

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2018

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Harris County Emergency
Services District No. 28
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 28 (the "District"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

May 20, 2019

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Management’s discussion and analysis of Harris County Emergency Services District No. 28’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes all the District’s assets, liabilities and 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. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$8,578,199 as of December 31, 2018.

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 house firefighting equipment and personnel and to provide administrative, training and meeting facilities.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	Summary of Changes in the Statement of Net Position		
	2018	2017	Change Positive (Negative)
Current and Other Assets	\$ 6,655,974	\$ 5,632,245	\$ 1,023,729
Capital Assets (Net of Accumulated Depreciation)	8,828,458	9,148,814	(320,356)
Total Assets	\$ 15,484,432	\$ 14,781,059	\$ 703,373
Long-Term Liabilities	\$ 3,344,847	\$ 3,616,999	\$ 272,152
Current and Other Liabilities	327,855	328,623	768
Total Liabilities	\$ 3,672,702	\$ 3,945,622	\$ 272,920
Deferred Inflows of Resources	\$ 3,233,531	\$ 3,195,446	\$ (38,085)
Net Position:			
Net Investment in Capital Assets	\$ 5,237,669	\$ 5,295,225	\$ (57,556)
Unrestricted	3,340,530	2,344,766	995,764
Total Net Position	\$ 8,578,199	\$ 7,639,991	\$ 938,208

The following table provides a summary of the District's operations for the years ended December 31, 2018, and December 31, 2017.

	Summary of Changes in the Statement of Activities		
	2018	2017	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,045,159	\$ 2,869,807	\$ 175,352
Sales Tax Receipts	1,602,972	1,386,306	216,666
Other Revenues	146,139	133,427	12,712
Total Revenues	\$ 4,794,270	\$ 4,389,540	\$ 404,730
Expenses for Services	(3,856,062)	(3,388,405)	(467,657)
Change in Net Position	\$ 938,208	\$ 1,001,135	\$ (62,927)
Net Position, Beginning of Year	7,639,991	6,638,856	1,001,135
Net Position, End of Year	\$ 8,578,199	\$ 7,639,991	\$ 938,208

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance as of December 31, 2018, was \$3,271,528, an increase of \$991,769 from the prior year. The increase was primarily due to property tax collections and sales tax receipts exceeding operating costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners did not amend the budget during the current fiscal year. Actual revenues were \$421,493 more than budgeted revenues, primarily due to higher than expected sales tax receipts. Actual expenditures were \$58,724 more than budgeted expenditures primarily due to higher than expected funding to the Ponderosa Volunteer Fire Association, Inc.

CAPITAL ASSETS

Capital assets as of December 31, 2018, total \$8,828,458 (net of accumulated depreciation) and include land, buildings and equipment. During the current year, the District purchased a car fire simulator.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2018	2017	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 336,249	\$ 336,249	\$
Assets Held for Sale		13,692	(13,692)
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	7,791,582	8,049,330	(257,748)
Machinery and Equipment	688,692	728,676	(39,984)
Other Equipment	11,935	20,867	(8,932)
Total Net Capital Assets	\$ 8,828,458	\$ 9,148,814	\$ (320,356)

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of \$3,590,789. The changes in the debt position of the District during the fiscal year ended December 31, 2018, are summarized as follows:

Notes Payable, January 1, 2018	\$ 3,853,589
Less: Note Principal Paid	<u>262,800</u>
Notes Payable, December 31, 2018	<u><u>\$ 3,590,789</u></u>

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Emergency Services District No. 28, 17061 Rolling Creek, Houston, Texas 77090.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2018

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 3,733,487	\$	\$ 3,733,487
Cash with Harris County	322,201		322,201
Receivables:			
Property Taxes	2,156,576		2,156,576
Sales Tax Receipts	287,819		287,819
Penalty and Interest		53,864	53,864
Prepaid Costs	102,027		102,027
Land		336,249	336,249
Capital Assets (Net of Accumulated Depreciation)		8,492,209	8,492,209
TOTAL ASSETS	\$ 6,602,110	\$ 8,882,322	\$ 15,484,432
LIABILITIES			
Accrued Interest Payable	\$	\$ 81,913	\$ 81,913
Notes Payable:			
Due Within One Year		245,942	245,942
Due After One Year		3,344,847	3,344,847
TOTAL LIABILITIES	\$ -0-	\$ 3,672,702	\$ 3,672,702
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 3,330,582	\$ (97,051)	\$ 3,233,531
FUND BALANCE			
Nonspendable:			
Prepaid Costs	\$ 102,027	\$ (102,027)	\$
Unassigned	3,169,501	(3,169,501)	
TOTAL FUND BALANCE	\$ 3,271,528	\$ (3,271,528)	\$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
	\$ 6,602,110		
NET POSITION			
Net Investment in Capital Assets		\$ 5,237,669	\$ 5,237,669
Unrestricted		3,340,530	3,340,530
TOTAL NET POSITION		\$ 8,578,199	\$ 8,578,199

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018**

Total Fund Balance - Governmental Funds	\$	3,271,528
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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.		8,828,458
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2017 and prior tax levies became part of recognized revenues in the governmental activities of the District.		150,915
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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	\$ (81,913)	
Notes Payable Within One Year	(245,942)	
Notes Payable After One Year	<u>(3,344,847)</u>	<u>(3,672,702)</u>

Total Net Position - Governmental Activities	\$	<u>8,578,199</u>
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The accompanying notes to the financial statements are an integral part of this report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Property Taxes	\$ 3,035,046	\$ 10,113	\$ 3,045,159
Sales Tax Receipts	1,602,972		1,602,972
Penalty and Interest	35,412	4,164	39,576
Investment Revenues	23,243		23,243
Miscellaneous Revenues	83,320		83,320
TOTAL REVENUES	<u>\$ 4,779,993</u>	<u>\$ 14,277</u>	<u>\$ 4,794,270</u>
EXPENDITURES/EXPENSES			
Service Operations:			
District Services - Ponderosa Volunteer Fire Association, Inc.:			
Operations	\$ 2,855,000	\$	\$ 2,855,000
Debt	363,563		363,563
Accounting and Auditing	12,200		12,200
Appraisal District Fees	23,485		23,485
Commissioner Fees	2,450		2,450
Legal Fees - General	12,810		12,810
Legal Fees - Delinquent Tax Collections	11,528		11,528
Sales Tax Consultant	51,251		51,251
Tax Assessor/Collector Fees	14,759		14,759
Depreciation		361,664	361,664
Other	12,466		12,466
Loss on Disposal of Assets		13,692	13,692
Capital Outlay	55,000	(55,000)	
Debt Service:			
Note Principal	262,800	(262,800)	
Note Interest	110,912	10,282	121,194
TOTAL EXPENDITURES/EXPENSES	<u>\$ 3,788,224</u>	<u>\$ 67,838</u>	<u>\$ 3,856,062</u>
NET CHANGE IN FUND BALANCE	\$ 991,769	\$ (991,769)	\$
CHANGE IN NET POSITION		938,208	938,208
FUND BALANCE/NET POSITION - JANUARY 1, 2018	<u>2,279,759</u>	<u>5,360,232</u>	<u>7,639,991</u>
FUND BALANCE/NET POSITION - DECEMBER 31, 2018	<u>\$ 3,271,528</u>	<u>\$ 5,306,671</u>	<u>\$ 8,578,199</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
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, 2018

Net Change in Fund Balance - Governmental Funds	\$	991,769
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.		10,113
Governmental funds report penalty and interest revenues on property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.		4,164
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.		(361,664)
Governmental funds do not record the gain or loss from the sale or disposal of assets. However, in the government-wide financial statements the assets are removed and a gain or loss is recorded in the Statement of Activities.		(13,692)
Governmental funds report capital costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.		55,000
Governmental funds report principal payments on long-term liabilities 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.		262,800
Governmental funds report interest payments on long-term liabilities as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the long-term liabilities through fiscal year-end.		(10,282)
Change in Net Position - Governmental Activities	\$	<u>938,208</u>

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

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1. CREATION OF DISTRICT

Harris County Rural Fire Prevention District No. 28 was created 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 2351a-6 of The Revised Civil Statutes of the State of Texas. Harris County Emergency Services District No. 28 (the “District”) was created following an election held on July 13, 1996, to convert Harris County Rural Fire Prevention District No. 28 to an emergency services district.

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 has entered into a contract with the Ponderosa Volunteer Fire Association, Inc. (the “Association”) to provide the service of fire suppression and extinguishment within the boundaries of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”).

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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.

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenues include the 2017 tax levy collections during the period October 1, 2017, to December 31, 2018, and taxes collected from January 1, 2018, to December 31, 2018, for all prior tax levies. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures. The 2018 tax levy has been fully deferred to meet the District’s planned expenditures in the 2019 fiscal year.

Capital Assets

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

All personal tangible assets (computers, office machines, office furniture, etc.) are capitalized if they have a total cost of \$500 or more (including installation costs and professional fees) and a useful life of at least two years. Other 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 at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

	Years
Buildings	40
Equipment	7-15

Budgeting

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

Pensions

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

Measurement Focus

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

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

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

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. TAX LEVY

On May 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, 2018, the District levied an ad valorem tax at the rate of \$0.10 per \$100 of assessed valuation, which resulted in a tax levy of \$3,233,531 on the adjusted taxable valuation of \$3,233,518,079 for the 2018 tax year.

The District's tax calendar is as follows:

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$3,733,487 and the bank balance was \$3,788,707. Of the bank balance, \$250,000 was covered by federal depository insurance and the balance was covered by the pledge of securities held in safekeeping by a third-party institution in the District's name.

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Commissioners.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act. During the current fiscal year, the District did not own investments.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018:

	January 1, 2018	Increases	Decreases	December 31, 2018
Capital Assets Not Being Depreciated				
Land and Improvements	\$ 336,249	\$	\$	\$ 336,249
Assets Held for Sale	13,692		13,692	
Total Capital Assets Not Being Depreciated	<u>\$ 349,941</u>	<u>\$ - 0 -</u>	<u>\$ 13,692</u>	<u>\$ 336,249</u>
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 9,410,037	\$	\$	\$ 9,410,037
Machinery and Equipment	803,098	55,000		858,098
Office Equipment	106,314			106,314
Total Capital Assets Subject to Depreciation	<u>\$ 10,319,449</u>	<u>\$ 55,000</u>	<u>\$ - 0 -</u>	<u>\$ 10,374,449</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ 1,360,707	\$ 257,748	\$	\$ 1,618,455
Machinery and Equipment	74,422	94,984		169,406
Office Equipment	85,447	8,932		94,379
Total Accumulated Depreciation	<u>\$ 1,520,576</u>	<u>\$ 361,664</u>	<u>\$ - 0 -</u>	<u>\$ 1,882,240</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,798,873</u>	<u>\$ (306,664)</u>	<u>\$ - 0 -</u>	<u>\$ 8,492,209</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,148,814</u>	<u>\$ (306,664)</u>	<u>\$ 13,692</u>	<u>\$ 8,828,458</u>

NOTE 6. CONTRACT FOR PROVIDING FIRE EXTINGUISHMENT AND CERTAIN EMERGENCY RESCUE SERVICES

The District has a contract for providing fire extinguishment and certain emergency rescue services with the Ponderosa Volunteer Fire Association, Inc. (“the Association”). The current contract became effective January 1, 2016 for a term of three years. The contract was extended through 2019. The Association agreed to provide fire protection and emergency rescue services to the service area on a 24-hour per day basis seven days a week. The Association agreed to obtain all necessary licenses, permits and approvals required to provide services to the service area. The parties agreed the District shall not be responsible or liable for operating, repairing, and insuring any facilities.

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 6. CONTRACT FOR PROVIDING FIRE EXTINGUISHMENT AND CERTAIN EMERGENCY RESCUE SERVICES (Continued)

The Association agreed to prepare by January 31 of each year a budget for all revenues and expenses of the Association for the District to review and approve. The District agreed to provide periodic payments to the Association. The parties agreed that title to all real or personal property shall rest solely with the Association, unless otherwise deeded to the District by mutual consent. The Association has deeded the land and building located at 17061 Rolling Creek to the District. The Association has retained all debt associated with the purchase and construction of these facilities and pays for the insurance coverage on the building and its contents.

NOTE 7. RISK MANAGEMENT

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

NOTE 8. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES

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

On April 17, 2006, the District executed an agreement with Harris County Emergency Services District No. 11 (“ESD No. 11”) to share the cost of the installation and maintenance of traffic signal preemption equipment. The term of the initial contract is through December 31, 2010 and is automatically renewable on a year-to-year basis unless terminated in writing. All intersections along FM 1960 from Kuykendahl to Imperial Valley and at I-45 and Richey Road have traffic signal preemption equipment. The District owns the equipment and ESD No. 11 has agreed to share 50/50 the cost of the equipment and the semi-annual maintenance.

The District executed an agreement with ESD No. 11 to share the costs of the installation and maintenance of traffic signal preemption equipment. The District will conform to the terms and conditions contained in the contract between ESD No. 11 and Harris County regarding the use and utilization of the signal preemption equipment. ESD No. 11 will acquire, own and install all the signal preemption equipment. The District will reimburse ESD No. 11 for its share of the actual costs associated with necessary maintenance, upkeep and upgrades of all signal preemption equipment. This agreement will terminate or suspend upon termination or suspension of the agreement between ESD No. 11 and the County. The agreement between ESD No. 11 and the District may be terminated by either district upon 90 days written notice.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9. NOTES PAYABLE

On November 12, 2015, the District signed a promissory note with Trustmark National Bank in the amount of \$4,500,000 at an interest rate of 2.84%. The proceeds were used to fund the construction/replacement of Station No. 63. On November 11, 2016, the note was amended to extend the completion date of the station to April 11, 2017. During a prior year, the Board decided not to utilize note proceeds of \$282,597, using existing sales tax revenues instead to complete the project. As a result, the number of principal and interest payments have been reduced by one payment. Interest on this note is due and payable monthly beginning January 11, 2016, and regularly thereafter until and including April 11, 2017. Thereafter, this note is due and payable in annual installments of principal and interest in the amount of \$373,712.47 each, commencing May 11, 2017, and ending May 11, 2030, when the remaining unpaid balance, principal and interest will be due. The note is secured by the pledge of sales tax revenues generated within the District.

The following is a summary of transactions regarding notes payable for the year ended December 31, 2018:

Notes Payable, January 1, 2018		\$ 3,853,589
Less: Note Principal Paid		<u>262,800</u>
Notes Payable, December 31, 2018		<u>\$ 3,590,789</u>
Notes Payable:		
Due Within One Year		\$ 245,942
Due After One Year		<u>3,344,847</u>
Notes Payable, December 31, 2018		<u>\$ 3,590,789</u>

The debt service requirements on the note will be as follows:

	Principal	Interest	Total
2019	\$ 245,942	\$ 127,771	\$ 373,713
2020	254,693	119,019	373,712
2021	263,756	109,957	373,713
2022	273,141	100,572	373,713
2023	282,860	90,852	373,712
2024-2028	1,572,632	295,929	1,868,561
2029-2030	<u>697,765</u>	<u>37,243</u>	<u>735,008</u>
	<u>\$ 3,590,789</u>	<u>\$ 881,343</u>	<u>\$ 4,472,132</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10. 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 provision of Subchapter E, Chapter 323 of the Tax Code.

On May 14, 2011, the voters of the District approved the establishment and adoption of a sales and use tax up to a maximum of one percent. On May 23, 2011, the Board set a local sales and use tax of one percent on all applicable sales and uses within the boundaries of the District, except in those areas that already have a two percent tax. During the current year, the District recorded \$1,602,972 in sales tax receipts, of which \$287,819 was due from the State Comptroller at December 31, 2018.

NOTE 11. AGREEMENT FOR 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, 17 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, 2018 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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

**NOTE 11. AGREEMENT FOR RADIO CHANNEL COMMUNICATIONS
 DISPATCH SYSTEM (Continued)**

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 is \$271,456.38, each ESD or corresponding department will pay to Northwest Communications, Inc. ("NWC") one-sixth of the total cost of the equipment, \$45,242.73. There will be initial as well as reoccurring costs paid as follows: 1) Spring VFD will invoice the six ESD Members their pro-rata share of the rental cost for the Plum Creek Tower, \$9,816 per year; 2) NWC will invoice the six ESD Members their pro-rata share of the rental cost for the NWC Tower and the Greenspoint No. 4 site, \$8,400 each site per year. Maintenance, repair, replacement and upgrade costs, recurring costs, and Cypress Creek VFD administrator and project manager costs for the system operations will be shared equally between the six ESD Members or their corresponding department. Initially, it is not anticipated that there would be any cost to the Members for the administrative work. In a prior year the Ponderosa Volunteer Fire Association paid \$41,898 to NWC for its/the District's share of the equipment and installation.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2018

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original & Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 3,017,000	\$ 3,035,046	\$ 18,046
Sales Tax Receipts	1,300,000	1,602,972	302,972
Penalty and Interest	20,000	35,412	15,412
Investment Revenues	11,500	23,243	11,743
Miscellaneous Revenues	<u>10,000</u>	<u>83,320</u>	<u>73,320</u>
TOTAL REVENUES	<u>\$ 4,358,500</u>	<u>\$ 4,779,993</u>	<u>\$ 421,493</u>
EXPENDITURES			
Service Operations:			
District Services - Ponderosa Volunteer Fire Association, Inc.:			
Operations	\$ 3,100,000	\$ 2,855,000	\$ 245,000
Debt		363,563	(363,563)
Accounting and Auditing	11,500	12,200	(700)
Appraisal District Fees	21,300	23,485	(2,185)
Commissioner Fees	5,000	2,450	2,550
Legal Fees - General	20,000	12,810	7,190
Legal Fees - Delinquent Tax Collections	8,000	11,528	(3,528)
Sales Tax Consultant	20,000	51,251	(31,251)
Tax Assessor/Collector Fees	15,000	14,759	241
Other	54,700	12,466	42,234
Capital Outlay	100,000	55,000	45,000
Debt Service:			
Note Principal	262,800	262,800	
Note Interest	<u>111,200</u>	<u>110,912</u>	<u>288</u>
TOTAL EXPENDITURES	<u>\$ 3,729,500</u>	<u>\$ 3,788,224</u>	<u>\$ (58,724)</u>
NET CHANGE IN FUND BALANCE	\$ 629,000	\$ 991,769	\$ 362,769
FUND BALANCE - JANUARY 1, 2018	<u>2,279,759</u>	<u>2,279,759</u>	
FUND BALANCE - DECEMBER 31, 2018	<u>\$ 2,908,759</u>	<u>\$ 3,271,528</u>	<u>\$ 362,769</u>

See accompanying independent auditor's report.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28

SUPPLEMENTARY INFORMATION

REQUIRED BY HARRIS COUNTY

DECEMBER 31, 2018

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
COMPUTATION OF NET LONG-TERM DEBT PER CAPITA
DECEMBER 31, 2018
(UNAUDITED)

Long-Term Debt at December 31, 2018	\$ 3,590,789
Less: Amount in Debt Service Fund	<u> </u>
Net Long-Term Debt at December 31, 2018	\$ 3,590,789
Estimated District Population*	<u>48,502</u>
Net Long-Term Debt Per Capita at December 31, 2018	<u>\$ 74.03</u>

* Based upon annual independent study

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
LISTING OF THE NUMBER OF EMERGENCY RESPONSES
MADE WITHIN AND OUTSIDE THE DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

Number of Emergency Responses made Within the District	1,655
Number of Emergency Responses made Outside of the District	<u>537</u>
Total Emergency Responses	<u><u>2,192</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2018

Type of Coverage	From To	Amount of Coverage	Insurer/Name
FIDELITY BONDS Position Schedule Bond: Treasurer Public Employee Blanket Bond	01/01/18 01/01/19	\$ 100,000 100,000	American Alternative Insurance Corporation
GENERAL LIABILITY General Aggregate Per Occurrence	01/01/18 01/01/19	\$ 3,000,000 1,000,000	American Alternative Insurance Corporation
MANAGEMENT LIABILITY General Aggregate Per Occurrence	01/01/18 01/01/19	\$ 3,000,000 1,000,000	American Alternative Insurance Corporation
EXCESS LIABILITY General Aggregate Per Occurrence	01/01/18 01/01/19	\$ 2,000,000 1,000,000	American Alternative Insurance Corporation
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit	01/01/18 01/01/19	\$ 1,000,000	American Alternative Insurance Corporation
WORKER'S COMPENSATION Bodily Injury by Accident Bodily Injury by Disease Disease Policy Limit	11/21/18 11/21/19	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
STATEMENT OF ACTIVITIES
PONDEROSA VOLUNTEER FIRE ASSOCIATION, INC.
DECEMBER 31, 2018
(Unaudited)

	<u>Unrestricted</u>
REVENUES, GAINS AND OTHER SUPPORT	
Harris County Emergency Services District No. 28	
Operations	\$ 2,955,000
Debt	363,563
Grant Revenues	86,237
Contributions	4,818
Investment Revenues	2,810
Miscellaneous Revenues	15,584
TOTAL REVENUES, GAINS AND OTHER SUPPORT	\$ 3,428,012
 EXPENSES AND LOSSES	
PROGRAM COSTS:	
Depreciation	\$ 275,579
Dispatching	31,070
Insurance	264,774
Interest Expense	45,330
Loss on Sale or Disposal of Assets	501,092
Motor Fuels	32,591
Miscellaneous Operations	123,108
Maintenance and Repairs:	
Apparatus	83,720
Radio	1,986
Station No. 1	18,973
Station No. 2	10,787
Station No. 3	9,163
Public Education	12,711
Replacement Equipment	121,233
Salaries and Benefits	1,696,845
Training	49,512
Utilities:	
Station No. 1	21,628
Station No. 2	12,709
Station No. 3	11,888
TOTAL PROGRAM COSTS	\$ 3,324,699
 MANAGEMENT AND GENERAL	
PVFA Expenses	\$ 26,169
Depreciation	1,695
Office Operations	41,022
Salaries and Benefits	209,722
TOTAL MANAGEMENT AND GENERAL	\$ 278,608
TOTAL EXPENSES	\$ 3,603,307
 CHANGE IN NET ASSETS	\$ (175,295)
NET ASSETS - JANUARY 1, 2018	3,066,404
NET ASSETS - DECEMBER 31, 2018	\$ 2,891,109

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2018

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018

	Maintenance Taxes	
TAXES RECEIVABLE - JANUARY 1, 2018	\$ 2,082,314	
Adjustments to Beginning Balance	(150,287)	\$ 1,932,027
Original 2018 Tax Levy	\$ 3,104,185	
Adjustment to 2018 Tax Levy	129,346	3,233,531
TOTAL TO BE ACCOUNTED FOR		\$ 5,165,558
TAX COLLECTIONS:		
Prior Years	\$ 1,834,976	
Current Year	1,174,006	3,008,982
TAXES RECEIVABLE - DECEMBER 31, 2018		<u>\$ 2,156,576</u>
TAXES RECEIVABLE BY YEAR:		
2018		\$ 2,059,525
2017		37,083
2016		11,433
2015		9,082
2014		8,111
2013		5,254
2012		4,987
2011		4,831
2010		4,158
2009		7,704
2008		3,118
2007		716
2006		113
2005		80
2004		119
2003		64
2002		50
2001		30
2000		30
1999		41
1998		31
1997		16
TOTAL		<u>\$ 2,156,576</u>

See accompanying independent auditor's report.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PROPERTY VALUATIONS	<u>\$ 3,233,518,079</u>	<u>\$ 3,195,107,415</u>	<u>\$ 2,981,496,700</u>	<u>\$ 2,726,648,439</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
ADJUSTED TAX LEVY*	<u>\$ 3,233,531</u>	<u>\$ 3,195,446</u>	<u>\$ 2,981,497</u>	<u>\$ 2,726,654</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>36.31 %</u>	<u>98.84 %</u>	<u>99.62 %</u>	<u>99.67 %</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. 28
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2018	2017	2016
REVENUES			
Property Taxes	\$ 3,035,046	\$ 2,859,200	\$ 2,638,451
Sales Tax Receipts	1,602,972	1,386,306	1,245,625
Penalty and Interest	35,412	28,684	56,483
Investment Revenues	23,243	12,456	8,006
Sale of Assets			
Miscellaneous Revenues	83,320	88,187	114,151
TOTAL REVENUES	\$ 4,779,993	\$ 4,374,833	\$ 4,062,716
EXPENDITURES			
Service Operations:			
District Services - Ponderosa Volunteer Fire Association, Inc.:			
Operations	\$ 2,855,000	\$ 2,865,000	\$ 2,695,000
Debt	363,563		
Accounting and Auditing	12,200	12,150	10,600
Appraisal District Fees	23,485	22,331	20,659
Commissioner Fees	2,450	3,750	3,750
Legal Fees - General	12,810	14,552	4,715
Legal Fees - Delinquent Tax Collections	11,528	6,299	17,181
Sales Tax Consultant	51,251	47,741	6,000
Tax Assessor/Collector Fees	14,759	16,844	12,073
Repairs and Maintenance		7,681	3,398
Other	12,466	16,007	24,651
Capital Outlay	55,000	1,116,119	3,543,775
Debt Service:			
Loan Closing Costs			
Note Principal	262,800	363,814	661,732
Note Interest	110,912	42,696	74,069
TOTAL EXPENDITURES	\$ 3,788,224	\$ 4,534,984	\$ 7,077,603
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 991,769	\$ (160,151)	\$ (3,014,887)
OTHER FINANCING SOURCES (USES)			
Note Proceeds	\$ - 0 -	\$ (282,597)	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 991,769	\$ (442,748)	\$ (3,014,887)
BEGINNING FUND BALANCE	2,279,759	2,722,507	5,737,394
ENDING FUND BALANCE	\$ 3,271,528	\$ 2,279,759	\$ 2,722,507

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2015	2014	2018	2017	2016	2015	2014
\$ 2,413,411	\$ 2,366,686	63.5 %	65.4 %	64.9 %	64.0 %	65.8 %
1,226,104	1,148,055	33.5	31.7	30.7	32.5	31.9
23,969	30,743	0.7	0.6	1.4	0.6	0.9
17,826	22,771	0.5	0.3	0.2	0.5	0.6
	4,400					0.1
92,024	25,195	1.8	2.0	2.8	2.4	0.7
<u>\$ 3,773,334</u>	<u>\$ 3,597,850</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 2,500,000	\$ 2,180,000	59.7 %	65.5 %	66.3 %	66.3 %	60.6 %
		7.6				
10,500	10,000	0.3	0.3	0.3	0.3	0.3
20,509	18,725	0.5	0.5	0.5	0.5	0.5
4,450	3,750		0.1	0.1	0.1	0.1
12,549	4,643	0.3	0.3	0.1	0.3	0.1
6,419	8,962	0.2	0.1	0.4	0.2	0.3
6,222	6,431	1.1	1.1	0.1	0.2	0.2
15,703	18,610	0.3	0.4	0.3	0.4	0.5
6,591	6,026		0.2	0.1	0.2	0.2
26,842	27,523	0.3	0.4	0.6	0.7	0.8
602,025	22,889	1.1	25.5	87.2	16.0	0.6
31,158					0.8	
1,156,701	111,837	5.5	8.2	16.2	30.6	3.1
41,917	86,781	2.3	1.0	1.8	1.1	2.4
<u>\$ 4,441,586</u>	<u>\$ 2,506,177</u>	<u>79.2 %</u>	<u>103.6 %</u>	<u>174.0 %</u>	<u>117.7 %</u>	<u>69.7 %</u>
<u>\$ (668,252)</u>	<u>\$ 1,091,673</u>	<u>20.8 %</u>	<u>(3.6) %</u>	<u>(74.0) %</u>	<u>(17.7) %</u>	<u>30.3 %</u>
\$ 4,500,000	\$ - 0 -					
\$ 3,831,748	\$ 1,091,673					
1,905,646	813,973					
<u>\$ 5,737,394</u>	<u>\$ 1,905,646</u>					

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 28
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2018

District Mailing Address - Harris County Emergency Services District No. 28
17061 Rolling Creek
Houston, Texas 77090

District Telephone Number - (281) 444-8465

Commissioners	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2018	Expense Reimbursement for the year ended December 31, 2018	Title
Dan Langford	06/01/16 05/31/20 (Elected)	\$ 200	\$ -0-	President
Mike Jones	06/01/18 05/31/22 (Elected)	\$ 550	\$ -0-	Vice President
Shirley Jauma	06/01/18 05/31/22 (Elected)	\$ 500	\$ -0-	Secretary
Dan Dronberger	06/01/16 05/31/20 (Elected)	\$ 650	\$ 35	Treasurer/ Investment Officer
Ken Koenig	07/17/17 05/31/20 (Appointed)	\$ 550	\$ 78	Assistant Treasurer

The limit on fees of office that a Commissioner may receive 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. 28
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2018

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2018*</u>	<u>Title</u>
Coveler & Peeler, P.C.	01/13/97	\$ 12,810	Attorney
McCall Gibson Swedlund Barfoot PLLC	03/15/93	\$ 12,200	Auditor
Linebarger Goggan Blair & Sampson, LLP		\$ 11,528	Delinquent Tax Attorney
Sales Tax Assurance LLC	04/15/13	\$ 51,251	Sales Tax Consultant
Harris County Tax Assessor/Collector	Legislative Action	\$ 14,759	Tax Assessor/ Collector

* Accrual basis

See accompanying independent auditor's report.

