

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

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2015**

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



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

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2015**



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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 11 (the "District"), as of and for the year ended December 31, 2015, 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, 2015, 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 Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

McCall Gibson Swedlund Barfoot, PLLC  
Certified Public Accountants  
Houston, TX

June 23, 2016



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Management's discussion and analysis of Harris County Emergency Services District No. 11's (the "District") financial performance provides an overview of the District's financial activities for the year ended December 31, 2015. 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 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 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. The Statement of Net Position is the District-wide statement of its financial position presenting information that includes all of 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 government-wide Statement of Activities reports how the District's net position changed during the current fiscal period. All current year revenues and expenses are included regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**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 \$9,670,870 as of December 31, 2015.

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

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

	<u>Summary of Changes in the Statement of Net Position</u>		
	2015	2014	Change Positive (Negative)
Current and Other Assets	\$ 23,573,575	\$ 19,887,136	\$ 3,686,439
Capital Assets (Net of Accumulated Depreciation)	<u>5,461,043</u>	<u>3,691,855</u>	<u>1,769,188</u>
Total Assets	<u>\$ 29,034,618</u>	<u>\$ 23,578,991</u>	<u>\$ 5,455,627</u>
Long-Term Liabilities	\$ 2,283,844	\$ 2,451,537	\$ 167,693
Other Liabilities	<u>364,722</u>	<u>138,848</u>	<u>(225,874)</u>
Total Liabilities	<u>\$ 2,648,566</u>	<u>\$ 2,590,385</u>	<u>\$ (58,181)</u>
Deferred Inflows of Resources	<u>\$ 16,715,182</u>	<u>\$ 14,833,525</u>	<u>\$ (1,881,657)</u>
Net Position:			
Investment in Capital Assets	\$ 3,020,541	\$ 2,958,450	\$ 62,091
Unrestricted	<u>6,650,329</u>	<u>3,196,631</u>	<u>3,453,698</u>
Total Net Position	<u>\$ 9,670,870</u>	<u>\$ 6,155,081</u>	<u>\$ 3,515,789</u>

The following table provides a summary of the District's operations for the years ended December 31, 2015, and December 31, 2014.

	<u>Summary of Changes in the Statement of Activities</u>		
	2015	2014	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 14,789,964	\$ 14,287,474	\$ 502,490
Capital Contributions		152,460	(152,460)
Other Revenues	<u>487,739</u>	<u>303,683</u>	<u>184,056</u>
Total Revenues	\$ 15,277,703	\$ 14,743,617	\$ 534,086
Expenses for Services	<u>(11,761,914)</u>	<u>(11,711,247)</u>	<u>(50,667)</u>
Change in Net Position	\$ 3,515,789	\$ 3,032,370	\$ 483,419
Net Position, Beginning of Year	<u>6,155,081</u>	<u>3,122,711</u>	<u>3,032,370</u>
Net Position, End of Year	<u>\$ 9,670,870</u>	<u>\$ 6,155,081</u>	<u>\$ 3,515,789</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

The District's General Fund fund balance as of December 31, 2015, was \$6,139,879, an increase of \$1,669,492 from the prior year. This increase was primarily due to the increase in property tax revenues and E-Views revenues.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Commissioners amended the budget during the current year to increase revenues and expenses related to the E-Views program. Actual revenues were \$752,514 more than budgeted revenues. Actual expenditures were \$1,977,247 more than budgeted expenditures.

**CAPITAL ASSETS**

Capital assets as of December 31, 2015, total \$5,461,043 (net of accumulated depreciation) and include land, buildings and equipment. Capital asset activity during the current fiscal year included the following:

Purchases:

- Intersection bypass equipment

Construction in Progress:

- Design and construction costs for new Station No. 513

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2015	2014	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land	\$ 167,769	\$ 167,769	\$
Construction in Progress	2,163,042	389,847	1,773,195
Capital Assets, Net of Accumulated Depreciation:			
Buildings	2,014,895	2,079,976	(65,081)
Equipment	1,115,337	1,054,263	61,074
<b>Total Net Capital Assets</b>	<b>\$ 5,461,043</b>	<b>\$ 3,691,855</b>	<b>\$ 1,769,188</b>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**LONG-TERM DEBT ACTIVITY**

At year-end, the District had total long-term debt payable of \$2,451,537. The changes in the debt position of the District during the fiscal year ended December 31, 2015, are summarized as follows:

Due to ESD No. 29, January 1, 2015	\$ 494,595
Less: District's Share of Principal Paid	<u>43,058</u>
Due to ESD No. 29, December 31, 2015	<u><u>\$ 451,537</u></u>
Notes Payable, January 1, 2015	\$ 2,000,000
Less: Principal Paid	<u>-0-</u>
Notes Payable, December 31, 2015	<u><u>\$ 2,000,000</u></u>

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Emergency Services District No. 11, c/o Coveler & Katz, P.C., 820 Gessner, Suite 1710, Houston, TX 77024.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2015**

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 5,221,898	\$	\$ 5,221,898
Investments	2,969,131		2,969,131
Cash with Harris County	2,348,774		2,348,774
Receivables:			
Property Taxes	12,489,834		12,489,834
Penalty and Interest on Delinquent Taxes		194,464	194,464
Accrued Interest	2,127		2,127
Other	149,500		149,500
Due from Escrow	197,847		197,847
Land		167,769	167,769
Construction in Progress		2,163,042	2,163,042
Capital Assets, (Net of Accumulated Depreciation)		<u>3,130,232</u>	<u>3,130,232</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 23,379,111</u></u>	<u><u>\$ 5,655,507</u></u>	<u><u>\$ 29,034,618</u></u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 97,148	\$	\$ 97,148
Retainage Payable	89,665		89,665
Accrued Interest Payable		10,216	10,216
ESD No. 29:			
Due Within One Year		44,331	44,331
Due After One Year		407,206	407,206
Notes Payable:			
Due Within One Year		123,362	123,362
Due After One Year		<u>1,876,638</u>	<u>1,876,638</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 186,813</u></u>	<u><u>\$ 2,461,753</u></u>	<u><u>\$ 2,648,566</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	<u>\$ 17,052,419</u>	<u>\$ (337,237)</u>	<u>\$ 16,715,182</u>
<b>FUND BALANCE</b>			
Restricted	\$ 11,035	\$ (11,035)	\$
Unassigned	<u>6,128,844</u>	<u>(6,128,844)</u>	<u></u>
<b>TOTAL FUND BALANCE</b>	<u><u>\$ 6,139,879</u></u>	<u><u>\$ (6,139,879)</u></u>	<u><u>\$ -0-</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
	<u><u>\$ 23,379,111</u></u>		
<b>NET POSITION</b>			
Net Investment in Capital Assets		\$ 3,020,541	\$ 3,020,541
Unrestricted		<u>6,650,329</u>	<u>6,650,329</u>
<b>TOTAL NET POSITION</b>		<u><u>\$ 9,670,870</u></u>	<u><u>\$ 9,670,870</u></u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

Total Fund Balance - Governmental Funds	\$	6,139,879
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Land, construction in progress, and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		5,461,043
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Deferred tax revenues and penalty and interest receivable on delinquent taxes for the 2014 and prior tax levies became part of recognized revenues in the governmental activities of the District.		531,701
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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	\$ (10,216)	
Due to ESD No. 29 Within One Year	(44,331)	
Due to ESD No. 29 After One Year	(407,206)	
Notes Payable Within One Year	(123,362)	
Notes Payable After One Year	<u>(1,876,638)</u>	<u>(2,461,753)</u>

Total Net Position - Governmental Activities	\$	<u>9,670,870</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. 11**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>REVENUES</b>			
Property Taxes	\$ 14,765,105	\$ 24,859	\$ 14,789,964
Penalty and Interest	130,474	12,840	143,314
Investment Revenues	24,689		24,689
Miscellaneous Revenues	319,736		319,736
<b>TOTAL REVENUES</b>	<u>\$ 15,240,004</u>	<u>\$ 37,699</u>	<u>\$ 15,277,703</u>
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
District Services - Cypress Creek			
Emergency Medical Services	\$ 10,725,665	\$	\$ 10,725,665
Accounting and Auditing	46,044		46,044
Appraisal District Fees	118,768		118,768
Legal Fees - General	112,841		112,841
Legal Fees - Delinquent Tax Collections	35,732		35,732
Maintenance and Repairs	13,774		13,774
Tax Assessor/Collector Fees	196,116		196,116
Depreciation		420,907	420,907
Other	57,377		57,377
Capital Outlay	2,190,095	(2,190,095)	
Debt Service:			
Principal	43,058	(43,058)	
Interest	31,042	3,648	34,690
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 13,570,512</u>	<u>\$ (1,808,598)</u>	<u>\$ 11,761,914</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 1,669,492	\$ (1,669,492)	\$
<b>CHANGE IN NET POSITION</b>		3,515,789	3,515,789
<b>FUND BALANCE/NET POSITION - JANUARY 1, 2015</b>	<u>4,470,387</u>	<u>1,684,694</u>	<u>6,155,081</u>
<b>FUND BALANCE/NET POSITION - DECEMBER 31, 2015</b>	<u>\$ 6,139,879</u>	<u>\$ 3,530,991</u>	<u>\$ 9,670,870</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Net Change in Fund Balance - Governmental Funds	\$ 1,669,492
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.</p>	24,859
<p>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.</p>	12,840
<p>Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.</p>	(420,907)
<p>Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.</p>	2,190,095
<p>Governmental funds report principal payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, liabilities are reduced when principal payments are made and the Statement of Activities is not affected.</p>	43,058
<p>Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on long-term liabilities through the fiscal year-end.</p>	(3,648)
Change in Net Position - Governmental Activities	<u>\$ 3,515,789</u>

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1. CREATION OF DISTRICT**

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not 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.

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

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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

Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

Governmental Funds

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenues include the 2014 tax levy collections during the period October 1, 2014, to December 31, 2015, and taxes collected from January 1, 2015, to December 31, 2015, for all prior tax levies. The 2015 tax levy has been fully deferred to meet the District’s planned expenditures in the 2016 fiscal year.

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

Capital Assets

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

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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

Capital Assets (Continued)

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

	Years
Buildings	40
All Other	5-20

Budgeting

In compliance with governmental accounting principles, the Board of Commissioners annually adopts an unappropriated budget for the General Fund. The budget was 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 considered to be 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 Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable funds.



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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

Measurement Focus (Continued)

*Restricted:* amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. At December 31, 2015, the District had restricted fund balances of \$11,035. These funds consist of \$197,847 held in escrow for the construction of a new EMS facility, see Note 10, less payables of \$186,812 related to the construction.

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

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

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

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

Accounting Estimates

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

**NOTE 3. TAX LEVY**

On May 11, 2013, the voters of the District approved the levy and collection of a tax not to exceed \$0.06 per \$100 of assessed valuation of taxable property within the District. During the year ended December 31, 2015, the District levied an ad valorem tax at the rate of \$.04185 per \$100 of assessed valuation, which resulted in a tax levy of \$16,715,182 on the adjusted taxable valuation of \$39,939,792,768 for the 2015 tax year.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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

The District's tax calendar is as follows:

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

**NOTE 4. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$8,185,814 and the bank balance was \$8,203,343. Of the bank balance, \$5,130,041 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.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2015, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 5,221,898	\$ 2,963,916	\$ 8,185,814

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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

Investments

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

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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

Investments (Continued)

All investments are recorded at cost, which the District considers to be fair value. The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. The fair value of the District's position in the pool is the same as the value of pool shares.

As of December 31, 2015, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$ 5,215	\$ 5,215	\$	\$	\$
Certificates of Deposit	<u>2,963,916</u>	<u>2,723,432</u>	<u>240,484</u>	<u></u>	<u></u>
<b>TOTAL INVESTMENTS</b>	<u>\$ 2,969,131</u>	<u>\$ 2,728,647</u>	<u>\$ 240,484</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2015, the District's investment in TexPool was rated "AAAm" by Standard and Poor's. The District manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 5. CAPITAL ASSETS**

	January 1, 2015	Increases	Decreases	December 31, 2015
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 167,769	\$	\$	\$ 167,769
Construction in Progress	<u>389,847</u>	<u>2,190,095</u>	<u>416,900</u>	<u>2,163,042</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 557,616</u>	<u>\$ 2,190,095</u>	<u>\$ 416,900</u>	<u>\$ 2,330,811</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings	\$ 2,304,770	\$	\$	\$ 2,304,770
Equipment	<u>1,820,296</u>	<u>416,900</u>		<u>2,237,196</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 4,125,066</u>	<u>\$ 416,900</u>	<u>\$ - 0 -</u>	<u>\$ 4,541,966</u>
<b>Less Accumulated Depreciation</b>				
Buildings	\$ 224,794	\$ 65,081	\$	\$ 289,875
Equipment	<u>766,033</u>	<u>355,826</u>		<u>1,121,859</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 990,827</u>	<u>\$ 420,907</u>	<u>\$ - 0 -</u>	<u>\$ 1,411,734</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 3,134,239</u>	<u>\$ (4,007)</u>	<u>\$ - 0 -</u>	<u>\$ 3,130,232</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 3,691,855</u>	<u>\$ 2,186,088</u>	<u>\$ 416,900</u>	<u>\$ 5,461,043</u>

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

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

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

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 6. CONTRACT FOR PROVIDING EMERGENCY SERVICES (Continued)**

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

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

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

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

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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

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

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

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

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

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

On February 25, 2008, ESD No. 29 entered into a real estate lien note agreement with Wells Fargo Brokerage Services LLC in the amount of \$4,000,000 for the construction of the new station. The District’s portion of this note is 16.8% or \$672,000. On August 29, 2013, ESD No. 29 refinanced the remaining \$3,200,000 (\$537,600) with Wells Fargo Bank, N.A at an interest

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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

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

rate of 3.0% until August 1, 2020 (the “Reset Date”), at which time the interest rate shall be adjusted to the Five Year Treasury Constant Maturity Index, in effect as of the Reset Date, plus 300 basis points (3.00%) and that number shall be multiplied by .652. Payments are due and payable in annual installments of \$345,848 (\$58,102) beginning on August 1, 2014, and continuing through to and including August 1, 2020, the Reset Date. After the Reset Date, the four remaining annual payments due August 1, 2021 through August 1, 2024, will be adjusted to reflect the new interest rate. During the current fiscal year the District recorded its share of principal and interest expenditures of \$58,156 related to this note. ESD No. 29 bills the District prior to the payments becoming due.

The following is a summary of transactions regarding the District’s share for the note payable for the year ended December 31, 2015:

Due to ESD No. 29, January 1, 2015	\$ 494,595
Less: District's Share of Principal Paid	43,058
Due to ESD No. 29, December 31, 2015	\$ 451,537
Due to ESD No. 29:	
Due Within One Year	\$ 44,331
Due After One Year	407,206
Due to ESD No. 29, December 31, 2015	\$ 451,537

As of December 31, 2015, the District’s share of the debt service requirements on the note is as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 44,331	\$ 13,772	\$ 58,103
2017	45,717	12,386	58,103
2018	47,107	10,995	58,102
2019	48,540	9,563	58,103
2020	49,994	8,108	58,102
2021 - 2024	215,848	18,362	234,210
	\$ 451,537	\$ 73,186	\$ 524,723



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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

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

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

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

**NOTE 8.      OPERATING LEASE AGREEMENT**

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

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

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

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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

expenditure of \$8,419 related to this lease. Following is a schedule of the remaining minimum lease payments:

Fiscal Year	Lease Payments
2016	\$ 8,420
2017	8,419
2018	8,419
2019	8,419
2019	8,419
2021-2025	42,095
2026-2030	42,098
Total Minimum Lease Payments	\$ 126,289

**NOTE 9. RISK MANAGEMENT**

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

**NOTE 10. NOTES PAYABLE**

On September 8, 2014, the District signed a promissory note with Trustmark National Bank in the amount of \$2,000,000 at the rate of 2.71%. Proceeds will be used to construct a new EMS facility in Springwoods Village. A note payment of interest only is due September 25, 2015. Beginning March 25, 2016, payments of principal and related interest of \$115,056.07 are due semi-annually on March 25 and September 25 through September 25, 2025. As of December 31, 2015, the District has drawn \$1,802,153 on this note and \$197,847 remains with the bank.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 10. NOTES PAYABLE (Continued)**

The debt service requirements on this note as of December 31, 2015 were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 123,362	\$ 106,751	\$ 230,113
2017	130,138	99,974	230,112
2018	137,287	92,825	230,112
2019	144,829	85,283	230,112
2020	152,785	77,327	230,112
2021 - 2025	<u>1,311,599</u>	<u>251,128</u>	<u>1,562,727</u>
	<u>\$ 2,000,000</u>	<u>\$ 713,288</u>	<u>\$ 2,713,288</u>

Notes Payable, January 1, 2015	\$ 2,000,000
Less: Principal Paid	<u>-0-</u>
Notes Payable, December 31, 2015	<u>\$ 2,000,000</u>
Notes Payable:	
Due Within One Year	\$ 123,362
Due After One Year	<u>1,876,638</u>
Notes Payable, December 31, 2015	<u>\$ 2,000,000</u>

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2015**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 14,251,730	\$ 14,251,730	\$ 14,765,105	\$ 513,375
Penalty and Interest			130,474	130,474
Investment Revenues	15,000	15,000	24,689	9,689
Miscellaneous Revenues	<u>40,000</u>	<u>220,760</u>	<u>319,736</u>	<u>98,976</u>
<b>TOTAL REVENUES</b>	<u>\$ 14,306,730</u>	<u>\$ 14,487,490</u>	<u>\$ 15,240,004</u>	<u>\$ 752,514</u>
<b>EXPENDITURES</b>				
Service Operations:				
District Services - Cypress Creek				
Emergency Medical Services	\$ 10,725,665	\$ 10,725,665	\$ 10,725,665	\$
Accounting and Auditing	35,000	35,000	46,044	(11,044)
Appraisal District Fees	100,000	100,000	118,768	(18,768)
Commissioner Fees	5,000	5,000		5,000
Legal Fees - General	43,000	43,000	112,841	(69,841)
Legal Fees - Delinquent Tax Collections			35,732	(35,732)
Maintenance and Repairs	16,000	16,000	13,774	2,226
Tax Assessor/Collector Fees	1,000	1,000	196,116	(195,116)
Other	112,600	112,600	57,377	55,223
Capital Outlay	100,000	420,000	2,190,095	(1,770,095)
Debt Service:				
Principal	80,000	80,000	43,058	36,942
Interest	<u>55,000</u>	<u>55,000</u>	<u>31,042</u>	<u>23,958</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 11,273,265</u>	<u>\$ 11,593,265</u>	<u>\$ 13,570,512</u>	<u>\$ (1,977,247)</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 3,033,465	\$ 2,894,225	\$ 1,669,492	\$ (1,224,733)
<b>FUND BALANCE - JANUARY 1, 2015</b>	<u>4,470,387</u>	<u>4,470,387</u>	<u>4,470,387</u>	
<b>FUND BALANCE - DECEMBER 31, 2015</b>	<u>\$ 7,503,852</u>	<u>\$ 7,364,612</u>	<u>\$ 6,139,879</u>	<u>\$ (1,224,733)</u>

See accompanying independent auditor's report.

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

**SUPPLEMENTARY INFORMATION**

**REQUIRED BY HARRIS COUNTY**

**DECEMBER 31, 2015**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**COMPUTATION OF LONG-TERM DEBT PER CAPITA**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(UNAUDITED)**

Long-Term Debt at December 31, 2015	\$ 2,451,537
Less: Amount in Debt Service Fund	<u>-0-</u>
Net Long-Term Debt at December 31, 2015	\$ 2,451,537
Estimated District Population*	<u>515,688</u>
Net Long-Term Debt Per Capita at December 31, 2015	<u><u>\$ 4.75</u></u>

\* Based upon independent, comprehensive review for 2015

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
LISTING OF THE NUMBER OF EMERGENCY RESPONSES  
MADE WITHIN AND OUTSIDE THE DISTRICT  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(UNAUDITED)**

Number of Emergency Responses made Within the District	34,212
Number of Emergency Responses made Outside of the District	<u>271</u>
Total Emergency Responses	<u>34,483</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**SCHEDULE OF INSURANCE AND BONDING COVERAGE**  
**DECEMBER 31, 2015**

Type of Coverage	From To	Amount of Coverage	Insurer/Name
POSITION SCHEDULE BOND Treasurer	10/13/15 10/13/16	\$ 100,000	American Alternative Insurance Company
PUBLIC EMPLOYEE BLANKET BOND	10/13/15 10/13/16	\$ 100,000	American Alternative Insurance Corporation
PUBLIC OFFICIAL BOND Treasurer, Kevin Brost	12/04/13 05/31/16	\$ 100,000	Hartford Casualty Insurance Company
GENERAL LIABILITY General Aggregate Per Occurrence	10/13/15 10/13/16	\$ 3,000,000 1,000,000	American Alternative Insurance Corporation
MANAGEMENT LIABILITY General Aggregate Per Occurrence	10/13/15 10/13/16	\$ 3,000,000 1,000,000	American Alternative Insurance Corporation
EXCESS LIABILITY General Aggregate Each Occurrence	10/13/15 10/13/16	\$ 8,000,000 4,000,000	American Alternative Insurance Corporation
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit Per Accident	10/13/15 10/13/16	\$ 1,000,000	American Alternative Insurance Corporation
PROPERTY LIABILITY Buildings Personal Property Deductible	10/13/15 10/13/16	\$ 1,818,176 100,156 1,000	American Alternative Insurance Corporation
WORKERS COMPENSATION Bodily Injury by Accident Bodily Injury by Disease Disease Policy Limit	11/25/15 11/15/16	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**STATEMENT OF ACTIVITIES**  
**CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(Unaudited)**

SUPPORT	
ESD 11 Funds	\$ 10,992,518
Insurance Billings-Net	9,469,141
Educational Funds	23,353
Special Events-Fundraisers	70,627
Dispatch Fees-Communications Centers	<u>460,815</u>
TOTAL SUPPORT	<u>\$ 21,016,454</u>
REVENUE	
Interest Income	\$ 757
Other Income	6,842
Gain (loss) on sale of property	70,332
Unrealized Gain (Loss) on Investments/Properties	<u>(10,678)</u>
TOTAL REVENUE	<u>\$ 67,253</u>
TOTAL SUPPORT AND REVENUE	<u>\$ 21,083,707</u>
EXPENSES	
Program Services	\$ 16,905,452
General and Administrative	<u>3,214,706</u>
TOTAL EXPENSES	<u>\$ 20,120,158</u>
CHANGE IN NET ASSETS	\$ 963,549
NET ASSETS - January 1, 2015	<u>6,722,692</u>
NET ASSETS - December 31, 2015	<u><u>\$ 7,686,241</u></u>

See accompanying independent auditor's report.

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

**OTHER SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2015**





**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Maintenance Taxes	
TAXES RECEIVABLE - JANUARY 1, 2015	\$ 8,945,012	
Adjustments to Beginning Balance	(43,561)	\$ 8,901,451
Original 2015 Tax Levy	\$ 15,577,115	
Adjustment to 2015 Tax Levy	1,138,067	16,715,182
 TOTAL TO BE ACCOUNTED FOR		 \$ 25,616,633
 TAX COLLECTIONS:		
Prior Years	\$ 8,564,214	
Current Year	4,562,585	13,126,799
 TAXES RECEIVABLE - DECEMBER 31, 2015		 \$ <u>12,489,834</u>
 TAXES RECEIVABLE BY YEAR:		
2015		\$ 12,152,597
2014		103,349
2013		56,808
2012		23,008
2011		19,948
2010		18,165
2009		55,006
2008		17,231
2007		12,483
2006		12,490
2005		14,374
2004		4,375
 TOTAL		 \$ <u>12,489,834</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015	2014	2013	2012
PROPERTY VALUATIONS: TOTAL PROPERTY VALUATIONS	<u>\$ 39,939,792,768</u>	<u>\$ 34,496,130,182</u>	<u>\$ 30,106,151,734</u>	<u>\$ 28,161,322,872</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.04185</u>	<u>\$ 0.043</u>	<u>\$ 0.0475</u>	<u>\$ 0.030</u>
ADJUSTED TAX LEVY*	<u>\$ 16,715,182</u>	<u>\$ 14,833,525</u>	<u>\$ 14,301,329</u>	<u>\$ 8,448,277</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>27.30 %</u>	<u>99.30 %</u>	<u>99.60 %</u>	<u>99.73 %</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.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND – FIVE YEARS**

	Amounts		
	2015	2014	2013
<b>REVENUES</b>			
Property Taxes	\$ 14,765,105	\$ 14,255,285	\$ 8,423,288
Penalty and Interest	130,474	175,251	140,665
Investment Revenues	24,689	17,066	7,564
Miscellaneous Revenues	319,736	87,335	159,957
<b>TOTAL REVENUES</b>	<b>\$ 15,240,004</b>	<b>\$ 14,534,937</b>	<b>\$ 8,731,474</b>
<b>EXPENDITURES</b>			
Service Operations:			
District Services - Cypress Creek			
Emergency Medical Services	\$ 10,725,665	\$ 10,665,365	\$ 6,066,494
Accounting and Auditing	46,044	30,600	31,300
Appraisal District Fees	118,768	122,824	67,499
Legal Fees - General	112,841	114,109	82,314
Legal Fees - Delinquent Tax Collections	35,732	37,008	28,096
Maintenance and Repairs	13,774	6,726	1,185
Tax Assessor/Collector Fees	196,116	238,438	200,590
Other	57,377	151,598	226,086
Capital Outlay	2,190,095	989,166	429,523
Debt Service:			
Debt Issuance Costs		21,055	
Principal	43,058	43,005	33,600
Interest	31,042	15,098	42,817
<b>TOTAL EXPENDITURES</b>	<b>\$ 13,570,512</b>	<b>\$ 12,434,992</b>	<b>\$ 7,209,504</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 1,669,492</b>	<b>\$ 2,099,945</b>	<b>\$ 1,521,970</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Note Proceeds	\$ - 0 -	\$ 2,000,000	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	\$ 1,669,492	\$ 4,099,945	\$ 1,521,970
<b>BEGINNING FUND BALANCE</b>	4,470,387	370,442	(1,151,528)
<b>ENDING FUND BALANCE</b>	<b>\$ 6,139,879</b>	<b>\$ 4,470,387</b>	<b>\$ 370,442</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2012	2011	2015	2014	2013	2012	2011
\$ 8,320,519	\$ 8,254,246	96.8 %	98.1 %	96.5 %	95.9 %	97.9 %
153,562	157,540	0.9	1.2	1.6	1.8	1.9
6,928	20,000	0.2	0.1	0.1	0.1	0.2
191,251		2.1	0.6	1.8	2.2	
<u>\$ 8,672,260</u>	<u>\$ 8,431,786</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 8,544,624	\$ 8,180,149	70.4 %	73.4 %	69.5 %	98.5 %	97.0 %
30,600	29,500	0.3	0.2	0.4	0.4	0.3
67,981	69,766	0.8	0.9	0.8	0.8	0.7
91,003	38,150	0.7	0.8	0.9	1.0	0.5
33,268	34,114	0.2	0.3	0.3	0.4	0.4
2,530	3,643	0.1				
193,670	165,301	1.3	1.6	2.3	2.2	2.0
155,876	29,882	0.4	1.1	2.6	1.8	0.4
657,551	1,210,027	14.4	6.8	4.9	7.6	14.4
			0.1			
33,600	33,600	0.3	0.3	0.4	0.4	0.4
36,272	30,900	0.2	0.1	0.5	0.4	0.4
<u>\$ 9,846,975</u>	<u>\$ 9,825,032</u>	<u>89.1 %</u>	<u>85.6 %</u>	<u>82.6 %</u>	<u>113.5 %</u>	<u>116.5 %</u>
\$ (1,174,715)	\$ (1,393,246)	<u>10.9 %</u>	<u>14.4 %</u>	<u>17.4 %</u>	<u>(13.5) %</u>	<u>(16.5) %</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ (1,174,715)	\$ (1,393,246)					
23,187	1,416,433					
<u>\$ (1,151,528)</u>	<u>\$ 23,187</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2015**

District Mailing Address - Harris County Emergency Services District No. 11  
c/o Coveler & Katz, P.C.  
820 Gessner, Suite 1710  
Houston, TX 77024

District Telephone Number - (713) 984-8222

Commissioners	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2015	Expense Reimbursements for the year ended December 31, 2015	Title
Lynn LeBouef	06/01/14 05/31/18 (Elected)	\$ -0-	\$ -0-	President
Karen Plummer	06/01/12 05/31/16 (Elected)	\$ -0-	\$ -0-	Vice President
Fred Grundmeyer	06/01/14 05/31/18 (Elected)	\$ -0-	\$ -0-	Secretary
Kevin Brost	06/01/12 05/31/16 (Elected)	\$ -0-	\$ -0-	Treasurer/ Investment Officer
Robert Berleth	06/01/12 05/31/16 (Elected)	\$ -0-	\$ -0-	Commissioner

The limit of fees of office that a Commissioner may receive during a year is \$3,000 as set by the Health and Safety Code-Chapter 775. Fees of office and expense reimbursements are the amounts actually paid to a Commissioner during the District's current fiscal year.

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
BOARD OF COMMISSIONERS AND CONSULTANTS  
DECEMBER 31, 2015**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2015*</u>	<u>Title</u>
Coveler & Katz, P.C.	10/13/04	\$ 79,415	Attorney
McCall Gibson Swedlund Barfoot PLLC	03/16/06	\$ 11,750	Auditor
Myrtle Cruz, Inc.	11/17/04	\$ 24,643	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP	06/09/05	\$ 35,732	Delinquent Tax Attorney
Harris County Tax Assessor	Legislative Action	\$ 196,116	Tax Assessor/ Collector

\* Accrual basis

See accompanying independent auditor's report.

