

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

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2022**

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



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

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2022**



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## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Harris County Emergency  
Services District No. 17  
Harris County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 17 (the "District") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.





### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

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



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



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

August 29, 2023



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022. 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, 2022**

**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 \$25,663,024 as of December 31, 2022.

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, 2022**

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

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	\$ 16,759,421	\$ 17,197,119	\$ (437,698)
Capital Assets (Net of Accumulated Depreciation)	<u>22,787,621</u>	<u>22,076,335</u>	<u>711,286</u>
Total Assets	<u>\$ 39,547,042</u>	<u>\$ 39,273,454</u>	<u>\$ 273,588</u>
Deferred Outflows of Resources	<u>\$ 841,102</u>	<u>\$ 767,157</u>	<u>\$ 73,945</u>
Long-Term Liabilities	\$ 7,012,659	\$ 7,827,337	\$ 814,678
Other Liabilities	<u>1,225,706</u>	<u>1,818,558</u>	<u>592,852</u>
Total Liabilities	<u>\$ 8,238,365</u>	<u>\$ 9,645,895</u>	<u>\$ 1,407,530</u>
Deferred Inflows of Resources	<u>\$ 6,486,755</u>	<u>\$ 5,852,653</u>	<u>\$ (634,102)</u>
Net Position:			
Net Investment in Capital Assets	\$ 14,965,297	\$ 13,452,202	\$ 1,513,095
Restricted	626,161	637,696	(11,535)
Unrestricted	<u>10,071,566</u>	<u>10,452,165</u>	<u>(380,599)</u>
Total Net Position	<u>\$ 25,663,024</u>	<u>\$ 24,542,063</u>	<u>\$ 1,120,961</u>

The following table provides a summary of the District's operations for the year ended December 31, 2022, and the year ended December 31, 2021.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 5,610,151	\$ 5,355,544	\$ 254,607
Sales Tax Receipts	5,255,938	4,320,753	935,185
Other Revenues	<u>339,623</u>	<u>264,967</u>	<u>74,656</u>
Total Revenues	<u>\$ 11,205,712</u>	<u>\$ 9,941,264</u>	<u>\$ 1,264,448</u>
Expenses for Services	<u>10,084,751</u>	<u>9,388,470</u>	<u>(696,281)</u>
Change in Net Position	\$ 1,120,961	\$ 552,794	\$ 568,167
Net Position, Beginning of Year	<u>24,542,063</u>	<u>23,989,269</u>	<u>552,794</u>
Net Position, End of Year	<u>\$ 25,663,024</u>	<u>\$ 24,542,063</u>	<u>\$ 1,120,961</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

The District's General Fund fund balance as of December 31, 2022, was \$9,694,032, a decrease of \$483,314 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 \$3,296,269 more than budgeted revenues. Actual expenditures were \$938,415 more than budgeted expenditures. This resulted in a positive budget variance of \$2,357,854. See the budget to actual variance analysis for further information.

**CAPITAL ASSETS**

Capital assets as of December 31, 2022, total \$22,787,621 (net of accumulated depreciation) and include land, buildings and equipment.

Completed Projects/Purchases:	
Kawasaki Mowers	\$ 19,088
2022 Chevrolet Tahoe	74,112
Column Lift	96,864
Spreader, Cutter and Misc. Tools	36,253
Station 82 Renovations	390,811
Rehab Uplift	<u>119,624</u>
Total Completed Projects/Purchases	<u>\$ 736,752</u>



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**CAPITAL ASSETS (Continued)**

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 669,964	\$ 669,964	\$
Construction in Progress	2,867,199	1,479,151	1,388,048
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	16,166,774	16,425,809	(259,035)
Machinery and Equipment	861,594	930,477	(68,883)
Vehicles	2,222,090	2,570,934	(348,844)
Total Net Capital Assets	\$ 22,787,621	\$ 22,076,335	\$ 711,286

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

**LONG-TERM DEBT ACTIVITY**

At December 31, 2022, the District had total long-term debt payable of \$7,760,755. The changes in the debt position of the District during the year ended December 31, 2022, are summarized as follows:

Notes Payable, January 1, 2022	\$ 8,558,102
Less: Note Principal Paid	797,347
Notes Payable, December 31, 2022	\$ 7,760,755

**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 FUND BALANCE SHEET**  
**DECEMBER 31, 2022**

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash-Unrestricted	\$ 56,568	\$	\$ 56,568
Investments-Unrestricted	9,681,255		9,681,255
Investments-Restricted	626,161		626,161
Cash with Harris County	553,064		553,064
Receivables:			
Property Taxes	4,394,530		4,394,530
Penalty and Interest on Delinquent Taxes		145,905	145,905
Accrued Interest	2,507		2,507
Sales Tax	1,045,322		1,045,322
Prepaid Costs	153,304		153,304
Net Pension Asset		100,805	100,805
Land		669,964	669,964
Construction in Progress		2,867,199	2,867,199
Capital Assets (Net of Accumulated Depreciation)		19,250,458	19,250,458
<b>TOTAL ASSETS</b>	<b>\$ 16,512,711</b>	<b>\$ 23,034,331</b>	<b>\$ 39,547,042</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Plan Charges	\$ - 0 -	\$ 841,102	\$ 841,102
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 16,512,711</b>	<b>\$ 23,875,433</b>	<b>\$ 40,388,144</b>

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 FUND BALANCE SHEET**  
**DECEMBER 31, 2022**

	General Fund	Adjustments	Statement of Net Position
<b>LIABILITIES</b>			
Accounts Payable	\$ 357,839	\$	\$ 357,839
Accrued Interest Payable		53,959	53,959
Retainage Payable	4,243		4,243
Long-Term Debt:			
Notes Payable Within One Year		809,665	809,665
Notes Payable After One Year		7,012,659	7,012,659
	<u>\$ 362,082</u>	<u>\$ 7,876,283</u>	<u>\$ 8,238,365</u>
<b>TOTAL LIABILITIES</b>			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	\$ 6,456,597	\$ (230,487)	\$ 6,226,110
Deferred Pension Plan Income		260,645	260,645
	<u>\$ 6,456,597</u>	<u>\$ 30,158</u>	<u>\$ 6,486,755</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>			
<b>FUND BALANCE</b>			
Nonspendable:			
Prepaid Costs	\$ 153,304	\$ (153,304)	\$
Restricted for Debt Service	626,161	(626,161)	
Assigned to 2023 Budget	1,412,456	(1,412,456)	
Unassigned	7,502,111	(7,502,111)	
	<u>\$ 9,694,032</u>	<u>\$ (9,694,032)</u>	<u>\$ - 0 -</u>
<b>TOTAL FUND BALANCE</b>			
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 16,512,711</u>		
<b>NET POSITION</b>			
Net Investment in Capital Assets		\$ 14,965,297	\$ 14,965,297
Restricted for Debt Service		626,161	626,161
Unrestricted		10,071,566	10,071,566
<b>TOTAL NET POSITION</b>		<u>\$ 25,663,024</u>	<u>\$ 25,663,024</u>

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 BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

Total Fund Balance - Governmental Fund	\$	9,694,032
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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.		22,787,621
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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 assets.		100,805
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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.		580,457
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2021 and prior tax levies became part of recognized revenues in the governmental activities of the District.		376,392
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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	\$	(53,959)	
Notes Payable Within One Year		(809,665)	
Notes Payable After One Year		<u>(7,012,659)</u>	<u>(7,876,283)</u>

Total Net Position - Governmental Activities	\$	<u><u>25,663,024</u></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, 2022**

	General Fund	Adjustments	Statement of Activities
<b>REVENUES</b>			
Property Taxes	\$ 5,643,403	\$ (33,252)	\$ 5,610,151
Sales Tax Receipts	5,255,938		5,255,938
Penalty and Interest	87,405	(1,573)	85,832
Investment Revenues	136,531		136,531
Sale of Assets	9,574		9,574
Miscellaneous Revenues	107,686		107,686
<b>TOTAL REVENUES</b>	<u>\$ 11,240,537</u>	<u>\$ (34,825)</u>	<u>\$ 11,205,712</u>
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
Accounting and Auditing	\$ 71,500	\$	\$ 71,500
Appraisal District Fees	55,404		55,404
Building Maintenance and Supplies	273,902		273,902
Contracted Services	46,251		46,251
Depreciation		1,413,514	1,413,514
Dispatch	54,436		54,436
Election Expenses	17,542		17,542
EMS Supplies	9,622		9,622
Fire Vehicle Maintenance	357,816		357,816
Fuel	119,570		119,570
Information Technology	119,791		119,791
Insurance	261,955		261,955
Legal Fees - General	48,161		48,161
Legal Fees - Delinquent Tax Collections	31,973		31,973
Office Equipment and Supplies	27,962		27,962
Personnel	62,229		62,229
Protective Gear	158,860		158,860
Public Relations	26,907		26,907
Salaries and Benefits	5,947,129	(118,260)	5,828,869
Sales Tax Consultant	6,000		6,000
Tax Assessor/Collector Fees	30,777		30,777
Training	181,773		181,773
Uniforms	70,674		70,674
Utilities	157,160		157,160
Other-Fire Operations	83,707		83,707
Other-Administration	32,056		32,056
Capital Outlay	2,399,896	(2,124,800)	275,096
Debt Service:			
Note Principal	797,347	(797,347)	
Note Interest	273,451	(12,207)	261,244
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 11,723,851</u>	<u>\$ (1,639,100)</u>	<u>\$ 10,084,751</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (483,314)	\$ 483,314	\$
<b>CHANGE IN NET POSITION</b>		1,120,961	1,120,961
<b>FUND BALANCE/NET POSITION - JANUARY 1, 2022</b>	<u>10,177,346</u>	<u>14,364,717</u>	<u>24,542,063</u>
<b>FUND BALANCE/NET POSITION - DECEMBER 31, 2022</b>	<u>\$ 9,694,032</u>	<u>\$ 15,968,992</u>	<u>\$ 25,663,024</u>

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, 2022**

Net Change in Fund Balance - Governmental Funds	\$	(483,314)
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.		(33,252)
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.		(1,573)
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.		118,260
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(1,413,514)
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.		2,124,800
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.		797,347
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.		12,207
Change in Net Position - Governmental Activities	\$	<u><u>1,120,961</u></u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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, 2022**

**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, 2022**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (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 2021 tax levy collections during the period October 1, 2021 to December 31, 2022, and taxes collected from January 1, 2022, to December 31, 2022, for all prior tax levies. The 2022 tax levy has been fully deferred to meet the District's planned expenditures in the 2023 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, 2022**

**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 457(b) retirement plan for its employees. See Note 10. The District also participates in the Texas County and District Retirement System and Length of Service Awards Program for its employees. See Notes 11 and 12.

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, 2022**

**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, 2022, the District has restricted funds of \$94,626 for 2022 note payments to Wells Fargo Brokerage Services; and \$531,535 for 2022 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, 2022, the District has assigned \$1,412,456 of the General Fund fund balance for a projected budget deficit for the year ending December 31, 2023.

*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, 2022, the District levied an ad valorem tax at the rate of \$ 0.091147 per \$100 of assessed valuation, which resulted in a tax levy of \$6,226,110 on the adjusted taxable valuation of \$6,889,899,786 for the 2022 tax year.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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 \$1,976,568 and the bank balance was \$1,996,788. 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, 2022, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 56,568	\$ 1,920,000	\$ 1,976,568

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, 2022**

**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. UMB 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, 2022, 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	\$ 8,387,416	\$ 8,387,416
Certificates of Deposit	1,920,000	1,920,000
<b>TOTAL INVESTMENTS</b>	<b>\$ 10,307,416</b>	<b>\$ 10,307,416</b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2022, 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, 2022**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022:

	January 1, 2022	Increases	Decreases	December 31, 2022
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 669,964	\$	\$	\$ 669,964
Construction in Progress	<u>1,479,151</u>	<u>2,124,800</u>	<u>736,752</u>	<u>2,867,199</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 2,149,115</u>	<u>\$ 2,124,800</u>	<u>\$ 736,752</u>	<u>\$ 3,537,163</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings and Improvements	\$ 19,350,215	\$ 390,811	\$	\$ 19,741,026
Machinery and Equipment	1,749,881	152,205		1,902,086
Vehicles	<u>6,585,809</u>	<u>193,736</u>		<u>6,779,545</u>
<b>Total Capital Assets at Subject to Depreciation</b>	<u>\$ 27,685,905</u>	<u>\$ 736,752</u>	<u>\$ - 0 -</u>	<u>\$ 28,422,657</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	\$ 2,924,406	\$ 649,846		\$ 3,574,252
Machinery and Equipment	819,404	221,088		1,040,492
Vehicles	<u>4,014,875</u>	<u>542,580</u>		<u>4,557,455</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 7,758,685</u>	<u>\$ 1,413,514</u>	<u>\$ - 0 -</u>	<u>\$ 9,172,199</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 19,927,220</u>	<u>\$ (676,762)</u>	<u>\$ - 0 -</u>	<u>\$ 19,250,458</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u><u>\$ 22,076,335</u></u>	<u><u>\$ 1,448,038</u></u>	<u><u>\$ 736,752</u></u>	<u><u>\$ 22,787,621</u></u>

**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, 2022**

**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 1<sup>st</sup> 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.

On June 16, 2021, the district entered into a \$1,000,000 loan agreement with Trustmark National Bank at an interest rate of 1.53%. The proceeds will be used to finance the remodeling of Station No. 83. Principal and interest payments of \$54,113.14 are payable semi-annually beginning six months from the loan execution date. 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, 2022:

	January 1, 2022	Additions	Retirements	December 31, 2022
Notes Payable	\$ 8,558,102	\$	\$ 797,347	\$ 7,760,755
Unamortized Premiums	<u>66,031</u>	<u></u>	<u>4,462</u>	<u>61,569</u>
Notes Payable, Net	<u>\$ 8,624,133</u>	<u>\$ -0-</u>	<u>\$ 801,809</u>	<u>\$ 7,822,324</u>
		Amounts Due Within One Year		\$ 809,665
		Amounts Due After One Year		<u>7,012,659</u>
		Notes Payable, Net		<u>\$ 7,822,324</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 7. NOTES PAYABLE (Continued)**

The debt service requirements on these notes as of December 31, 2022 were as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 809,665	\$ 249,586	\$ 1,059,251
2024	738,679	225,945	964,624
2025	761,286	203,339	964,625
2026	579,978	180,623	760,601
2027-2031	2,477,216	667,480	3,144,696
2032-2036	2,393,931	263,194	2,657,125
	<u>\$ 7,760,755</u>	<u>\$ 1,790,167</u>	<u>\$ 9,550,922</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 \$21,583 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.

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



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 9. SALES AND USE TAX (Continued)**

tax became effective on October 1, 2012. During the year ended December 31, 2022, the District recorded \$5,255,938 in sales tax receipts, of which \$1,045,322 was recorded as a receivable.

**NOTE 10. RETIREMENT PLANS**

Deferred Compensation Plan 457(b)

The District offers its employees a deferred compensation plan, a Section 457 (B) plan, created in accordance with the Internal Revenue Service Codes, Section 457. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, death, or unforeseeable emergencies. Federal law requires all assets and income of the plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries. The District's deferred compensation plans are administered by a private corporation under contract with the District. During the current year, the employees contributed \$94,445 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](http://www.TCDRS.org).

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 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, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled but not yet receiving benefits	26
Active employees	71

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 9.26% for the months of the 2022 accounting year. The deposit rate payable by the employee members for calendar year 2022 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, 2022, the annual pension cost for the TCDRS plan for its employees was \$431,849; the actual contributions were \$431,849. The employees contributed \$302,294 to the plan for the 2022 fiscal year.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 11. DEFINED BENEFIT PENSION PLAN (Continued)**

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumption:

Actuarial valuation date	12/31/21
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	8.5 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return <sup>1</sup>	7.50%
Projected salary increases <sup>1</sup>	4.70%
Inflation	2.50%
Cost-of-living adjustments	0.00%

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

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2021. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Mortality rates were based on the following:

Depositing members – 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service retirees, beneficiaries and non-depositing members – 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Disabled retirees – 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 11. DEFINED BENEFIT PENSION PLAN (Continued)**

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. 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 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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 January 2022 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a long-time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	11.50%	3.80%
Private Equity	25.00%	6.80%
Global Equities	2.50%	4.10%
International Equities-Developed Markets	5.00%	3.80%
International Equities-Emerging Markets	6.00%	4.30%
Investment-Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	1.77%
Direct Lending	16.00%	6.25%
Distressed Debt	4.00%	4.50%
REIT Equities	2.00%	3.10%
Master Limited Partnerships (MLPs)	2.00%	3.85%
Private Real Estate Partnerships	6.00%	5.10%
Hedge Funds	6.00%	1.55%
Cash Equivalents	2.00%	-1.05%

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 11. DEFINED BENEFIT PENSION PLAN (Continued)**

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2021 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2020	\$ 2,042,088	\$ 1,853,928	\$ 188,160
Changes for the year:			
Service costs	567,183		567,183
Interest on the total pension liability	197,145		197,145
Effect of Plan Changes			
Effect of economic/demographic gains or losses	2,217		2,217
Effect of assumptions changes or inputs	2,971		2,971
Refund of Contributions	(21,729)	(21,729)	
Benefit Payments	(9,361)	(9,361)	
Administrative expenses		(1,559)	1,559
Member contributions		263,688	(263,688)
Net investment income		469,672	(469,672)
Employer contributions		310,775	(310,775)
Other		15,905	(15,905)
Balances of December 31, 2021	<u>\$ 2,780,514</u>	<u>\$ 2,881,319</u>	<u>\$ (100,805)</u>

Sensitivity Analysis - The following presents the net pension liability/(asset) of the District, calculated using the discount rate of 7.60%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 3,467,206	\$ 2,780,514	\$ 2,251,019
Fiduciary net position	<u>2,881,319</u>	<u>2,881,319</u>	<u>2,881,319</u>
Net pension liability/(asset)	<u>\$ 585,887</u>	<u>\$ (100,805)</u>	<u>\$ (630,300)</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 11. DEFINED BENEFIT PENSION PLAN (Continued)**

As of December 31, 2022, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$	\$ 246,209
Changes in assumptions	1,460	163,044
Net difference between projected and actual earnings	259,185	
Contributions paid subsequent to the measurement date		431,849
Total	<u>\$ 260,645</u>	<u>\$ 841,102</u>

\$431,849 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2022 (i.e. recognized in the District's financial statements for the year ending December 31, 2023). Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2022	\$ (11,843)
2023	(18,076)
2024	(11,455)
2025	(9,519)
2026	52,073
Thereafter	147,428

**NOTE 12. LENGTH OF SERVICE AWARD PLAN (LOSAP)**

Effective January 1, 2021, the District signed agreements to provide retirement for their participating members through a non-traditional defined contribution length of service award plan (LOSAP) managed by VFIS of Texas. The District budgets a specific amount each year as a contributing entity to the Providers' LOSAP plan but does not meet the requirements as a non-employer contributing entity under current Governmental Accounting Standards Board standards. The District recorded \$4,390 Support Expense-LOSAP for the District's contribution toward the Providers plan.

Upon reaching age 18 and completing at least 5 years of participation in the plan, each vested member may retire and receive a lump-sum benefit equal to his account balance in the plan. Members are 100% vested after the 5th year of service, with active emergency service prior to participation in the plan included. At December 31, 2022, 11 active employees were covered by the benefit terms.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 12. LENGTH OF SERVICE AWARD PLAN (LOSAP) (Continued)**

The plan provisions are adopted by the governing body of the participating departments. No contributions are required from the individuals who are members of the system, nor are they allowed. The governing bodies of each participating department set the contribution rate annually per member. The District has agreed to make annual contributions of \$500 for per participating active member per year.

**NOTE 13. 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.

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



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 13. RADIO CHANNEL COMMUNICATIONS DISPATCH SYSTEM**  
(Continued)

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 \$34,572 for its share of the tower lease. During the current year, the District paid \$20,710 for its share of the tower lease.

**NOTE 14. INTERLOCAL AGREEMENT**

On August 24, 2020, the District entered into an Interlocal Agreement with Harris County Emergency Services District No. 11 (“ESD No. 11”) to provide housing at certain stations located within the District’s service area, as may be necessary for the ESD 11’s EMS service provider to perform such services within their boundaries. The initial term of this agreement is one year, and automatically renewable for successive one-year periods for a total of five one-year terms, unless otherwise terminated prior to renewal. The agreement may be terminated by providing 30 days prior written notice. ESD 11 shall pay to the District a monthly amount of \$1,000 for each station housing ESD 11 facilities.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2022**



**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, 2022**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 4,180,000	\$ 4,180,000	\$ 5,643,403	\$ 1,463,403
Sales Tax Receipts	3,600,000	3,600,000	5,255,938	1,655,938
Penalty and Interest	65,000	65,000	87,405	22,405
Investment Revenues	76,000	76,000	136,531	60,531
Sale of Assets			9,574	9,574
Miscellaneous Revenues	<u>23,268</u>	<u>23,268</u>	<u>107,686</u>	<u>84,418</u>
<b>TOTAL REVENUES</b>	<u>\$ 7,944,268</u>	<u>\$ 7,944,268</u>	<u>\$ 11,240,537</u>	<u>\$ 3,296,269</u>
<b>EXPENDITURES</b>				
Service Operations:				
Accounting and Auditing	\$ 67,000	\$ 73,000	\$ 71,500	\$ 1,500
Appraisal District Fees	37,900	37,900	55,404	(17,504)
Building Maintenance and Supplies	193,300	183,300	273,902	(90,602)
Contracted Services	55,000	55,000	46,251	8,749
Dispatch	77,000	77,000	54,436	22,564
Election Expenses			17,542	(17,542)
EMS Supplies	17,000	17,000	9,622	7,378
Fire Vehicle Maintenance	450,000	450,000	357,816	92,184
Fuel	3,000	3,000	119,570	(116,570)
Information Technology	124,000	99,000	119,791	(20,791)
Insurance	290,000	290,000	261,955	28,045
Legal Fees - General	85,000	85,000	48,161	36,839
Legal Fees - Delinquent Tax Collections			31,973	(31,973)
Office Equipment and Supplies	26,000	26,000	27,962	(1,962)
Personnel	57,000	57,000	62,229	(5,229)
Protective Gear	141,000	141,000	158,860	(17,860)
Public Relations	25,000	25,000	26,907	(1,907)
Salaries and Benefits	5,681,925	5,681,925	5,947,129	(265,204)
Sales Tax Consultant	35,000	35,000	6,000	29,000
Tax Assessor/Collector Fees	32,500	32,500	30,777	1,723
Training	151,500	151,500	181,773	(30,273)
Uniforms	45,000	45,000	70,674	(25,674)
Utilities	120,000	120,000	157,160	(37,160)
Other-Fire Operations	38,000	38,000	83,707	(45,707)
Other-Administration	18,750	18,750	32,056	(13,306)
Capital Outlay	2,081,000	2,081,000	2,399,896	(318,896)
Debt Service:				
Note Principal	659,241	659,242	797,347	(138,105)
Note Interest	<u>303,318</u>	<u>303,319</u>	<u>273,451</u>	<u>29,868</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 10,814,434</u>	<u>\$ 10,785,436</u>	<u>\$ 11,723,851</u>	<u>\$ (938,415)</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (2,870,166)	\$ (2,841,168)	\$ (483,314)	\$ 2,357,854
<b>FUND BALANCE - JANUARY 1, 2022</b>	<u>10,177,346</u>	<u>10,177,346</u>	<u>10,177,346</u>	
<b>FUND BALANCE - DECEMBER 31, 2022</b>	<u>\$ 7,307,180</u>	<u>\$ 7,336,178</u>	<u>\$ 9,694,032</u>	<u>\$ 2,357,854</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, 2022**

	Year Ended December 31, 2021	Year Ended December 31, 2020
<b>Total Pension Liability</b>		
Service cost	\$ 567,183	\$ 468,167
Interest on total pension liability	197,145	135,482
Effect of plan changes		
Effect of economic/demographic (gains) or losses	2,217	56,244
Effect of assumptions changes or inputs	2,971	200,505
Benefit payments/refunds of contributions	<u>(31,090)</u>	<u>(44,663)</u>
Net change in total pension liability	\$ 738,426	\$ 815,735
Total pension liability, beginning	<u>2,042,088</u>	<u>1,226,353</u>
Total pension liability, ending (a)	<u>\$ 2,780,514</u>	<u>\$ 2,042,088</u>
<b>Fiduciary Net Position</b>		
Employer contributions	\$ 310,775	\$ 252,804
Member contributions	263,688	259,096
Investment income net of investment expenses	469,672	129,527
Benefit payments/refunds of contributions	(31,090)	(44,663)
Administrative expenses	(1,559)	(1,357)
Other	<u>15,905</u>	<u>13,949</u>
Net change in plan fiduciary net position	\$ 1,027,391	\$ 609,356
Fiduciary net position, beginning	<u>1,853,928</u>	<u>1,244,572</u>
Fiduciary net position, ending (b)	<u>\$ 2,881,319</u>	<u>\$ 1,853,928</u>
<b>Net Pension Liability/(Asset), Ending = (a) - (b)</b>	<u>\$ (100,805)</u>	<u>\$ 188,160</u>
<b>Fiduciary net position as a percentage of the total pension liability</b>	103.63%	90.79%
<b>Pensionable covered payroll</b>	\$ 3,766,969	\$ 3,701,371
<b>Net pension liability as a percentage of covered employee payroll</b>	-2.68%	5.08%

See accompanying independent auditor's report.

Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
\$ 353,559	\$ 196,108	\$ 157,520
78,044	29,313	12,759
	119,013	(2,675)
184,796	101,783	135
	(4,002)	
\$ 616,399	\$ 442,215	\$ 167,739
609,954	167,739	
<u>\$ 1,226,353</u>	<u>\$ 609,954</u>	<u>\$ 167,739</u>
\$ 245,116	\$ 298,137	\$ 95,042
237,319	153,540	79,296
104,862	1,659	2,804
	(4,002)	
(948)	(515)	(119)
16,691	13,355	2,335
\$ 603,040	\$ 462,174	\$ 179,358
641,532	179,358	
<u>\$ 1,244,572</u>	<u>\$ 641,532</u>	<u>\$ 179,358</u>
<u>\$ (18,219)</u>	<u>\$ (31,578)</u>	<u>\$ (11,619)</u>
101.49%	105.18%	106.93%
\$ 3,390,270	\$ 2,193,429	\$ 1,132,801
-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, 2022**

Fiscal Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll <sup>(1)</sup>	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	\$ 252,804	\$ 252,804	\$ -0-	\$ 3,701,371	6.8%
2021	\$ 268,585	\$ 310,776	\$ (42,191)	\$ 3,766,969	8.3%
2022	\$ 431,849	\$ 431,849	\$ -0-	\$ 4,318,488	10.0%

<sup>(1)</sup> 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, 2022**

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	8.5 years (based on contribution rate calculated in 12/31/21 valuation)
Asset Valuation Method	5-year, smoothed market
Inflation	2.50%
Salary Increases	4.7%, average over career including inflation. Varies by age and service.
Investment Rate of Return	7.50%, 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females both projected with 100% of MP-2014 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected 2019: New inflation, mortality and other assumption 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%. 2020: No changes in plan provisions were reflected in the schedule. 2021: No changes in plan provisions were reflected in the schedule.

See accompanying independent auditor's report.

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

**SUPPLEMENTARY INFORMATION**

**REQUIRED BY HARRIS COUNTY**

**DECEMBER 31, 2022**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**COMPUTATION OF NET LONG-TERM DEBT PER CAPITA**  
**DECEMBER 31, 2022**  
**(UNAUDITED)**

Long-Term Debt at December 31, 2022	\$ 7,760,755
Less: Amount in Debt Service Fund	<u>                    </u>
Net Long-Term Debt at December 31, 2022	\$ 7,760,755
Estimated District Population	<u>90,000</u>
Net Long-Term Debt Per Capita at December 31, 2022	<u>\$ 86.23</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, 2022**  
**(UNAUDITED)**

Number of Emergency Responses made Within the District	3,750
Number of Emergency Responses made Outside of the District	<u>336</u>
Total Emergency Responses	<u><u>4,086</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**SCHEDULE OF INSURANCE AND BONDING COVERAGE**  
**DECEMBER 31, 2022**

Type of Coverage	From To	Amount of Coverage	Insurer/Name
POSITION SCHEDULE BOND Treasurer	06/17/22 06/17/23	\$ 100,000	National Union Fire Insurance Company
PUBLIC EMPLOYEE BLANKET BOND	06/17/22 06/17/23	\$ 100,000	National Union Fire Insurance Company
GENERAL LIABILITY General Aggregate Per Occurrence	06/17/22 06/17/23	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
MANAGEMENT LIABILITY General Aggregate Per Wrongful Act	06/17/22 06/17/23	\$ 3,000,000 1,000,000	National Union Fire Insurance Company
EXCESS LIABILITY General Aggregate Per Occurrence	06/17/22 06/17/23	\$ 2,000,000 1,000,000	National Union Fire Insurance Company
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit	06/17/22 06/17/23	\$ 1,000,000	National Union Fire Insurance Company
WORKER'S COMPENSATION Bodily Injury by Accident Bodily Injury by Disease Disease Policy Limit	06/17/22 06/17/23	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company
PROPERTY Buildings Contents Portable Equipment Deductible	06/17/22 06/17/23	\$ 22,825,022 1,022,463 Replacement Cost 5,000	National Union Fire Insurance Company
ACCIDENT AND SICKNESS Accidental Death and Dismemberment Medical	06/17/22 06/17/23	\$ 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, 2022**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Maintenance Taxes	
TAXES RECEIVABLE - JANUARY 1, 2022	\$ 4,345,011	
Adjustments to Beginning Balance	(226,507)	\$ 4,118,504
Original 2022 Tax Levy	\$ 5,716,717	
Adjustment to 2022 Tax Levy	509,393	6,226,110
 TOTAL TO BE ACCOUNTED FOR		 \$ 10,344,614
 TAX COLLECTIONS:		
Prior Years	\$ 3,888,016	
Current Year	2,062,068	5,950,084
 TAXES RECEIVABLE - DECEMBER 31, 2022		 \$ <u>4,394,530</u>
 TAXES RECEIVABLE BY YEAR:		
2022		\$ 4,164,042
2021		74,503
2020		35,235
2019		22,620
2018		15,377
2017		15,308
2016		11,844
2015		11,225
2014		9,377
2013		7,472
2012		7,352
2011		4,215
2010		3,304
2009		4,653
2008		1,395
2007		1,089
2006		986
2005		513
2004		473
2003		408
2002		744
2001		2,395
TOTAL		\$ 4,394,530

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, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PROPERTY VALUATIONS	<u>\$ 6,889,899,786</u>	<u>\$ 5,989,162,339</u>	<u>\$ 5,480,607,126</u>	<u>\$ 4,978,879,328</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.091147</u>	<u>\$ 0.097454</u>	<u>\$ 0.099044</u>	<u>\$ 0.10</u>
ADJUSTED TAX LEVY*	<u>\$ 6,226,110</u>	<u>\$ 5,836,658</u>	<u>\$ 5,428,565</u>	<u>\$ 4,978,859</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>33.12 %</u>	<u>98.72 %</u>	<u>99.35 %</u>	<u>99.55 %</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		
	2022	2021	2020
<b>REVENUES</b>			
Property Taxes	\$ 5,643,403	\$ 5,333,913	\$ 4,766,428
Sales Tax Receipts	5,255,938	4,320,753	4,121,267
Penalty and Interest	87,405	76,478	69,002
Investment Revenues	136,531	30,488	97,927
Sale of Assets	9,574		
Miscellaneous Revenues	107,686	143,134	103,918
<b>TOTAL REVENUES</b>	<b>\$ 11,240,537</b>	<b>\$ 9,904,766</b>	<b>\$ 9,158,542</b>
<b>EXPENDITURES</b>			
Accounting and Auditing	\$ 71,500	\$ 61,100	\$ 55,425
Appraisal District Fees	55,404	30,191	37,488
Building Maintenance and Supplies	273,902	282,297	343,235
Communications			
Contracted Services	46,251	54,690	135,199
Dispatch	54,436	222,687	53,424
Dues and Fees		1,100	1,850
Election Expenses	17,542	130	900
EMS Supplies	9,622	16,452	13,220
Equipment and Supplies			
Fire Vehicle Maintenance	357,816	442,553	518,270
Fuel	119,570		
Information Technology	119,791	88,716	
Insurance	261,955	266,439	237,561
Legal Fees - General	48,161	68,986	75,284
Legal Fees - Delinquent Tax Collections	31,973	25,444	21,495
Office Equipment and Supplies	27,962	13,626	40,085
Personnel	62,229	54,055	31,891
Protective Gear	158,860	150,526	63,882
Public Relations	26,907	11,430	10,520
Salaries and Benefits	5,947,129	5,414,583	4,982,510
Sales Tax Collection Fee		36,527	
Sales Tax Consultant	6,000	6,278	13,115
Tax Assessor/Collector Fees	30,777	32,722	21,497
Training	181,773	156,593	109,354
Uniforms	70,674	39,443	142,674
Utilities	157,160	202,941	223,504
Other-Fire Operations	83,707	52,336	43,965
Other-Administration	32,056	3,571	21,970
Capital Outlay	2,399,896	1,581,924	1,144,254
Debt Service:			
Note Principal	797,347	728,052	661,055
Note Interest	273,451	288,621	301,504
<b>TOTAL EXPENDITURES</b>	<b>\$ 11,723,851</b>	<b>\$ 10,334,013</b>	<b>\$ 9,305,131</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
\$ 4,475,316	\$ 4,102,373	50.1 %	53.9 %	52.0 %	51.4 %	51.9 %
3,838,222	3,452,480	46.8	43.6	45.0	44.0	43.7
85,457	67,195	0.8	0.8	0.8	1.0	0.9
254,222	229,417	1.2	0.3	1.1	2.9	2.9
		0.1				
60,906	49,488	1.0	1.4	1.1	0.7	0.6
\$ 8,714,123	\$ 7,900,953	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$ 59,714	\$ 62,175	0.6 %	0.6 %	0.6 %	0.7 %	0.8 %
34,029	31,527	0.5	0.3	0.4	0.4	0.4
510,940	292,708	2.4	2.9	3.7	5.9	3.7
67,089	90,301				0.8	1.1
65,061	15,625	0.4	0.6	1.5	0.7	0.2
48,002	54,275	0.5	2.2	0.6	0.6	0.7
	3,025					
		0.2				
24,519	6,824	0.1	0.2	0.1	0.3	0.1
8,365	8,763				0.1	0.1
293,353	248,625	3.2	4.5	5.7	3.4	3.1
		1.1				
		1.1	0.9			
225,691	182,557	2.3	2.7	2.6	2.6	2.3
28,279	66,958	0.4	0.7	0.8	0.3	0.8
23,001	20,859	0.3	0.3	0.2	0.3	0.3
31,914	62,348	0.2	0.1	0.4	0.4	0.8
35,926	32,359	0.6	0.5	0.3	0.4	0.4
78,253	143,867	1.4	1.5	0.7	0.9	1.8
12,880	12,097	0.2	0.1	0.1	0.1	0.2
4,501,274	3,191,454	52.9	54.7	54.4	51.7	40.4
			0.4			
50,549	67,329	0.1	0.1	0.1	0.6	0.9
35,683	31,686	0.3	0.3	0.2	0.4	0.4
98,856	85,171	1.6	1.6	1.2	1.1	1.1
54,140	35,146	0.6	0.4	1.6	0.6	0.4
141,080	119,713	1.4	2.0	2.4	1.6	1.5
52,382	42,557	0.7	0.5	0.5	0.6	0.5
26,058	22,329	0.3		0.2	0.3	0.3
1,845,602	7,157,178	21.4	16.0	12.5	21.2	90.6
639,146	492,777	7.1	7.4	7.2	7.3	6.2
323,414	307,350	2.4	2.9	3.3	3.7	3.9
\$ 9,315,200	\$ 12,887,583	104.3 %	104.4 %	101.3 %	107.0 %	163.0 %

See accompanying independent auditor's report.

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

	Amounts		
	2022	2021	2020
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ (483,314)	\$ (429,247)	\$ (146,589)
<b>OTHER FINANCING SOURCES (USES)</b>			
Note Proceeds	\$	\$ 1,000,000	\$
Contribution from Little York Volunteer Fire Department			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	\$ - 0 -	\$ 1,000,000	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	\$ (483,314)	\$ 570,753	\$ (146,589)
<b>BEGINNING FUND BALANCE</b>	10,177,346	9,606,593	9,753,182
<b>ENDING FUND BALANCE</b>	\$ 9,694,032	\$ 10,177,346	\$ 9,606,593

See accompanying independent auditor's report.



		Percentage of Total Revenues				
<u>2019</u>	<u>2018</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ (601,077)	\$ (4,986,630)	<u>(4.3) %</u>	<u>(4.4) %</u>	<u>(1.3) %</u>	<u>(7.0) %</u>	<u>(63.0) %</u>
\$ (34,384)	\$ 2,300,000					
	<u>90,298</u>					
\$ (34,384)	\$ <u>2,390,298</u>					
\$ (635,461)	\$ (2,596,332)					
<u>10,388,643</u>	<u>12,984,975</u>					
<u>\$ 9,753,182</u>	<u>\$ 10,388,643</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 17**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2022**

District Mailing Address - Harris County Emergency Services District No. 17  
10410 Airline Drive  
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, 2022</u>	<u>Expense Reimbursement for the year ended December 31, 2022</u>	<u>Title</u>
William C. Blasdel, Jr.	06/01/20 05/31/24 (Elected)	\$ -0-	\$ -0-	President
Robin L. Hayslip	06/01/22 05/31/26 (Elected)	\$ -0-	\$ -0-	Secretary/ Treasurer/ Investment Officer
Kenneth Adcock	06/01/22 05/31/26 (Elected)	\$ -0-	\$ -0-	Commissioner
Everett Griffin	06/01/20 05/31/24 (Elected)	\$ -0-	\$ -0-	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, 2022**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the Year ended December 31, 2022 *</u>	<u>Title</u>
Coveler & Peeler, P.C.		\$ 65,573	General Counsel
McCall Gibson Swedlund Barfoot PLLC	08/23/11	\$ 26,000	Auditor
RIT Financial, Inc.		\$ 45,500	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP		\$ 31,973	Delinquent Tax Attorney
Hdl Companies	02/28/2013	\$ 6,000	Sales Tax Consultant
Harris County Tax Assessor/Collector	Legislative Action	\$ 34,912	Tax Assessor/ Collector

\* Accrual basis

See accompanying independent auditor's report.

