
HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

Report on Financial Statements
(With Supplemental Material)

For the Year Ended December 31, 2020

BREEDLOVE & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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JILL A. HENZE, CPA
President

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CEO

INDEPENDENT AUDITORS' REPORT

June 24, 2021

Board of Commissioners
Harris County Emergency Services District No. 8
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harris County Emergency Services District No. 8, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Harris County Emergency Services District No. 8, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Harris County Emergency Service District No. 8's basic financial statements. The Supplementary Information on page 17 to 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information was the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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.

Bredlow & Co., P.C.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

MANAGEMENT'S DISCUSSION & ANALYSIS DECEMBER 31, 2020

Our discussion and analysis of the financial performance of Harris County Emergency Services District No. 8 (the "District") provides an overview of the District's financial activities for the year ended December 31, 2020. Please read it in conjunction with the District's financial statements, included in this annual report.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The first of the government-wide financial statements is the Statement of Net Position. This statement is the District-wide statement of its financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The government-wide portion of the Statement of Activities reports how the District's net position changed during the current fiscal year. All current revenues and expenses are included regardless of when cash is received or paid.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the basic financial statements provide information essential to a full understanding of government-wide and fund financial statements. The notes to the financial statements follow the financial statements in this annual report.

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$8,165,221 as of December 31, 2020.

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Net Position

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 6 267 184	\$ 5 338 272
Capital assets	<u>1 941 535</u>	<u>1 456 418</u>
Total assets	<u>\$ 8 208 719</u>	<u>\$ 6 794 690</u>
Current liabilities	<u>\$ 43 498</u>	<u>\$ 171 795</u>
Total liabilities	<u>\$ 43 498</u>	<u>\$ 171 795</u>
Net position:		
Net investment in capital assets	\$ 1 941 535	\$ 1 353 556
Unrestricted	<u>6 223 686</u>	<u>5 269 339</u>
Total net position	<u>\$ 8 165 221</u>	<u>\$ 6 622 895</u>

The following table provides a summary of the District's operations for the year ended December 31, 2020. The District increased its net position by \$1,542,326.

Summary of Changes in Net Position

	<u>2020</u>	<u>2019</u>
Revenues:		
Property taxes	\$ 3 944 478	\$ 3 609 899
Other revenues	<u>76 372</u>	<u>99 562</u>
Total revenues	<u>4 020 850</u>	<u>3 709 461</u>
Expenses for services	2 160 775	2 511 528
Operating expenses	<u>317 749</u>	<u>310 684</u>
Total expenses	<u>2 478 524</u>	<u>2 822 212</u>
Change in net position	1 542 326	887 249
Net position, beginning of year	<u>6 622 895</u>	<u>5 735 646</u>
Net position, end of year	<u>\$ 8 165 221</u>	<u>\$ 6 622 895</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's fund balance as of December 31, 2020 was \$3,152,561.

The General Fund balance increased by \$43,207.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

(Continued)

FUND FINANCIAL STATEMENTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the basic financial statements provide information essential to a full understanding of government-wide and fund financial statements. The notes to the financial statements follow the financial statements in this annual report.

OTHER INFORMATION

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners did not amend the budget during the fiscal year. Actual excess revenues were \$471,691 less than the budgeted excess revenues.

CAPITAL ASSETS AND RELATED DEBT

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	<u>2020</u>	<u>2019</u>
Land	\$ 947 310	\$ 555 765
Capital Assets, Net of Depreciation	950 800	900 653
Construction in Progress	43 425	-
Total capital assets	<u>\$ 1 941 535</u>	<u>\$ 1 456 418</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

(Continued)

Debt

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

Long term debt, beginning of year	\$ 102 862
Retirements of principal	<u>(102 862)</u>
Long term debt, end of year	<u>\$ -</u>

The debt was incurred to purchase land and construct a new emergency services facility.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to John Peeler, Coveler & Peeler, P.C., *Attorneys at Law*, Two Memorial City Plaza, 820 Gessner, Suite 1710, Houston, Texas 77024-8261.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

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

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash	\$ 2 686 150	\$ -	\$ 2 686 150
Property Taxes Receivable	3 071 125	-	3 071 125
Due from Tax Assessor	509 909	-	509 909
Capital Assets			
Land	-	947 310	947 310
Capital Assets (Net of Accumulated Depreciation of \$756,905)	-	950 800	950 800
Construction in Progress	-	43 425	43 425
Total Assets	<u>\$ 6 267 184</u>	<u>\$ 1 941 535</u>	<u>\$ 8 208 719</u>
<u>LIABILITIES</u>			
Accounts Payable	<u>\$ 43 498</u>	<u>\$ -</u>	<u>\$ 43 498</u>
Total Liabilities	<u>43 498</u>	<u>-</u>	<u>43 498</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Tax Revenues	<u>3 071 125</u>	<u>(3 071 125)</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>3 071 125</u>	<u>(3 071 125)</u>	<u>-</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund Balances			
Unassigned	<u>3 152 561</u>	<u>(3 152 561)</u>	<u>-</u>
Total Fund Balance	<u>3 152 561</u>	<u>(3 152 561)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 6 267 184</u>		
Net Position			
Net Investment in Capital Assets		1 941 535	1 941 535
Unrestricted		6 223 686	6 223 686
Total Net Position		<u>8 165 221</u>	<u>8 165 221</u>
Total Liabilities, Deferred Inflows of Resources and Net Position		<u>\$ 1 941 535</u>	<u>\$ 8 208 719</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

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

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Property Taxes	\$ 3 036 001	\$ 908 477	\$ 3 944 478
Penalty and Interest on Property Taxes	44 377	-	44 377
Interest Earned on Temporary Investments	16 888	-	16 888
Other Income	15 107	-	15 107
Total Revenues	<u>3 112 373</u>	<u>908 477</u>	<u>4 020 850</u>
Expenditures/Expenses			
Service Operations:			
EMS Operating Funds	2 160 775	-	2 160 775
Accounting	9 195	-	9 195
Appraisal District Fees	27 059	-	27 059
Collection Fees	11 892	-	11 892
District Administration	1 929	-	1 929
Election	775	-	775
Insurance	10 817	-	10 817
Miscellaneous	202	-	202
Notice, Publication, and Filing Fees	2 593	-	2 593
Professional Services	60 058	-	60 058
Repairs and Maintenance	1 732	-	1 732
Rent	18 000	-	18 000
Utilities	12 112	-	12 112
Capital Outlay	646 192	(646 192)	-
Depreciation	-	161 075	161 075
Debt Service:			
Principal	102 862	(102 862)	-
Interest	2 973	(2 663)	310
Total Expenditures/Expenses	<u>3 069 166</u>	<u>(590 642)</u>	<u>2 478 524</u>
Excess (Deficiency) of Revenues Over Expenditures	43 207	1 499 119	
Change in Net Position			1 542 326
Fund Balance/Net Position			
Beginning of Year	<u>3 109 354</u>	<u>3 513 541</u>	<u>6 622 895</u>
End of Year	<u>\$ 3 152 561</u>	<u>\$ 5 012 660</u>	<u>\$ 8 165 221</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

NOTE (1) CREATION OF DISTRICT

Harris County Emergency Services District No. 8 was created after a public election held May 3, 2003, under the provision of Section 48-e of Article III of the Constitution of Texas. The Board of Commissioners held its first meeting on July 22, 2003. The District was established to provide operating funds for the contracting of emergency services to a portion of northwest Harris County.

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

B. BASIS OF PRESENTATION

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

The District uses the following fund types:

a. Governmental Funds

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

b. Fund Balances

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

b. Fund Balances (Continued)

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

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

The District uses the following classifications for net Position:

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

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

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

C. BASIS OF ACCOUNTING

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

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

D. BUDGET

The District annually adopts a budget for the General Fund in accordance with the accounting principles applicable to this fund. The Board of Commissioner's approval is required for revisions that alter the total expenditures. Reported budgeted amounts were not amended during the year. Budgeted amounts lapse annually.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH EQUIVALENTS

The District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The District did not have any cash equivalents at December 31, 2020.

F. CAPITAL ASSETS

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

Assets are capitalized if they have an original cost of \$10,000 or more, and a useful life of at least one year. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Buildings	40
Temporary Buildings	10
Vehicles	5
Equipment	2-15

G. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Total Fund Balance at December 31, 2020	<u>\$ 3 152 561</u>
Capital assets used in governmental activities are not financial and are not reported in the funds	1 941 535
Conversion of property tax assessments to full accrual basis	<u>3 071 125</u>
Adjustment to fund balance to arrive at net position	<u>5 012 660</u>
Total Net Position at December 31, 2020	<u><u>\$ 8 165 221</u></u>

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

Change in fund balance	\$ 43 207
Governmental fund report capital outlays as expenditures. However, for government-wide financial statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and conveyance of capital assets exceeded depreciation in the current period.	485 117
Interest paid on debt is adjusted to accrual basis	2 663
Principal payments on debt are reported as expenditures in the funds. However, they do not affect net assets.	102 862
Conversion of property tax assessments to full accrual basis	<u>908 477</u>
Change in net position of governmental activities	<u><u>\$ 1 542 326</u></u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (3) AD VALOREM TAX

During the year ended December 31, 2020, the District levied an ad valorem tax at the rate of \$.097 per \$100 of assessed valuation, which resulted in a tax levy of \$3,952,759 for 2020, on the taxable valuation of \$4,075,008,934 for the 2020 tax year. The ad valorem tax was due upon receipt and was considered delinquent if not paid by February 1, at which time penalties and interest were assessed. The levy date of the tax was September 1 of the prior year, or as soon after September 1 as it took to set the tax rate. The lien date was January 1 of the subsequent year.

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

NOTE (4) DEPOSITS AND INVESTMENTS

The contracted depository bank used by the District was BBVA Compass Bank. The largest cash, savings, and time deposit combined balance during the year ended December 31, 2020 was \$2,903,923 and occurred on March 6, 2020. The bank internally pledged funds to secure deposits in excess of the FDIC coverage of \$250,000. During the year, amounts were adequately collateralized with securities maintained by the bank and FDIC coverage.

Statutes authorize the District to invest in direct or indirect obligations of the United States, the state, or any county, school district, or other political subdivision of the state. Funds of the District may also be placed in certificates of deposit of state or national banks or savings associations within the state. The District holds investments at December 31, 2020, in accordance with the Board approved investment policy, in TexPool State Treasury ("TexPool"). In following the Public Funds Collateral Act, TexPool invests the District's funds in obligations of the United States, obligations issued by a public agency that is payable from taxes, revenues, or a combination thereof that has been rated by a nationally recognized rating agency with a rating of not less than A, or any security in which a public entity may invest under the Public Funds Investment Act of 1987. Surety bonds and investment securities are used as collateral to secure both the amount of the deposits with TexPool plus any accrued interest. A separate financial report for TexPool is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from TexPool Participant Services, c/o Federated Investors, 1001 Texas Ave., 14th Floor, Houston, Texas 77002. The District held investments in TexPool with a total carrying value and market value of \$1,608,412 at December 31, 2020.

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

NOTE (5) EMERGENCY MEDICAL SERVICES

The District has a three year service agreement with Northwest Community Health (NCH) to provide 24 hour emergency medical services to the residents of the District effective January 1, 2015. The contract renews yearly after the initial three year agreement unless it is terminated by either party upon 180 days notice to the other party due to a material breach of contract. The District agrees to pay to NCH amounts as requested in agreement with NCH's yearly approved budget. The District has the right to approve the monthly monetary amount requested by NCH. For the year ended December 31, 2020, \$2,160,775 was paid to NCH. Separate financial statements of NCH are available as of December 31, 2020.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE (5) EMERGENCY MEDICAL SERVICES (Continued)

In addition to the service agreement, effective February 25, 2016 the District entered into a lease agreement with NCH to lease two ambulances and two wheelchair vans to NCH for \$10 per year for the term of the service agreement. NCH is responsible for maintenance and repairs of the vehicles.

NOTE (6) CHANGES IN CAPITAL ASSETS

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

	Beginning of Year	Acquisitions (Disposals)	Depreciation Expense	End of Year
Land	\$ 555 765	\$ 391 545	\$ -	\$ 947 310
Buildings	695 967	-	-	695 967
Furniture, Fixture and Equipment	116 214	-	-	116 214
Vehicles	684 302	211 222	-	895 524
Less: Accumulated Depreciation	<u>(595 830)</u>	<u>-</u>	<u>(161 075)</u>	<u>(756 905)</u>
Net Book Value	<u>900 653</u>	<u>211 222</u>	<u>(161 075)</u>	<u>950 800</u>
Construction in Progress	<u>-</u>	<u>43 425</u>	<u>-</u>	<u>43 425</u>
Totals, net	<u>\$ 1 456 418</u>	<u>\$ 646 192</u>	<u>\$ (161 075)</u>	<u>\$ 1 941 535</u>

NOTE (7) LONG-TERM DEBT

On December 20, 2006, the District entered into a note payable with Cadence Bank (formerly Encore Bank), interest at 5.75%, with a maximum balance of \$900,000 for land acquisition and costs of construction/renovation of a new emergency services facility. The note is secured by a deed of trust for Reserve H of Tomball Village Square, and the District is bound by covenants relating to the planning and construction of the new facility. An interest only payment was due and paid on the first anniversary of the note in the amount of \$32,119. Beginning on the second anniversary of the note and continuing until the maturity of the note on December 20, 2016, principal and interest was due in annual installments of \$96,826. The entire balance of principal and interest is due and payable on the tenth anniversary of the note. On January 10, 2017, effective December 20, 2016, the District entered into a loan extension agreement with the Community First National Bank (lender) to extend the maturity date from December 20, 2016 to February 20, 2017. On February 7, 2017, the District entered into another loan extension agreement with the lender to extend the maturity date to February 7, 2020 at a new interest rate of 2.89%. At January 1, 2020 the note had a balance of \$102,862. A \$105,835 payment consisting of \$102,862 of principal and \$2,973 of interest was made in February 2020. The note was fully repaid during the year.

NOTE (8) LEASE AGREEMENTS

On December 27, 2018 the District entered into a lease agreement with Harris County Emergency Services District No. 15 for use of emergency services station. The term of the lease is for a one year and renews annually at a rate of \$18,000 payable annually.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Continued)

NOTE (9) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 24, 2021 (the date the financial statements were available to be issued) and noted that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

REQUIRED SUPPLEMENTARY INFORMATION

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

	Actual	Original and Final Budget *	Variance Positive (Negative)
Revenues:			
Property Taxes	\$ 3 036 001	\$ 3 670 323	\$ (634 322)
Penalty and Interest on Property Taxes	44 377	-	44 377
Interest Earned on Temporary Investments	16 888	40 000	(23 112)
Miscellaneous Income	<u>15 107</u>	<u>-</u>	<u>15 107</u>
Total Revenues	<u>3 112 373</u>	<u>3 710 323</u>	<u>(597 950)</u>
Expenditures/expenses:			
Service Operations:			
EMS Operating Funds	2 160 775	2 608 340	447 565
Accounting	9 195	9 000	(195)
Appraisal District Fees	27 059	18 500	(8 559)
Collection Fees	11 892	-	(11 892)
District Administration	1 929	2 250	321
Election	775	15 000	14 225
Insurance	10 817	12 500	1 683
Membership Fees	-	5 000	5 000
Miscellaneous	202	5 000	4 798
Notice, Publication, and Filing Fees	2 593	1 000	(1 593)
Professional Services	60 058	32 000	(28 058)
Rent	18 000	18 000	-
Repairs and Maintenance	1 732	-	(1 732)
Utilities	12 112	13 000	888
Capital Outlay	646 192	350 000	(296 192)
Debt Service:			
Principal	102 862	102 862	-
Interest Expense	<u>2 973</u>	<u>2 973</u>	<u>-</u>
Total Expenditures/Expenses	<u>3 069 166</u>	<u>3 195 425</u>	<u>126 259</u>
Excess (Deficiency) of Revenues over Expenditures	43 207	514 898	(471 691)
Fund Balance:			
Beginning of the Year	<u>3 109 354</u>	<u>3 109 354</u>	<u>-</u>
End of the Year	<u>\$ 3 152 561</u>	<u>\$ 3 624 252</u>	<u>\$ (471 691)</u>

* Budget was not amended during the year. Therefore, the original budget is the same as the final budget.

See the Accompanying Independent Auditors' Report

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

SUPPLEMENTARY INFORMATION

ANALYSIS OF TAXES RECEIVABLE
DECEMBER 31, 2020

Taxes Receivable - Beginning of Year	\$ 2 162 648
2020 Tax Roll	3 952 759
Adjustments	<u>(8 281)</u>
Total to be Accounted for	6 107 126
Tax Collections Received from Tax Collector	<u>(3 036 001)</u>
Taxes Receivable - End of Year	<u>\$ 3 071 125</u>
Taxes Receivable - By Years	
2020	\$ 2 976 799
2019	33 916
2018	18 120
2017	16 809
2016	10 896
Prior	<u>14 585</u>
Taxes Receivable - End of Year	<u>\$ 3 071 125</u>

Assessed Valuation Summary

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Property Valuations					
Real Property	\$ 3 652 175 533	\$ 3 341 926 502	\$ 2 935 753 828	\$ 2 671 884 145	\$ 1 721 992 807
Personal Property	<u>422 833 401</u>	<u>436 547 265</u>	<u>421 362 518</u>	<u>376 143 024</u>	<u>355 997 858</u>
Total Property Valuations	<u>\$4 075 008 934</u>	<u>\$3 778 473 767</u>	<u>\$3 357 116 346</u>	<u>\$3 048 027 169</u>	<u>\$ 2 077 990 665</u>
Tax Rate per \$100 Valuations	<u>\$ 0.09700</u>	<u>\$ 0.09670</u>	<u>\$ 0.09825</u>	<u>\$ 0.10000</u>	<u>\$ 0.09547</u>
Tax Rolls	<u>\$ 3 952 759</u>	<u>\$ 3 653 784</u>	<u>\$ 3 298 366</u>	<u>\$ 3 048 027</u>	<u>\$ 1 983 858</u>
Percent of Taxes Collected to Taxes Levied	<u>24.7%</u>	<u>99.1%</u>	<u>99.5%</u>	<u>99.4%</u>	<u>99.5%</u>

See the Accompanying Independent Auditors' Report

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 8

SUPPLEMENTARY INFORMATION

BOARD MEMBERS AND CONSULTANTS
DECEMBER 31, 2020

District Mailing Address: Harris County Emergency Services District No. 8
3401 Louisiana Street, Suite 400
Houston, Texas 77002

District Telephone Number: (713) 759-1368

<u>Names</u>	<u>Term of office (Elected or Appointed) or Date Hired</u>	<u>Fees of Office Paid* FYE 12/31/20</u>	<u>Expense Reimburse- ments FYE 12/31/20</u>	<u>Title at Year End</u>
Board Members:				
Marcia Moore-Swinehart	(Elected) 06/18 - 05/22	\$ -	\$ -	President
John P. Dillon	(Elected) 06/18 - 05/22	\$ -	\$ -	Vice President
David Pace	(Appointed) 06/18 - 05/22	\$ -	\$ -	Secretary
David Kibler	(Elected) 06/20 - 05/24	\$ -	\$ -	Treasurer
Scott Hallmark	(Appointed) 09/20 - 05/24	\$ -	\$ -	Commissioner
C.J. Livanec, Jr.	(Elected) 06/16 - 02/20	\$ -	\$ -	-
Consultants:				
Coveler & Peeler, P.C.	2003	\$ 37,372	\$ 1,525	Attorney
Ann Harris Bennett	2003	\$ 11,892	\$ -	Tax Collector
Myrtle Cruz, Inc.	2003	\$ 9,195	\$ 1,547	Bookkeeper
Breedlove & Co., P.C.	2004	\$ 6,450	\$ -	Auditor
Harris County Appraisal District	2003	\$ 27,059	\$ -	Appraisal District

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

See the Accompanying Independent Auditors' Report