basic financial statements audited by another firm.



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Management's discussion and analysis of Harris County Emergency Services District No. 11's (the "District") financial performance provides an overview of the District's financial activities for the year ended December 31, 2017. Please read it in conjunction with the District's financial statements.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The Statement of Net Position includes all the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District 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 period. All current year revenues and expenses are included regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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 exceeded liabilities and deferred inflows of resources by \$14,251,066 as of December 31, 2017.

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 emergency services.

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2017</u>	<u>2016</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 29,335,221	\$ 26,343,144	\$ 2,992,077
Capital Assets (Net of Accumulated Depreciation)	5,085,782	5,484,174	(398,392)
Total Assets	<u>\$ 34,421,003</u>	<u>\$ 31,827,318</u>	<u>\$ 2,593,685</u>
Long-Term Liabilities	\$ 1,648,266	\$ 1,930,005	\$ 281,739
Other Liabilities	395,619	202,752	(192,867)
Total Liabilities	<u>\$ 2,043,885</u>	<u>\$ 2,132,757</u>	<u>\$ 88,872</u>
Deferred Inflows of Resources	\$ 18,126,052	\$ 17,514,938	\$ (611,114)
Net Position:			
Investment in Capital Assets	\$ 3,200,850	\$ 3,369,046	\$ (168,196)
Unrestricted	11,050,216	8,810,577	2,239,639
Total Net Position	<u>\$ 14,251,066</u>	<u>\$ 12,179,623</u>	<u>\$ 2,071,443</u>

The following table provides a summary of the District's operations for the years ended December 31, 2017, and December 31, 2016.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 17,552,565	\$ 16,675,696	\$ 876,869
Other Revenues	258,830	462,276	(203,446)
Total Revenues	<u>\$ 17,811,395</u>	<u>\$ 17,137,972</u>	<u>\$ 673,423</u>
Expenses for Services	<u>(15,739,952)</u>	<u>(14,629,219)</u>	<u>(1,110,733)</u>
Change in Net Position	\$ 2,071,443	\$ 2,508,753	\$ (437,310)
Net Position, Beginning of Year	<u>12,179,623</u>	<u>9,670,870</u>	<u>2,508,753</u>
Net Position, End of Year	<u>\$ 14,251,066</u>	<u>\$ 12,179,623</u>	<u>\$ 2,071,443</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

The District's General Fund fund balance as of December 31, 2017, was \$10,510,496, an increase of \$2,148,166 from the prior year. This increase was primarily due to the increase in property tax revenues.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Commissioners did not amend the budget during the current year. Actual revenues were \$297,621 less than budgeted revenues. Actual expenditures were \$910,287 less than budgeted expenditures.

**CAPITAL ASSETS**

Capital assets as of December 31, 2017, total \$5,085,782 (net of accumulated depreciation) and include land, buildings and equipment. Capital asset activity during the current fiscal year included the following:

Purchases:

- Intersection bypass equipment, landscaping costs for new Station No. 513, and radio equipment

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2017	2016	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land	\$ 167,769	\$ 167,769	\$
Construction in Progress		71,250	(71,250)
Capital Assets, Net of Accumulated Depreciation:			
Buildings	3,933,239	3,999,497	(66,258)
Equipment	984,774	1,245,658	(260,884)
Total Net Capital Assets	\$ 5,085,782	\$ 5,484,174	\$ (398,392)

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**LONG-TERM DEBT ACTIVITY**

At year-end, the District had total long-term debt payable of \$1,884,932. The changes in the debt position of the District during the fiscal year ended December 31, 2017, are summarized as follows:

Due to ESD No. 29, January 1, 2017	\$ 407,206
Less: District's Share of Principal Paid	<u>45,741</u>
Due to ESD No. 29, December 31, 2017	<u>\$ 361,465</u>
Notes Payable, January 1, 2017	\$ 1,707,922
Less: Principal Paid	<u>184,455</u>
Notes Payable, December 31, 2017	<u><u>\$ 1,523,467</u></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. 11, c/o Radcliffe Bobbitt Adams Polley PLLC, 2929 Allen Parkway, Suite 3450, Houston, TX 77019.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2017**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash	\$ 13,559,354	\$	\$ 13,559,354
Investments	4,499,389		4,499,389
Cash with Harris County	1,416,458		1,416,458
Receivables:			
Property Taxes	9,639,602		9,639,602
Penalty and Interest on Delinquent Taxes		187,069	187,069
Accrued Interest	12,674		12,674
Other	20,675		20,675
Land		167,769	167,769
Capital Assets, (Net of Accumulated Depreciation)		4,918,013	4,918,013
<b>TOTAL ASSETS</b>	<u>\$ 29,148,152</u>	<u>\$ 5,272,851</u>	<u>\$ 34,421,003</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 46,606	\$	\$ 46,606
Accrued Interest Payable		10,172	10,172
Due to Other Governmental Units	102,175		102,175
ESD No. 29:			
Due Within One Year		47,107	47,107
Due After One Year		314,358	314,358
Notes Payable:			
Due Within One Year		189,559	189,559
Due After One Year		1,333,908	1,333,908
<b>TOTAL LIABILITIES</b>	<u>\$ 148,781</u>	<u>\$ 1,895,104</u>	<u>\$ 2,043,885</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	<u>\$ 18,488,875</u>	<u>\$ (362,823)</u>	<u>\$ 18,126,052</u>
<b>FUND BALANCE</b>			
Unassigned	<u>\$ 10,510,496</u>	<u>\$ (10,510,496)</u>	<u>\$ -0-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 29,148,152</u>		
<b>NET POSITION</b>			
Net Investment in Capital Assets		\$ 3,200,850	\$ 3,200,850
Unrestricted		11,050,216	11,050,216
<b>TOTAL NET POSITION</b>		<u>\$ 14,251,066</u>	<u>\$ 14,251,066</u>

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



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2017**

Total Fund Balance - Governmental Funds \$ 10,510,496

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. 5,085,782

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2016 and prior tax levies became part of recognized revenues in the governmental activities of the District. 549,892

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	\$ (10,172)	
Due to ESD No. 29 Within One Year	(47,107)	
Due to ESD No. 29 After One Year	(314,358)	
Notes Payable Within One Year	(189,559)	
Notes Payable After One Year	<u>(1,333,908)</u>	<u>(1,895,104)</u>

Total Net Position - Governmental Activities \$ 14,251,066

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>REVENUES</b>			
Property Taxes	\$ 17,491,448	\$ 61,117	\$ 17,552,565
Penalty and Interest	169,622	22,899	192,521
Investment Revenues	55,536		55,536
Miscellaneous Revenues	10,773		10,773
<b>TOTAL REVENUES</b>	<u>\$ 17,727,379</u>	<u>\$ 84,016</u>	<u>\$ 17,811,395</u>
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
District Services - Cypress Creek			
Emergency Medical Services	\$ 14,303,060	\$	\$ 14,303,060
Accounting and Auditing	46,150		46,150
Appraisal District Fees	130,069		130,069
Legal Fees - General	210,613		210,613
Legal Fees - Delinquent Tax Collections	40,933		40,933
Maintenance and Repairs	22,099		22,099
Tax Assessor/Collector Fees	241,238		241,238
Depreciation		586,386	586,386
Other	94,403		94,403
Capital Outlay	200,934	(187,994)	12,940
Debt Service:			
Principal	230,196	(230,196)	
Interest	59,518	(7,457)	52,061
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 15,579,213</u>	<u>\$ 160,739</u>	<u>\$ 15,739,952</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 2,148,166	\$ (2,148,166)	\$
<b>CHANGE IN NET POSITION</b>		2,071,443	2,071,443
<b>FUND BALANCE/NET POSITION -</b>			
<b>JANUARY 1, 2017</b>	<u>8,362,330</u>	<u>3,817,293</u>	<u>12,179,623</u>
<b>FUND BALANCE/NET POSITION -</b>			
<b>DECEMBER 31, 2017</b>	<u>\$ 10,510,496</u>	<u>\$ 3,740,570</u>	<u>\$ 14,251,066</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**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, 2017**

Net Change in Fund Balance - Governmental Funds \$ 2,148,166

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. 61,117

Governmental funds report penalty and interest revenues on property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed. 22,899

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. (586,386)

Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities. 187,994

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. 230,196

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 liabilities through the fiscal year-end. 7,457

Change in Net Position - Governmental Activities \$ 2,071,443

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1. CREATION OF DISTRICT**

Harris County Emergency Services District No. 11 (the “District”) was created by the Commissioners’ Court of the County of Harris on May 25, 2004, in accordance with Article III, Section 48-e, of the Texas Constitution. This action was taken by the Commissioners as a result of voter approval by residents of the District on May 15, 2004. The District operates under Chapter 775 of the Health and Safety Code. The District was established to provide funds for the contracting of emergency 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”).

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

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**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. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**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, 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 2016 tax levy collections during the period October 1, 2016, to December 31, 2017, and taxes collected from January 1, 2017, to December 31, 2017, for all prior tax levies. The 2017 tax levy has been fully deferred to meet the District’s planned expenditures in the 2018 fiscal year.

Other taxes, such as special inventory taxes, are recognized when received.

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.

Personal tangible assets (computers, office machines, office furniture, etc.) and all other capital assets (including installation costs and professional fees) are capitalized if they have an original cost of \$50,000 or more and a useful life of at least two years. Depreciation is calculated on each

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

Capital Assets (Continued)

class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
All Other	5-20

Budgeting

In compliance with governmental accounting principles, the Board of Commissioners annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Commissioners are wages subject to federal income tax withholding for payroll tax purposes only.

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:

*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. The District does not have any nonspendable funds.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

Measurement Focus (Continued)

*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 funds.

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

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

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

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

Accounting Estimates

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

**NOTE 3. TAX LEVY**

On May 11, 2013, the voters of the District approved the levy and collection of a tax not to exceed \$0.06 per \$100 of assessed valuation of taxable property within the District. During the year ended December 31, 2017, the District levied an ad valorem tax at the rate of \$.03904 per \$100 of assessed valuation, which resulted in a tax levy of \$18,126,052 on the adjusted taxable valuation of \$46,427,479,919 for the 2017 tax year.



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

The District's tax calendar is as follows:

- Levy Date - Before the later of September 30 or the 60<sup>th</sup> day after receipt of the certified tax roll.
- Lien Date - January 1.
- Due Date - Not later than January 31.
- Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

**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 \$17,041,826 and the bank balance was \$17,044,667. 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, 2017, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 13,559,354	\$ 3,482,472	\$ 17,041,826

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

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.

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and measures all its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of December 31, 2017, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$ 1,016,917	\$ 1,016,917	\$	\$	\$
Certificates of Deposit	3,482,472	3,482,472			
<b>TOTAL INVESTMENTS</b>	<u>\$ 4,499,389</u>	<u>\$ 4,499,389</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2017, the District's investment in TexPool was rated "AAAm" by Standard and Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

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

**NOTE 5. CAPITAL ASSETS**

	January 1, 2017	Increases	Decreases	December 31, 2017
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 167,769	\$	\$	\$ 167,769
Construction in Progress	71,250	187,994	259,244	
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 239,019</b>	<b>\$ 187,994</b>	<b>\$ 259,244</b>	<b>\$ 167,769</b>
<b>Capital Assets Subject to Depreciation</b>				
Buildings	\$ 4,389,617	\$ 52,000	\$	\$ 4,441,617
Equipment	2,752,953	207,244		2,960,197
<b>Total Capital Assets Subject to Depreciation</b>	<b>\$ 7,142,570</b>	<b>\$ 259,244</b>	<b>\$ - 0 -</b>	<b>\$ 7,401,814</b>
<b>Less Accumulated Depreciation</b>				
Buildings	\$ 390,120	\$ 118,258	\$	\$ 508,378
Equipment	1,507,295	468,128		1,975,423
<b>Total Accumulated Depreciation</b>	<b>\$ 1,897,415</b>	<b>\$ 586,386</b>	<b>\$ - 0 -</b>	<b>\$ 2,483,801</b>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 5,245,155</b>	<b>\$ (327,142)</b>	<b>\$ - 0 -</b>	<b>\$ 4,918,013</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 5,484,174</b>	<b>\$ (139,148)</b>	<b>\$ 259,244</b>	<b>\$ 5,085,782</b>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 6. CONTRACT FOR PROVIDING EMERGENCY SERVICES**

The District has contracted with the Cypress Creek Emergency Medical Services Association (“CCEMS”) for providing emergency medical services. In accordance with the terms of the contract, CCEMS agrees to provide emergency medical services to the service area on a 24-hour per day basis seven days a week. CCEMS agrees to obtain all necessary licenses, permits and approvals required to provide services to the service area. The parties agree the District will not be responsible or liable for operating, repairing and insuring any facilities.

CCEMS agrees to insure all its facilities and property against loss or damage of kinds usually insured by entities similarly situated and to carry public liability insurance with respect to the facilities. CCEMS will indemnify and hold harmless the District and its officers, members, employees, and agents against all losses, costs, damages, expenses and liabilities of whatever nature.

CCEMS will prepare by January 1 of each year a budget for all revenues and expenses of CCEMS for the District to review and approve. The District will provide periodic payments to CCEMS. The parties agree that the District shall have the right to require title and ownership of any capital acquisitions funded by the District - in whole or in part - to be taken in the District’s name.

The current contract is for a period of ten years commencing effective June 20, 2013. Continuation of the contract from year-to-year is subject to the adoption and District approval of CCEMS operating and capital budgets. The contract can be cancelled upon 360 days written notice.

**NOTE 7. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES**

Maintenance and Operating Agreements for Traffic Preemption Equipment  
Owned by the District

The District executed an agreement with Harris County (“County”) to delineate the responsibilities of each party with regard to the design, construction, implementation, operation and maintenance of traffic signal preemption equipment on signalized roads maintained by the County. The District will be responsible for all costs of installation, operations and maintenance of the equipment. The County is not responsible for any costs of installation, operation or maintenance of the system. The County shall have the authority to deactivate all or any part of the system and may terminate this agreement upon 60 days notice. The District may deactivate the system upon ten days notice.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 7.      CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES (Continued)**

Maintenance and Operating Agreements for Traffic Preemption Equipment  
Owned by the District (Continued)

The District executed individual agreements with Harris County Emergency Services District No. 7, Harris County Emergency Services District No. 13, Harris County Emergency Services District No. 16, Harris County Emergency Services District No. 28, Harris County Emergency Services District No. 29, collectively, (the “Participants”) to share the costs of the installation and maintenance of traffic signal preemption equipment. The Participants will conform to the terms and conditions contained in the contract between the District and the County regarding the use and utilization of the signal preemption equipment. The District will acquire, own and install all the signal preemption equipment. Each Participant will reimburse the District for its share of the actual costs associated with necessary maintenance, upkeep and upgrades of all signal preemption equipment. This agreement will terminate or suspend upon termination or suspension of the agreement with the County. The agreement between the District and the Participant may be terminated by either Participant upon 90 days written notice.

Maintenance and Operating Agreements for Traffic Preemption Equipment  
Owned by Another District

On April 17, 2006, the District executed an agreement with Harris County Emergency Services District No. 28 (“ESD No. 28”) to share the cost of the installation and maintenance of traffic signal preemption equipment. The term of the initial contract is through December 31, 2009 and is automatically renewable on a year-to-year basis unless terminated in writing. ESD No. 28 owns the equipment and the District agreed to share 50/50 the cost of the equipment and the semi-annual maintenance.

On July 17, 2007, the District executed an agreement with Harris County Emergency Services District No. 29 (“ESD No. 29”) to share the costs of the installation and maintenance of traffic signal preemption equipment. ESD No. 29 has entered into a contract with the State of Texas acting through the Texas Department of Transportation (“TXDOT”) governing and providing for the furnishing, installing and maintenance of traffic signal preemption equipment in the geographic areas of the District and ESD No. 29. ESD No. 29 will provide all necessary labor, equipment and supervisory personnel to install all the original traffic signal preemption equipment covered by the TXDOT contract. The District will reimburse ESD No. 29 for the actual costs of installing and maintaining the traffic signal preemption equipment covered by the TXDOT contract. The term of the initial contract is through December 31, 2009 and is automatically renewable on a year-to-year basis unless terminated in writing. This agreement may be terminated upon 60 days prior written notice by either the District or ESD No. 29.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 7. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES (Continued)**

Construction, Financing and Cost-Sharing Agreement with Harris County Emergency Services  
District No. 29

On December 19, 2007, the District executed an agreement with ESD No. 29, to obtain a fractional ownership interest in a fire and emergency services station constructed by ESD No. 29. The District houses emergency services equipment and personnel in the station. ESD No. 29 holds legal title to the facilities and the site, subject to the District's 16.8% interest. The District will reimburse ESD No. 29 for monthly operating and maintenance fees for an amount equal to 16.8% of the total monthly operating costs incurred. In addition, the District will reimburse ESD No. 29 for 16.8% of the principal and interest payments on the note obtained by ESD No. 29 for the construction of the station. The term of this contract is 40 years, unless terminated sooner by mutual agreement.

On February 25, 2008, ESD No. 29 entered into a real estate lien note agreement with Wells Fargo Brokerage Services LLC in the amount of \$4,000,000 for the construction of the new station. The District's portion of this note is 16.8% or \$672,000. On August 29, 2013, ESD No. 29 refinanced the remaining \$3,200,000 (\$537,600) with Wells Fargo Bank, N.A at an interest rate of 3.0% until August 1, 2020 (the "Reset Date"), at which time the interest rate shall be adjusted to the Five-Year Treasury Constant Maturity Index, in effect as of the Reset Date, plus 300 basis points (3.00%) and that number shall be multiplied by .652. Payments are due and payable in annual installments of \$345,848 (\$58,102) beginning on August 1, 2014, and continuing through to and including August 1, 2020, the Reset Date. After the Reset Date, the four remaining annual payments due August 1, 2021 through August 1, 2024, will be adjusted to reflect the new interest rate. During the current fiscal year, the District recorded its share of principal and interest expenditures of \$58,102 related to this note. ESD No. 29 bills the District prior to the payments becoming due.

The following is a summary of transactions regarding the District's share for the note payable for the year ended December 31, 2017:

Due to ESD No. 29, January 1, 2017	\$ 407,206
Less: District's Share of Principal Paid	<u>45,741</u>
Due to ESD No. 29, December 31, 2017	<u>\$ 361,465</u>
Due to ESD No. 29:	
Due Within One Year	\$ 47,107
Due After One Year	<u>314,358</u>
Due to ESD No. 29, December 31, 2017	<u>\$ 361,465</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 7.      CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES (Continued)**

Construction, Financing and Cost-Sharing Agreement with Harris County Emergency Services  
District No. 29 (Continued)

As of December 31, 2017, the District’s share of the debt service requirements on the note is as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 47,107	\$ 10,995	\$ 58,102
2019	48,540	9,563	58,103
2020	49,994	8,108	58,102
2021	51,537	6,565	58,102
2022	53,105	4,998	58,103
2023-2024	111,182	5,105	116,287
	\$ 361,465	\$ 45,334	\$ 406,799

Construction Cost-Sharing Agreement with Harris County Emergency Services District No. 7

Effective September 26, 2013, the District entered into an agreement with ESD No. 7 to share proportional acquisition, construction and maintenance of a fire station (ESD No. 7) and an EMS station (District) in the Springwoods Village Exxon development. ESD No. 7 agreed to acquire two tracts of land for the stations. Following the required platting process with the appropriate authorities, the ESD No. 7 tract and District became separate and distinct parcels. Simultaneously with the closing on the land, ESD No. 7 conveyed the District tract to the District. Each district agrees to accept primary responsibility for the payment of all construction costs and debt obligations associated with the planning, design and construction of its respective facility. The term of this contract is 40 years, unless terminated sooner by mutual agreement.

In 2014, the District obtained financing for the new EMS facility in Springwoods Village. See Note 10. Construction of the facility was completed in 2016.

**NOTE 8.      OPERATING LEASE AGREEMENTS**

On April 11, 2011, and as revised on December 20, 2012, the District entered into an Interlocal Ground Lease Agreement with Harris County Emergency Services District No. 16 (“ESD No. 16”) for a 0.552-acre parcel of land (24,055 sq. ft.) for the construction of an emergency medical services facility. The initial term of this agreement is 20 years, and automatically renewable for successive five-year periods unless terminated in writing at least six months prior to renewal. During the successive five-year terms, the agreement may be terminated in writing 60 days prior to the end of term.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 8. OPERATING LEASE AGREEMENTS (Continued)**

The District is solely responsible for the construction of the facility, and ownership of the facility will remain with the District. In the event of termination of this agreement, the District will have the following options: 1) to remove at its sole cost the facility built or placed on the property; 2) ESD 16 may purchase the facilities at fair market value; or 3) abandon the facilities. The District is solely responsible for all operating costs of the facility including general liability insurance covering the facility. The District is also responsible for all real estate taxes on any and all improvements made to the property and any personal property located or situated on the property.

The District agrees to pay to ESD No. 16 based on the total area required by the District multiplied by \$0.35 per square foot, approximately \$8,419, due on the date of the initial commencement of construction, and thereafter on each anniversary date. Construction of this station was completed in 2012. During the current fiscal year, the District recorded an expenditure of \$8,419 related to this lease. Following is a schedule of the remaining minimum lease payments:

Fiscal Year	Lease Payments
2018	\$ 8,419
2019	8,419
2020	8,419
2021	8,419
2022	8,419
2023-2027	42,095
2028-2030	25,260
Total Minimum Lease Payments	\$ 109,450

On April 1, 2016, the District entered into a Lease Agreement with Cypress Creek Emergency Medical Services, Inc. (“EMS”) for the lease of vehicle apparatus and of land and improvements. The EMS agrees to pay to the District \$10.00 per year due on the date of the initial commencement of construction, and thereafter on each anniversary date. The term of this agreement is congruent with and shall not exceed the term of the Service Agreement between the parties, including any extensions or modifications thereof.

**NOTE 9. RISK MANAGEMENT**

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



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 10. NOTES PAYABLE**

On September 8, 2014, the District signed a promissory note with Trustmark National Bank in the amount of \$2,000,000 at the rate of 2.71%. Proceeds were used to construct a new EMS facility in Springwoods Village. Beginning March 25, 2016, payments of principal and related interest of \$115,056.07 are due semi-annually on March 25 and September 25 through September 25, 2025. Construction was completed in 2016. The District only used \$1,904,804 of this note.

The debt service requirements on this note as of December 31, 2017 were as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 189,559	\$ 40,553	\$ 230,112
2019	194,803	35,309	230,112
2020	200,105	30,007	230,112
2021	205,728	24,384	230,112
2022	211,420	18,692	230,112
2023 - 2025	521,852	20,355	542,207
	\$ 1,523,467	\$ 169,300	\$ 1,692,767
Notes Payable, January 1, 2017			\$ 1,707,922
Less: Principal Paid			184,455
Notes Payable, December 31, 2017			\$ 1,523,467
Notes Payable:			
Due Within One Year			\$ 189,559
Due After One Year			1,333,908
Notes Payable, December 31, 2017			\$ 1,523,467

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2017**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Property Taxes	\$ 17,500,000	\$ 17,491,448	\$ (8,552)
Penalty and Interest		169,622	169,622
Investment Revenues	25,000	55,536	30,536
Miscellaneous Revenues	<u>500,000</u>	<u>10,773</u>	<u>(489,227)</u>
<b>TOTAL REVENUES</b>	<u>\$ 18,025,000</u>	<u>\$ 17,727,379</u>	<u>\$ (297,621)</u>
<b>EXPENDITURES</b>			
Service Operations:			
District Services - Cypress Creek			
Emergency Medical Services	\$ 13,955,100	\$ 14,303,060	\$ (347,960)
Accounting and Auditing	42,400	46,150	(3,750)
Appraisal District Fees	120,000	130,069	(10,069)
Commissioner Fees	5,000		5,000
Legal Fees - General	65,000	210,613	(145,613)
Legal Fees - Delinquent Tax Collections		40,933	(40,933)
Maintenance and Repairs	41,000	22,099	18,901
Tax Assessor/Collector Fees	1,000	241,238	(240,238)
Other	105,000	94,403	10,597
Capital Outlay	1,750,000	200,934	1,549,066
Debt Service:			
Principal	350,000	230,196	119,804
Interest	<u>55,000</u>	<u>59,518</u>	<u>(4,518)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 16,489,500</u>	<u>\$ 15,579,213</u>	<u>\$ 910,287</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 1,535,500	\$ 2,148,166	\$ 612,666
<b>FUND BALANCE - JANUARY 1, 2017</b>	<u>8,362,330</u>	<u>8,362,330</u>	<u></u>
<b>FUND BALANCE - DECEMBER 31, 2017</b>	<u>\$ 9,897,830</u>	<u>\$ 10,510,496</u>	<u>\$ 612,666</u>

See accompanying independent auditor's report.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**

**SUPPLEMENTARY INFORMATION**

**REQUIRED BY HARRIS COUNTY**

**DECEMBER 31, 2017**





**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**COMPUTATION OF LONG-TERM DEBT PER CAPITA**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(UNAUDITED)**

Long-Term Debt at December 31, 2017	\$	1,884,932
Less: Amount in Debt Service Fund		<u>-0-</u>
Net Long-Term Debt at December 31, 2017	\$	1,884,932
Estimated District Population*		<u>540,636</u>
Net Long-Term Debt Per Capita at December 31, 2017	\$	<u><u>3.49</u></u>

\* Based upon independent, comprehensive review for 2017

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**LISTING OF THE NUMBER OF EMERGENCY RESPONSES**  
**MADE WITHIN AND OUTSIDE THE DISTRICT**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(UNAUDITED)**

Number of Emergency Responses made Within the District	39,782
Number of Emergency Responses made Outside of the District	<u>235</u>
Total Emergency Responses	<u>40,017</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**SCHEDULE OF INSURANCE AND BONDING COVERAGE**  
**DECEMBER 31, 2017**

Type of Coverage	From To	Amount of Coverage	Insurer/Name
POSITION SCHEDULE BOND Treasurer	10/13/17 10/13/18	\$ 100,000	American Alternative Insurance Company
PUBLIC EMPLOYEE BLANKET BOND	10/13/17 10/13/18	\$ 100,000	American Alternative Insurance Corporation
GENERAL LIABILITY General Aggregate Per Occurrence	10/13/17 10/13/18	\$ 3,000,000 1,000,000	American Alternative Insurance Corporation
MANAGEMENT LIABILITY General Aggregate Per Occurrence	10/13/17 10/13/18	\$ 3,000,000 1,000,000	American Alternative Insurance Corporation
EXCESS LIABILITY General Aggregate Each Occurrence	10/13/17 10/13/18	\$ 8,000,000 4,000,000	American Alternative Insurance Corporation
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit Per Accident	10/13/17 10/13/18	\$ 1,000,000	American Alternative Insurance Corporation
PROPERTY LIABILITY Buildings Personal Property Deductible	10/13/17 10/13/18	\$ 3,964,005 108,330 5,000	American Alternative Insurance Corporation
WORKERS COMPENSATION Bodily Injury by Accident Bodily Injury by Disease Disease Policy Limit	11/25/17 11/15/18	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**STATEMENT OF ACTIVITIES**  
**CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(Unaudited)**

SUPPORT	
ESD 11 Funds	\$ 14,605,344
Insurance Billings-Net	12,180,917
Educational Funds	96,706
Special Events-Fundraisers	35,307
Dispatch Fees-Communications Centers	<u>682,700</u>
TOTAL SUPPORT	<u>\$ 27,600,974</u>
REVENUE	
Interest Income	\$ 11,564
Gain (loss) on sale of property	<u>21,000</u>
TOTAL REVENUE	<u>\$ 32,564</u>
TOTAL SUPPORT AND REVENUE	<u>\$ 27,633,538</u>
EXPENSES	
Program Services	\$ 21,234,133
General and Administrative	<u>3,728,326</u>
TOTAL EXPENSES	<u>\$ 24,962,459</u>
CHANGE IN NET ASSETS	\$ 2,671,079
NET ASSETS - January 1, 2017	<u>10,623,439</u>
NET ASSETS - December 31, 2017	<u>\$ 13,294,518</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**

**OTHER SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2017**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Maintenance Taxes	
TAXES RECEIVABLE - JANUARY 1, 2017	\$ 9,847,762	
Adjustments to Beginning Balance	37,627	\$ 9,885,389
Original 2017 Tax Levy	\$ 17,438,101	
Adjustment to 2017 Tax Levy	687,951	18,126,052
TOTAL TO BE ACCOUNTED FOR		\$ 28,011,441
TAX COLLECTIONS:		
Prior Years	\$ 9,522,566	
Current Year	8,849,273	18,371,839
TAXES RECEIVABLE - DECEMBER 31, 2017		\$ 9,639,602
TAXES RECEIVABLE BY YEAR:		
2017		\$ 9,276,779
2016		142,538
2015		57,173
2014		36,677
2013		33,059
2012		15,803
2011		14,100
2010		12,566
2009		16,287
2008		15,076
2007		10,910
2006		4,603
2006		2,513
2005		1,518
TOTAL		\$ 9,639,602

See accompanying independent auditor's report.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PROPERTY VALUATIONS: TOTAL PROPERTY VALUATIONS	<u>\$ 46,427,479,919</u>	<u>\$ 43,928,466,558</u>	<u>\$ 39,939,792,768</u>	<u>\$ 34,496,130,182</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.03904</u>	<u>\$ 0.03987</u>	<u>\$ 0.04185</u>	<u>\$ 0.043</u>
ADJUSTED TAX LEVY*	<u>\$ 18,126,052</u>	<u>\$ 17,514,938</u>	<u>\$ 16,715,182</u>	<u>\$ 14,833,525</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>48.82 %</u>	<u>99.19 %</u>	<u>99.66 %</u>	<u>99.75 %</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. 11**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND – FIVE YEARS**

	Amounts		
	2017	2016	2015
<b>REVENUES</b>			
Property Taxes	\$ 17,491,448	\$ 16,711,227	\$ 14,765,105
Penalty and Interest	169,622	189,290	130,474
Investment Revenues	55,536	30,738	24,689
Miscellaneous Revenues	<u>10,773</u>	<u>272,542</u>	<u>319,736</u>
<b>TOTAL REVENUES</b>	<u>\$ 17,727,379</u>	<u>\$ 17,203,797</u>	<u>\$ 15,240,004</u>
<b>EXPENDITURES</b>			
Service Operations:			
District Services - Cypress Creek			
Emergency Medical Services	\$ 14,303,060	\$ 13,111,626	\$ 10,725,665
Accounting and Auditing	46,150	38,900	46,044
Appraisal District Fees	130,069	129,858	118,768
Legal Fees - General	210,613	165,499	112,841
Legal Fees - Delinquent Tax Collections	40,933	51,015	35,732
Maintenance and Repairs	22,099	105,853	13,774
Tax Assessor/Collector Fees	241,238	243,067	196,116
Other	94,403	228,223	57,377
Capital Outlay	200,934	508,812	2,190,095
Debt Service:			
Debt Issuance Costs			
Principal	230,196	241,213	43,058
Interest	<u>59,518</u>	<u>62,084</u>	<u>31,042</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 15,579,213</u>	<u>\$ 14,886,150</u>	<u>\$ 13,570,512</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 2,148,166</u>	<u>\$ 2,317,647</u>	<u>\$ 1,669,492</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Note Proceeds	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 2,148,166	\$ 2,317,647	\$ 1,669,492
<b>BEGINNING FUND BALANCE</b>	<u>8,362,330</u>	<u>6,044,683</u>	<u>4,375,191</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 10,510,496</u>	<u>\$ 8,362,330</u>	<u>\$ 6,044,683</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2014	2013	2017	2016	2015	2014	2013
\$ 14,255,285	\$ 8,423,288	98.6 %	97.1 %	96.8 %	98.1 %	96.5 %
175,251	140,665	1.0	1.1	0.9	1.2	1.6
17,066	7,564	0.3	0.2	0.2	0.1	0.1
87,335	159,957	0.1	1.6	2.1	0.6	1.8
<u>\$ 14,534,937</u>	<u>\$ 8,731,474</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 10,665,365	\$ 6,066,494	80.7 %	76.2 %	70.4 %	73.4 %	69.5 %
30,600	31,300	0.3	0.2	0.3	0.2	0.4
122,824	67,499	0.7	0.8	0.8	0.9	0.8
114,109	82,314	1.2	1.0	0.7	0.8	0.9
37,008	28,096	0.2	0.3	0.2	0.3	0.3
6,726	1,185	0.1	0.6	0.1		
238,438	200,590	1.4	1.4	1.3	1.6	2.3
151,598	226,086	0.5	1.3	0.4	1.1	2.6
989,166	429,523	1.1	3.0	14.4	6.8	4.9
21,055					0.1	
43,005	33,600	1.3	1.4	0.3	0.3	0.4
15,098	42,817	0.3	0.4	0.2	0.1	0.5
<u>\$ 12,434,992</u>	<u>\$ 7,209,504</u>	<u>87.8 %</u>	<u>86.6 %</u>	<u>89.1 %</u>	<u>85.6 %</u>	<u>82.6 %</u>
<u>\$ 2,099,945</u>	<u>\$ 1,521,970</u>	<u>12.2 %</u>	<u>13.4 %</u>	<u>10.9 %</u>	<u>14.4 %</u>	<u>17.4 %</u>
<u>\$ 1,904,804</u>	<u>\$ - 0 -</u>					
\$ 4,004,749	\$ 1,521,970					
370,442	(1,151,528)					
<u>\$ 4,375,191</u>	<u>\$ 370,442</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2017**

District Mailing Address - Harris County Emergency Services District No. 11  
c/o Radcliffe Bobbitt Adams Polley PLLC  
2929 Allen Parkway, Suite 3450  
Houston, TX 77019

District Telephone Number - (713) 237-1221

Commissioners	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2017	Expense Reimbursements for the year ended December 31, 2017	Title
Tommy Ripley	05/07/16 05/31/20 (Elected)	\$ -0-	\$ -0-	President
Karen Plummer	05/07/16 05/31/20 (Elected)	\$ -0-	\$ -0-	Vice President
Fred Grundmeyer	06/01/14 05/31/18 (Elected)	\$ -0-	\$ -0-	Secretary
Robert Pinard	05/07/16 05/31/20 (Elected)	\$ -0-	\$ -0-	Treasurer
Josh Fetner	08/17/17 05/31/18 (Appointed)	\$ -0-	\$ -0-	Assistant Treasurer

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. 11  
BOARD OF COMMISSIONERS AND CONSULTANTS  
DECEMBER 31, 2017**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2017*</u>	<u>Title</u>
Radcliffe Bobbitt Adams Polley PLLC	11/17/16	\$ 182,041	General Counsel
McCall Gibson Swedlund Barfoot PLLC	03/16/06	\$ 13,250	Auditor
Myrtle Cruz, Inc.	11/17/04	\$ 27,578	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP	06/09/05	\$ 40,933	Delinquent Tax Attorney
Bill Russell	04/20/17	\$ -0-	Investment Officer
Harris County Tax Assessor/Collector	Legislative Action	\$ 241,238	Tax Assessor/ Collector

\* Accrual basis

See accompanying independent auditor's report.

