

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2016

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Harris County Emergency
Services District No. 9
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 9 (the "District"), as of and for the year ended December 31, 2016, 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.

Board of Commissioners
Harris County Emergency
Services District No. 9

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, 2016, 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 18, 2017

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

Management's discussion and analysis of Harris County Emergency Services District No. 9's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Fund 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 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 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, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The government-wide portion of 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 and sales tax revenues, costs of assessing and collecting taxes and general expenditures.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 Fund 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 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$115,069,479 as of December 31, 2016.

A portion of the District's net position reflects its net investment in capital assets (e.g. land, buildings, furniture and equipment, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide additional vehicles, equipment and facilities to its service provider.

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

<u>Summary of Changes in the Statement of Net Position</u>			
	2016	2015	Change Positive (Negative)
Current and Other Assets	\$ 90,100,913	\$ 76,475,154	\$ 13,625,759
Capital Assets (Net of Accumulated Depreciation)	<u>43,841,862</u>	<u>34,919,031</u>	<u>8,922,831</u>
Total Assets	<u>\$ 133,942,775</u>	<u>\$ 111,394,185</u>	<u>\$ 22,548,590</u>
Deferred Outflows of Resources	<u>\$ 3,272</u>	<u>\$ -0-</u>	<u>\$ 3,272</u>
Total Liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Deferred Inflows of Resources	<u>\$ 18,876,568</u>	<u>\$ 17,903,018</u>	<u>\$ (973,550)</u>
Net Position:			
Net Investment in Capital Assets	\$ 43,841,862	\$ 34,919,031	\$ 8,922,831
Unrestricted	<u>71,227,617</u>	<u>58,572,136</u>	<u>12,655,481</u>
Total Net Position	<u>\$ 115,069,479</u>	<u>\$ 93,491,167</u>	<u>\$ 21,578,312</u>

The following table provides a summary of the District's operations for the years ended December 31, 2016, and December 31, 2015. During the current fiscal year, the District's net position increased by \$21,578,312, accounting for a 23.1% growth in net position.

<u>Summary of Changes in the Statement of Activities</u>			
	2016	2015	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 17,937,358	\$ 17,418,561	\$ 518,797
Charges for Services	<u>6,683,944</u>	<u>5,702,888</u>	<u>981,056</u>
Sales Tax Revenues	<u>25,851,572</u>	<u>26,545,680</u>	<u>(694,108)</u>
Other Revenues	<u>412,925</u>	<u>367,746</u>	<u>45,179</u>
Total Revenues	<u>\$ 50,885,799</u>	<u>\$ 50,034,875</u>	<u>\$ 850,924</u>
Expenses for Services	<u>(29,307,487)</u>	<u>(24,963,337)</u>	<u>(4,344,150)</u>
Change in Net Position	<u>\$ 21,578,312</u>	<u>\$ 25,071,538</u>	<u>\$ (3,493,226)</u>
Net Position, Beginning of Year	<u>93,491,167</u>	<u>68,419,629</u>	<u>25,071,538</u>
Net Position, End of Year	<u>\$ 115,069,479</u>	<u>\$ 93,491,167</u>	<u>\$ 21,578,312</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's fund balance as of December 31, 2016, was \$70,659,114, an increase of \$12,638,991 from the prior year. This increase was primarily due to property tax and sales tax collections exceeding service operations and capital costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissions did not amend the budget during current fiscal year. Actual revenues were \$8,444,781 more than budgeted revenues primarily due to higher property tax, sales tax collections and EMS collections. Actual expenditures were \$2,928,170 more than budgeted expenditures primarily due to higher than anticipated capital outlay, repairs and other expenditures.

CAPITAL ASSETS

Capital assets as of December 31, 2016, amount to \$43,841,862 (net of accumulated depreciation) and include land, buildings, furniture and equipment.

Capital Assets At Year-End, Net of Accumulated Depreciation				Change Positive (Negative)
	2016	2015		
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 2,914,107	\$ 2,110,738	\$ 803,369	
Construction in Progress	1,315,253	905,677	409,576	
Capital Assets, Net of Accumulated Depreciation:				
Buildings and Improvements	15,617,755	16,087,317	(469,562)	
Furniture and Equipment	23,994,747	15,815,299	8,179,448	
Total Net Capital Assets	<u>\$ 43,841,862</u>	<u>\$ 34,919,031</u>	<u>\$ 8,922,831</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. 9, c/o Coveler & Peeler, P.C., Two Memorial City Plaza, 820 Gessner, Suite 1710, Houston, TX 77024-8261.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2016

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 54,533,474	\$	\$ 54,533,474
Investments	12,263,498		12,263,498
Cash With Harris County	5,935,210		5,935,210
Receivables:			
Property Taxes	10,620,014		10,620,014
Penalty and Interest on Delinquent			
Property Taxes		226,545	226,545
Sales Tax Receipts	4,534,223		4,534,223
Accrued Interest	36,150		36,150
Prepaid Costs	1,951,799		1,951,799
Land		2,914,107	2,914,107
Construction in Progress		1,315,253	1,315,253
Capital Assets (Net of Accumulated			
Depreciation)		39,612,502	39,612,502
TOTAL ASSETS	<u>\$ 89,874,368</u>	<u>\$ 44,068,407</u>	<u>\$ 133,942,775</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Plan Charges	\$ -0-	\$ 3,272	\$ 3,272
TOTAL ASSETS AND DEFERRED			
OUTFLOWS OF RESOURCES	<u>\$ 89,874,368</u>	<u>\$ 44,071,679</u>	<u>\$ 133,946,047</u>
TOTAL LIABILITIES	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 19,215,254	\$ (338,686)	\$ 18,876,568
FUND BALANCE			
Nonspendable: Prepaid Costs	\$ 1,951,799	\$ (1,951,799)	\$
Assigned to 2017 Budget	14,101,189	(14,101,189)	
Unassigned	54,606,126	(54,606,126)	
TOTAL FUND BALANCE	<u>\$ 70,659,114</u>	<u>\$ (70,659,114)</u>	<u>\$ -0-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS			
OF RESOURCES AND FUND BALANCE	<u>\$ 89,874,368</u>		
NET POSITION			
Net Investment in Capital Assets		\$ 43,841,862	\$ 43,841,862
Unrestricted		71,227,617	71,227,617
TOTAL NET POSITION	<u>\$ 115,069,479</u>		<u>\$ 115,069,479</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Total Fund Balance - Governmental Fund	\$ 70,659,114
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.	43,841,862
Deferred tax revenues and penalty and interest receivable on delinquent taxes for the 2015 and prior tax levies became part of recognized revenues in the governmental activities of the District.	565,231
Contributions made subsequent to the measurement date, but before the end of the fiscal year, are recorded as a deferred outflow of resources in the Statement of Net Position.	<u>3,272</u>
Total Net Postion - Governmental Activities	<u>\$ 115,069,479</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Adjustments	Statement of Activities	
REVENUES				
Property Taxes	\$ 17,945,974	\$ (8,616)	\$ 17,937,358	
EMS Collections/Dispatch Fees	6,683,944			6,683,944
Sales Tax Revenues	25,851,572			25,851,572
Penalty and Interest	195,871	21,834		217,705
Investment Revenues	129,279			129,279
Miscellaneous Revenues	<u>76,141</u>	<u>(10,200)</u>		<u>65,941</u>
TOTAL REVENUES	<u><u>\$ 50,882,781</u></u>	<u><u>\$ 3,018</u></u>		<u><u>\$ 50,885,799</u></u>
EXPENDITURES/EXPENSES				
Service Operations:				
District Services - Cy-Fair Volunteer				
Fire Department	\$ 22,406,809	\$ (3,272)	\$ 22,406,809	
Salaries and Benefits	116,237			112,965
Accounting and Auditing	59,950			59,950
Appraisal District Fees	135,540			135,540
Commissioner Fees	13,450			13,450
Legal Fees - General	257,276			257,276
Legal Fees - Delinquent Tax Collections	40,014			40,014
Tax Assessor/Collector Fees	194,757			194,757
Utilities	10,205			10,205
Repairs and Maintenance	1,058,134			1,058,134
Depreciation		3,783,501		3,783,501
Other	1,193,715			1,193,715
Capital Outlay	12,757,703	(12,757,703)		
Loss on Sale of Assets		41,171		41,171
TOTAL EXPENDITURES/EXPENSES	<u><u>\$ 38,243,790</u></u>	<u><u>\$ (8,936,303)</u></u>		<u><u>\$ 29,307,487</u></u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 12,638,991</u></u>	<u><u>\$ (12,638,991)</u></u>		<u><u>\$</u></u>
CHANGE IN NET POSITION			21,578,312	21,578,312
FUND BALANCE/NET POSITION -				
JANUARY 1, 2016	<u><u>\$ 58,020,123</u></u>	<u><u>\$ 35,471,044</u></u>		<u><u>\$ 93,491,167</u></u>
FUND BALANCE/NET POSITION -				
DECEMBER 31, 2016	<u><u>\$ 70,659,114</u></u>	<u><u>\$ 44,410,365</u></u>		<u><u>\$ 115,069,479</u></u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
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, 2016

Net Change in Fund Balance - Governmental Fund	\$ 12,638,991
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenues are recorded in the accounting period for which the taxes are levied.	(8,616)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenues are recorded when the penalty and interest are assessed.	21,834
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(3,783,501)
Governmental funds report capital asset cost as expenditures in the period purchased. However, in the Statement of Net Position, 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 assets purchased are expensed in the Statement of Activities.	12,706,332
The changes in deferred outflows of resources are recorded as pension expense in the government-wide financial statements.	<u>3,272</u>
Change in Net Position - Governmental Activities	<u>\$ 21,578,312</u>

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1. CREATION OF DISTRICT

Harris County Rural Fire Prevention District No. 9 (the “District”), was created by an order of the Commissioners Court of Harris County, Texas, on November 14, 1983, and began activity in 1984. At an election held February 12, 1994, the District was converted into Harris County Emergency Services District No. 9, a district operating under Chapter 775 of the Health and Safety Code. The District is empowered to provide fire protection, ambulance and rescue services to the persons in its boundaries which will be conducive to their public safety, health, welfare and convenience.

The District is governed by a Board of Commissioners consisting of five individuals residing within the District who are elected by voters within the District. The Board of Commissioners sets the policies of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether 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.

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. 9
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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.

Fund Financial Statements

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 considered to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, property tax and 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 revenue 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 revenue include the 2015 tax levy collections during the period October 1, 2015, to December 31, 2016, and taxes collected from January 1, 2016, to December 31, 2016, for all prior tax levies. The 2016 tax levy has been fully deferred to fund 2017 costs.

Capital Assets

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Capital assets are capitalized if they have an individual cost of \$5,000 or more 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:

	<u>Years</u>
Buildings and Improvements	40
Furniture and Equipment	5-20
Vehicles	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

Payments are made into the social security system for all 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. See Note 10 for the District's pension plan.

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 and liabilities 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:

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. 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. The District has assigned \$14,101,189 of its General Fund fund balance to cover a portion of the 2017 budget.

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.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 3. TAX LEVY

On February 12, 1994, voters of the District approved a maximum tax rate of \$0.06 per \$100 of assessed valuation on all taxable property within the District. During the year ended December 31, 2016, the District levied an ad valorem tax at the rate of \$0.05331 per \$100 of assessed valuation, which resulted in a tax levy of \$18,876,568 on the adjusted taxable valuation of \$35,405,872,510 for the 2016 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.

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 \$59,999,155 and the bank balance was \$59,683,631. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Fund Balance Sheet and the Statement of Net Position at December 31, 2016, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	<u>\$ 54,533,474</u>	<u>\$ 5,465,681</u>	<u>\$ 59,999,155</u>

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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.

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. Wells Fargo Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

The District invests in the Texas Short Term Asset Reserve Program (“TexSTAR”, an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and FirstSouthwest, a division of Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR. As of December 31, 2016, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	\$ 2,771,656	\$ 2,771,656
TexSTAR	2,514,847	2,514,847
Texas CLASS	1,511,314	1,511,314
Certificates of Deposit	5,465,681	5,465,681
TOTAL INVESTMENTS	\$ 12,263,498	\$ 12,263,498

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2016, the District’s investment in TexPool, TexSTAR and Texas CLASS were rated “AAAm” by Standard and Poor’s. The District also manages credit risk by investing in certificates of deposit 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 investments in TexPool, TexSTAR and Texas CLASS to have a maturity of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5. CAPITAL ASSETS

	January 1, 2016	Increases	Decreases	December 31, 2016
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 2,110,738	\$ 803,369	\$	\$ 2,914,107
Construction in Progress	<u>905,677</u>	<u>12,757,703</u>	<u>12,348,127</u>	<u>1,315,253</u>
Total Capital Assets Not Being Depreciated	<u><u>\$ 3,016,415</u></u>	<u><u>\$ 13,561,072</u></u>	<u><u>\$ 12,348,127</u></u>	<u><u>\$ 4,229,360</u></u>
Capital Assets Subject to Depreciation				
Building and Improvements	\$ 19,660,104	\$ 80,499	\$	\$ 19,740,603
Furniture and Equipment	<u>23,515,478</u>	<u>11,464,259</u>	<u>128,546</u>	<u>34,851,191</u>
Total Capital Assets Subject to Depreciation	<u><u>\$ 43,175,582</u></u>	<u><u>\$ 11,544,758</u></u>	<u><u>\$ 128,546</u></u>	<u><u>\$ 54,591,794</u></u>
Less Accumulated Depreciation				
Building and Improvements	\$ 3,572,787	\$ 550,061	\$	\$ 4,122,848
Furniture and Equipment	<u>7,700,179</u>	<u>3,233,440</u>	<u>77,175</u>	<u>10,856,444</u>
Total Accumulated Depreciation	<u><u>\$ 11,272,966</u></u>	<u><u>\$ 3,783,501</u></u>	<u><u>\$ 77,175</u></u>	<u><u>\$ 14,979,292</u></u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 31,902,616</u></u>	<u><u>\$ 7,761,257</u></u>	<u><u>\$ 51,371</u></u>	<u><u>\$ 39,612,502</u></u>
Total Capital Assets, Net of Accumulated Depreciation	<u><u><u>\$ 34,919,031</u></u></u>	<u><u><u>\$ 21,322,329</u></u></u>	<u><u><u>\$ 12,399,498</u></u></u>	<u><u><u>\$ 43,841,862</u></u></u>

NOTE 6. CONTRACT FOR FIRE PROTECTION AND RESCUE SERVICES

The District contracts with Cy-Fair Volunteer Fire Department (“Cy-Fair”) to provide fire prevention, ambulance and rescue services to the persons and commercial interests within the District. The District has entered into a three-year contract with Cy-Fair, effective January 1, 2015. The contract was approved on February 19, 2015, and the term of the contract is from January 1, 2015, through December 31, 2017. The contract can be terminated before the expiration date by mutual agreement. The District has the right to set the monthly monetary amount that will be invoiced to the District by Cy-Fair. In no event has the District agreed to remit more funds to Cy-Fair than it received from its tax collections less administrative costs. Expenditures during the current fiscal year were utilized by Cy-Fair as follows:

Operations	\$ 21,392,934
Capital Outlay	<u>1,013,875</u>
	<u><u>\$ 22,406,809</u></u>

Cy-Fair bills for ambulance service when service is provided. The District records the revenue when it is received from Cy-Fair. During the current fiscal year, the District recorded ambulance service revenues of \$6,683,944.

In 2016, the District also advanced \$1,951,799 to Cy-Fair, which Cy-Fair will apply toward 2017 operations and capital outlay. The amount has been recorded as a prepaid cost in the District’s financial statements.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 7. INTERLOCAL AGREEMENTS

On January 24, 2002, the District entered into an Interlocal Agreement for Construction and Use of Emergency Services Facilities (the “Agreement”) with North Harris Montgomery Community College District, now known as Lone Star College System (the “College”), to provide training to firefighter, emergency medical service personnel and other providers of emergency services.

Under the terms of a Interlocal Ground Lease Agreement approved January 26, 2002, the College has agreed to lease the District a five-acre tract of land on which the District constructed a fire station on behalf of Cy-Fair and a fire and emergency training center to be utilized by the College. On February 7, 2008, the ground lease was amended to expand the use of land to approximately eight acres. The property and the facilities will be provided to the parties at no cost. The College is responsible for all costs of operation and maintenance of the facility. The College and the District entered into an annual training agreement regarding education and use of the facilities for training. The initial term of the training agreement is five years, beginning on the first day of the month of occupancy by the College.

The training agreement automatically renews for successive five year periods unless notice is given by either party. In the event of termination of the training agreement, the District has the option of removing the emergency training center or selling the facility to the College at the then fair market value.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9. SALES AND USE TAX

In accordance with Chapter 775 of the Health and Safety Code, the District is authorized to adopt and impose a sales and use tax if authorized by a majority of the qualified voters of the District. The election to adopt a sales and use tax is governed by the provisions of Subchapter E, Chapter 323 of the Tax Code.

The voters of the District approved the establishment and adoption of a sales and use tax of up to a maximum of one percent. The Board set a local sales and use tax of one percent on all applicable sales and uses within the boundaries of the District, excluding any territory in the District where sales and use tax is currently two percent. The sales tax became effective on October 1, 2013. During the year ended December 31, 2016, the District recorded \$25,851,572 in sales tax revenues, of which \$4,534,223 was recorded as a receivable.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 10. PENSION PLAN

The District began participation in the Texas County & District Retirement System (TCDRS) as of January 1, 2016, and therefore did not have any participating employees as of the TCDRS measurement date, December 31, 2015. A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

- a. The District participates in TCDRS, which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full-time and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the District's plan, 6% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage(s) (current match is 100%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the District may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act.
- c. As of the measurement date, December 31, 2015, the District had no employees covered in TCDRS.
- d. The District's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The District contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the District and are currently 6%. The actuarially determined employer contribution rate for 2016 was 4.31%. Contributions to the pension plan from the District were \$3,272 for the fiscal year ended December 31, 2016.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2016

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 17,338,000	\$ 17,945,974	\$ 607,974
EMS Collections/Dispatch Fees	5,020,000	6,683,944	1,663,944
Sales Tax Revenues	20,000,000	25,851,572	5,851,572
Penalty and Interest		195,871	195,871
Investment Revenues	65,000	129,279	64,279
Miscellaneous Revenues	<u>15,000</u>	<u>76,141</u>	<u>61,141</u>
TOTAL REVENUES	<u>\$ 42,438,000</u>	<u>\$ 50,882,781</u>	<u>\$ 8,444,781</u>
EXPENDITURES			
Services Operations:			
District Services - Cy-Fair Volunteer			
Fire Department	\$ 25,269,120	\$ 22,406,809	\$ 2,862,311
Salaries and Benefits	310,000	116,237	193,763
Accounting and Auditing	65,000	59,950	5,050
Appraisal District Fees	150,000	135,540	14,460
Commissioner Fees	15,000	13,450	1,550
Legal Fees - General	70,500	257,276	(186,776)
Legal Fees - Delinquent Tax Collections		40,014	(40,014)
Tax Assessor/Collector Fees		194,757	(194,757)
Utilities	40,000	10,205	29,795
Repairs and Maintenance		1,058,134	(1,058,134)
Other	396,000	1,193,715	(797,715)
Capital Outlay	3,000,000	12,757,703	(9,757,703)
Debt Service:			
Principal	<u>6,000,000</u>		<u>6,000,000</u>
TOTAL EXPENDITURES	<u>\$ 35,315,620</u>	<u>\$ 38,243,790</u>	<u>\$ (2,928,170)</u>
NET CHANGE IN FUND BALANCE	\$ 7,122,380	\$ 12,638,991	\$ 5,516,611
FUND BALANCE - JANUARY 1, 2016	<u>58,020,123</u>	<u>58,020,123</u>	<u></u>
FUND BALANCE - DECEMBER 31, 2016	<u>\$ 65,142,503</u>	<u>\$ 70,659,114</u>	<u>\$ 5,516,611</u>

See accompanying independent auditor's report.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
SUPPLEMENTARY INFORMATION
REQUIRED BY HARRIS COUNTY
DECEMBER 31, 2016

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
LISTING OF THE NUMBER OF EMERGENCY RESPONSES
MADE WITHIN AND OUTSIDE THE DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

	<u>Total</u>
Number of Emergency Responses Made Within the District	25,524
Number of Emergency Responses Made Outside the District	<u>181</u>
Total Emergency Responses	<u>25,705</u>

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2016

Type of Coverage	From To	Amount of Coverage	Insurer/Name
POSITION SCHEDULE BOND Treasurer	4/15/16 4/15/17	\$ 100,000	American Alternative Insurance Corporation
PUBLIC EMPLOYEE BLANKET CRIME BOND Limit	4/15/16 4/15/17	\$ 100,000	American Alternative Insurance Corporation
GENERAL LIABILITY General Aggregate Per Occurrence	4/15/16 4/15/17	\$ 3,000,000 1,000,000	American Alternative Insurance Corporation
EXCESS LIABILITY General Aggregate Each Occurrence	4/15/16 4/15/17	\$ 20,000,000 10,000,000	American Alternative Insurance Corporation
MANAGEMENT LIABILITY Each Wrongful Act Aggregate	4/15/16 4/15/17	\$ 1,000,000 3,000,000	American Alternative Insurance Corporation
AUTOMOBILE LIABILITY Combined Single Limit	4/15/16 4/15/17	\$ 1,000,000	American Alternative Insurance Corporation
PROPERTY Buildings Contents Policy Deductible Flood Deductible	4/15/16 4/15/17	\$ 19,170,292 5,571,527 5,000 1,000	American Alternative Insurance Corporation
WORKERS COMPENSATION Each Accident Disease Each Employee Disease Policy Limit	5/24/16 5/24/17	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company
PUBLIC OFFICIAL BOND Treasurer	8/1/15 6/1/18	\$ 100,000	CNA Surety

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
STATEMENT OF ACTIVITIES
CY-FAIR VOLUNTEER FIRE DEPARTMENT
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

REVENUE AND SUPPORT:

Contract Harris County Emergency Services District No. 9	\$ 21,729,314
Contributions	<u>60,989</u>
TOTAL REVENUE AND SUPPORT	<u>\$ 21,790,303</u>

EXPENSES:

Administrative	\$ 1,281,428
Communications	214,259
Computer System	776,322
Dispatching	1,640,643
Emergency Medical	9,156,777
Fire Chief - Operations	6,908,908
Fire Marshall	4,568
Safety	26,620
Training	242,460
Public Relations	128,758
Vehicle Maintenance	<u>1,340,560</u>
TOTAL EXPENSES	<u>\$ 21,721,303</u>

OTHER INCOME (EXPENSES):

Net Investment Income	\$ 2,042
Other Income	<u>44,586</u>
TOTAL OTHER INCOME (EXPENSES)	<u>\$ 46,628</u>

CHANGE IN NET ASSETS	\$ 115,628
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NET ASSETS – JANUARY 1, 2016	<u>4,841,440</u>
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NET ASSETS – DECEMBER 31, 2016	<u>\$ 4,957,068</u>
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See accompanying independent auditor's report.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2016

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Property Taxes</u>
TAXES RECEIVABLE -	
JANUARY 1, 2016	\$ 13,705,403
Adjustments to Beginning Balance	<u>34,340</u>
	\$ 13,739,743
Original 2016 Tax Levy	\$ 18,214,415
Adjustment to 2016 Tax Levy	<u>662,153</u>
	\$ 18,876,568
TOTAL TO BE ACCOUNTED FOR	\$ 32,616,311
TAX COLLECTIONS:	
Prior Years	\$ 13,401,057
Current Year	<u>8,595,240</u>
	\$ 21,996,297
TAXES RECEIVABLE -	
DECEMBER 31, 2016	<u>\$ 10,620,014</u>
TAXES RECEIVABLE BY YEAR:	
2016	\$ 10,281,328
2015	94,685
2014	36,599
2013	34,395
2012	28,015
2011	24,766
2010	22,959
2009	22,547
2008	19,910
2007	17,093
2006	19,901
2005	4,361
2004	2,268
2003	2,079
2002	1,429
2001	1,106
2000	1,258
1999	800
1998	733
1997	744
1996	927
1995	<u>2,111</u>
TOTAL	<u>\$ 10,620,014</u>

See accompanying independent auditor's report.

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HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
PROPERTY				
VALUATIONS	<u>\$ 35,405,872,510</u>	<u>\$ 32,545,577,273</u>	<u>\$ 29,133,761,148</u>	<u>\$ 28,015,671,285</u>
TOTAL TAX RATES				
PER \$100 VALUATION	<u>\$ 0.05331</u>	<u>\$ 0.055</u>	<u>\$ 0.06</u>	<u>\$ 0.06</u>
ADJUSTED TAX LEVY*	<u>\$ 18,876,568</u>	<u>\$ 17,903,018</u>	<u>\$ 17,481,430</u>	<u>\$ 16,809,952</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>45.53 %</u>	<u>99.47 %</u>	<u>99.79 %</u>	<u>99.80 %</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. 9
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2016	2015	2014
REVENUES			
Property Taxes	\$ 17,945,974	\$ 17,423,819	\$ 16,797,297
EMS Collections/Dispatch Fees	6,683,944	5,702,888	5,498,542
Sales Tax Revenues	25,851,572	26,545,680	22,097,117
Penalty and Interest	195,871	176,884	175,708
Investment Revenues	129,279	83,922	69,017
Miscellaneous Revenues	76,141	138,861	8,038
TOTAL REVENUES	<u>\$ 50,882,781</u>	<u>\$ 50,072,054</u>	<u>\$ 44,645,719</u>
EXPENDITURES			
Service Operations:			
District Services - Cy-Fair VFD	\$ 22,406,809	\$ 19,906,719	\$ 20,151,934
Salaries and Benefits	116,237	96,155	140,161
Accounting and Auditing	59,950	54,100	49,025
Appraisal District Fees	135,540	139,180	132,094
Commissioner Fees	13,450	13,400	11,050
Legal Fees - General	257,276	129,346	92,880
Legal Fees - Delinquent Tax Collections	40,014	37,862	40,335
Tax Assessor/Collector Fees	194,757	152,280	204,872
Professional Fees		75,001	59,600
Utilities	10,205	10,057	10,157
Repairs and Maintenance	1,058,134	271,684	1,809
Other	1,193,715	1,006,430	449,212
Capital Outlay	12,757,703	6,656,391	4,343,362
Debt Service:			
Financing Costs			
Capital Lease Principal		6,868,917	4,619,186
Capital Lease Interest		254,908	408,255
TOTAL EXPENDITURES	<u>\$ 38,243,790</u>	<u>\$ 35,672,430</u>	<u>\$ 30,713,932</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 12,638,991</u>	<u>\$ 14,399,624</u>	<u>\$ 13,931,787</u>
OTHER FINANCING SOURCES (USES)			
Capital Lease/Note Proceeds	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	<u>\$ 12,638,991</u>	<u>\$ 14,399,624</u>	<u>\$ 13,931,787</u>
BEGINNING FUND BALANCE	<u>58,020,123</u>	<u>43,620,499</u>	<u>29,688,712</u>
ENDING FUND BALANCE	<u>\$ 70,659,114</u>	<u>\$ 58,020,123</u>	<u>\$ 43,620,499</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue					
2013	2012	2016	2015	2014	2013	2012	
\$ 15,916,796	\$ 15,407,781	35.3 %	34.7 %	37.6 %	60.4 %	72.5 %	
5,830,113	5,537,860	13.1	11.4	12.3	22.1	26.1	
4,300,070		50.8	53.0	49.5	16.3		
245,130	206,363	0.4	0.4	0.4	0.9	1.0	
39,741	44,863	0.3	0.2	0.2	0.2	0.2	
28,646	51,877	0.1	0.3		0.1	0.2	
<u>\$ 26,360,496</u>	<u>\$ 21,248,744</u>	<u>100.0</u> %	<u>100.0</u> %	<u>100.0</u> %	<u>100.0</u> %	<u>100.0</u> %	
\$ 17,308,207	\$ 18,400,210	44.0 %	39.8 %	45.1 %	65.7 %	86.6 %	
196,657	188,927	0.2	0.2	0.3	0.7	0.9	
48,900	48,525	0.1	0.1	0.1	0.2	0.2	
127,787	126,720	0.3	0.3	0.3	0.5	0.6	
13,900	12,900				0.1	0.1	
136,030	95,515	0.5	0.3	0.2	0.5	0.4	
51,118	35,172	0.1	0.1	0.1	0.2	0.2	
153,573	204,173	0.4	0.3	0.5	0.6	1.0	
75,543			0.1	0.1	0.3		
5,734	4,760						
1,143	17,022	2.1	0.5			0.1	
214,584	239,600	2.3	2.0	1.0	0.8	1.1	
6,969,588	1,762,251	25.1	13.3	9.7	26.4	8.3	
	58,306					0.3	
158,103	74,930		13.7	10.3	0.6	0.4	
42,398	8,242		0.5	0.9	0.2		
<u>\$ 25,503,265</u>	<u>\$ 21,277,253</u>	<u>75.1</u> %	<u>71.2</u> %	<u>68.6</u> %	<u>96.8</u> %	<u>100.2</u> %	
\$ 857,231	\$ (28,509)	24.9 %	28.8 %	31.4 %	3.2 %	(0.2) %	
\$ 7,500,000	\$ 4,221,136						
\$ 8,357,231	\$ 4,192,627						
21,331,481	17,138,854						
<u>\$ 29,688,712</u>	<u>\$ 21,331,481</u>						

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 9
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2016

District Mailing Address - Harris County Emergency Services District No. 9
c/o Coveler & Peeler, P.C.
Two Memorial City Plaza
820 Gessner, Suite 1710
Houston, TX 77024-8261

District Telephone Number - (713) 984-8222

Commissioners	Term of Office (Appointed or Elected)	Fees of Office for the year ended December 31, 2016	Expense Reimbursements for the year ended December 31, 2016	Title
Bob Janusaitis	06/01/16 05/31/20 (Elected)	\$ 3,000	\$ 1,040	President
Scott Deboer	06/01/14 05/31/18 (Elected)	\$ 2,700	\$ -0-	Vice President
Jeremy Martinson	06/01/14 05/31/18 (Elected)	\$ 2,950	\$ -0-	Treasurer
David Langenberg	06/01/16 05/31/20 (Elected)	\$ 950	\$ -0-	Secretary
Betty Boren Avery	06/01/14 05/31/18 (Elected)	\$ 3,000	\$ 235	Assistant Treasurer/ Secretary

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. 9
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2016

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended</u>		<u>Title</u>
		<u>December 31, 2016*</u>		
Coveler & Peeler, P.C.	01/20/11	\$ 278,580		General Counsel
McCall Gibson Swedlund Barfoot PLLC	01/22/09	\$ 16,750		Auditor
Myrtle Cruz, Inc.	04/15/10	\$ 45,089		Bookkeeper
Harris County Tax Assessor/Collector	Legislative Action	\$ 194,757		Tax Assessor/Collector
Linebarger Goggan Blair & Sampson, LLP		\$ 40,014		Delinquent Tax Attorney

* Accrual basis

See accompanying independent auditor's report.

