

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**

**HARRIS AND FORT BEND COUNTIES, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2012**

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

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**

**HARRIS AND FORT BEND COUNTIES, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2012**

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	9
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	10
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	11
NOTES TO FINANCIAL STATEMENTS	12-23
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	25
SUPPLEMENTARY INFORMATION REQUIRED BY HARRIS COUNTY	
COMPUTATION OF NET LONG - TERM DEBT PER CAPITA (NOT APPLICABLE)	
LISTING OF THE NUMBER OF EMERGENCY RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT	27
SCHEDULE OF INSURANCE AND BONDING COVERAGE	28
STATEMENT OF ACTIVITIES – COMMUNITY PROTECTION AGENCY, INC.	29
OTHER SUPPLEMENTARY INFORMATION	
TAXES LEVIED AND RECEIVABLE	31-32
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES – GENERAL FUND – FIVE YEARS	33-34
BOARD OF COMMISSIONERS AND CONSULTANTS	35-36

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**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Harris-Fort Bend Emergency  
Services District No. 100  
Harris and Fort Bend Counties, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Harris-Fort Bend Emergency Services District No. 100 (the "District"), as of and for the year ended December 31, 2012, 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 District'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-Fort Bend Emergency  
Services District No. 100

## 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, 2012, 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.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 7 and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on page 25 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.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by Harris County Commissioners Court on pages 27 through 29 and other supplementary information on pages 31 through 36 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 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*McCall Gibson Swedlund Barfoot PLLC*  
McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants

April 2, 2013

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Management's discussion and analysis of Harris-Fort Bend Emergency Services District No. 100's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2012. Please read it in conjunction with the District's financial statements, which begin on page 8.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds 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 statements is the Statement of Net Position. This information is found in the Statement of Net Position column on page 8. The Statement of Net Position is the District-wide statement of its financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The government-wide portion of the Statement of Activities on page 10 reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

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

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**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 on page 9 and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities on page 11 explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO FINANCIAL STATEMENTS**

The accompanying notes to financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to financial statements can be found on pages 12 through 23 in this report.

**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 \$29,631,005 as of December 31, 2012.

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

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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

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

<u>Summary of Changes in the Statement of Net Position</u>			
	2012	2011	Change Positive (Negative)
Current and Other Assets	\$ 22,121,049	\$ 19,677,472	\$ 2,443,577
Capital Assets (Net of Accumulated Depreciation)	<u>12,351,279</u>	<u>11,033,311</u>	<u>1,317,968</u>
Total Assets	\$ 34,472,328	\$ 30,710,783	\$ 3,761,545
Long -Term Liabilities	\$	\$ 818,785	\$ 818,785
Other Liabilities	<u>293,446</u>	<u>981,061</u>	<u>687,615</u>
Total Liabilities	\$ 293,446	\$ 1,799,846	\$ 1,506,400
Deferred Inflows of Resources	\$ 4,547,877	\$ 4,554,237	\$ 6,360
Net Position:			
Net Investment in Capital Assets	\$ 12,351,279	\$ 9,928,811	\$ 2,422,468
Unrestricted	<u>17,279,726</u>	<u>14,427,889</u>	<u>2,851,837</u>
Total Net Position	<u>\$ 29,631,005</u>	<u>\$ 24,356,700</u>	<u>\$ 5,274,305</u>

The following table provides comparative analysis of the District's operations for the years ended December 31, 2012, and December 31, 2011. During the current fiscal year, the District's net position increased by \$5,274,305, accounting for a 21.7% growth in net position.

<u>Summary of Changes in the Statement of Activities</u>			
	2012	2011	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 4,582,159	\$ 4,559,953	\$ 22,206
Sales Tax Receipts	4,282,681	2,774,683	1,507,998
Other Revenues	<u>892,065</u>	<u>834,300</u>	<u>57,765</u>
Total Revenues	\$ 9,756,905	\$ 8,168,936	\$ 1,587,969
Expenses for Services	<u>(4,482,600)</u>	<u>(4,385,308)</u>	<u>(97,292)</u>
Change in Net Position	\$ 5,274,305	\$ 3,783,628	\$ 1,490,677
Net Position, Beginning of Year	<u>24,356,700</u>	<u>20,573,072</u>	<u>3,783,628</u>
Net Position, End of Year	<u>\$ 29,631,005</u>	<u>\$ 24,356,700</u>	<u>\$ 5,274,305</u>



**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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

The District's General Fund fund balance as of December 31, 2012, was \$17,081,901, an increase of \$2,785,366 from the prior year. The increase was primarily due to the collection of sales tax receipts.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Commissioners did not amend the budget during the fiscal year. Actual revenues were \$1,712,434 more than budgeted revenues. Actual expenditures were \$2,736,588 less than budgeted expenditures. See budget and actual comparison on page 25.

**CAPITAL ASSETS**

The District's investment in capital assets as of December 31, 2012, amounts to \$12,351,279 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment.

Capital asset events during the current fiscal year included the purchase or completion of the following:

- Purchase of Metro Brush Truck- \$110,089
- Purchase of 4 Ambulances- \$569,240
- Equipment for Tower 2- \$45,191
- Construction in progress includes costs related to the construction of an access road at Station No. 3, a training center at Station No. 1 and the purchase of a Foam Pumper Truck, pending delivery - \$1,489,504

Capital Assets At Year-End, Net of Accumulated Depreciation

	<u>2012</u>	<u>2011</u>	<u>Change Positive (Negative)</u>
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,501,694	\$ 1,501,694	\$
Construction in Progress	1,489,504	119,143	1,370,361
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	4,727,188	4,879,392	(152,204)
Vehicles	4,303,327	4,140,285	163,042
Equipment	329,566	392,797	(63,231)
Total Net Capital Assets	<u>\$ 12,351,279</u>	<u>\$ 11,033,311</u>	<u>\$ 1,317,968</u>

Additional information on the District's capital assets can be found in Note 6 of this report.

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**LONG-TERM DEBT ACTIVITY**

The changes in the debt position of the District during the fiscal year ended December 31, 2012, are summarized as follows:

Notes Payable, January 1, 2012	\$ 1,104,500
Less: Note Principal Paid	<u>1,104,500</u>
Notes Payable, December 31, 2012	<u>\$ -0-</u>

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris-Fort Bend Emergency Services District No. 100, c/o Coveler & Katz, P.C., 820 Gessner, Suite 1710, Houston, TX 77024.

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2012**

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash, Note 4	\$ 5,447,226	\$	\$ 5,447,226
Investments, Note 4	11,893,389		11,893,389
Cash with Other Governments	962,196		962,196
Receivables:			
Property Taxes	2,749,493		2,749,493
Penalty and Interest on Delinquent Taxes	71,727		71,727
Sales Tax Receipts	993,935		993,935
Accrued Interest	3,083		3,083
Land, Note 6		1,501,694	1,501,694
Construction in Progress, Note 6		1,489,504	1,489,504
Capital Assets (Net of Accumulated Depreciation), Note 6		9,360,081	9,360,081
<b>TOTAL ASSETS</b>	<u>\$ 22,121,049</u>	<u>\$ 12,351,279</u>	<u>\$ 34,472,328</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 95,668	\$	\$ 95,668
Due to Fort Bend County Road District, Note 11	197,778		197,778
<b>TOTAL LIABILITIES</b>	<u>\$ 293,446</u>	<u>\$ -0-</u>	<u>\$ 293,446</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	\$ 4,673,975	\$ (126,098)	\$ 4,547,877
Penalty and Interest on Delinquent Taxes	71,727	(71,727)	
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 4,745,702</u>	<u>\$ (197,825)</u>	<u>\$ 4,547,877</u>
<b>FUND BALANCE</b>			
Assigned for 2013 Budget, Note 2	\$ 1,346,856	\$ (1,346,856)	\$
Unassigned	15,735,045	(15,735,045)	
<b>TOTAL FUND BALANCE</b>	<u>\$ 17,081,901</u>	<u>\$ (17,081,901)</u>	<u>\$ - 0 -</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 22,121,049</u>		
<b>NET POSITION</b>			
Net Investment in Capital Assets		\$ 12,351,279	\$ 12,351,279
Unrestricted		17,279,726	17,279,726
<b>TOTAL NET POSITION</b>		<u>\$ 29,631,005</u>	<u>\$ 29,631,005</u>

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

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

Total Fund Balance - Governmental Funds	\$ 17,081,901
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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.	12,351,279
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Deferred tax revenues and deferred penalty and interest revenues on delinquent taxes for the 2011 and prior tax levies became part of recognized revenues in the governmental activities of the District.	<u>197,825</u>
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Total Net Postion - Governmental Activities	<u>\$ 29,631,005</u>
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The accompanying notes to financial  
statements are an integral part of this report.

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	General Fund	Adjustments	Statement of Activities
<b>REVENUES</b>			
Property Taxes	\$ 4,539,067	\$ 43,092	\$ 4,582,159
Sales Tax Receipts, Note 10	4,282,681		4,282,681
EMS Collections, Note 5	724,099		724,099
Lease Revenues, Note 8	36,648		36,648
Penalty and Interest	59,169	23,379	82,548
Investment Revenues	48,760		48,760
Miscellaneous Revenues	10		10
<b>TOTAL REVENUES</b>	<u>\$ 9,690,434</u>	<u>\$ 66,471</u>	<u>\$ 9,756,905</u>
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
District Services - Community Protection Agency, Inc.	\$ 3,350,179	\$	\$ 3,350,179
Accounting and Auditing	22,300		22,300
Appraisal District Fees	30,950		30,950
Commissioner Fees	7,950		7,950
Legal Fees - General	39,410		39,410
Legal Fees - Delinquent Tax Collections	12,966		12,966
Sales Tax Consultant	33,277		33,277
Tax Assessor/Collector Fees	37,240		37,240
Repairs and Maintenance	50,160		50,160
Depreciation, Note 6		776,913	776,913
Other	47,455		47,455
Capital Outlay	2,120,486	(2,094,881)	25,605
Debt Service:			
Note Principal	1,104,500	(1,104,500)	
Note Interest	48,195		48,195
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 6,905,068</u>	<u>\$ (2,422,468)</u>	<u>\$ 4,482,600</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 2,785,366	\$ (2,785,366)	\$
<b>CHANGE IN NET POSITION</b>		5,274,305	5,274,305
<b>FUND BALANCE/NET POSITION - JANUARY 1, 2012</b>	<u>14,296,535</u>	<u>10,060,165</u>	<u>24,356,700</u>
<b>FUND BALANCE/NET POSITION - DECEMBER 31, 2012</b>	<u>\$ 17,081,901</u>	<u>\$ 12,549,104</u>	<u>\$ 29,631,005</u>

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

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Net Change in Fund Balance - Governmental Funds	\$ 2,785,366
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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.	43,092
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Governmental funds report penalty and interest revenues on property taxes when collected. However, in the Statement of Activities, revenues are recorded when the penalty and interest are assessed.	23,379
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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.	(776,913)
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Governmental funds record capital asset costs 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 asset purchases are expensed in the Statement of Activities.	2,094,881
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Governmental funds report principal payments on long-term liabilities as expenditures in the year paid. However, in the Statement of Net Position, liabilities are reduced when principal payments are made and the Statement of Activities is not affected.	1,104,500
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Change in Net Position - Governmental Activities	\$ <u>5,274,305</u>
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The accompanying notes to financial  
statements are an integral part of this report.

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**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 1. CREATION OF DISTRICT**

Harris-Fort Bend Emergency Services District No. 100 (the "District") was created on August 8, 1997, in accordance with Article III, Section 48-e, of the Texas Constitution. The District operates under Chapter 775 of the Health and Safety Code. The District was established to provide operating funds for the contracting of fire prevention and emergency medical 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 GASB has established the criteria for determining whether or not a given entity is a component unit. The criteria are: (1) is the potential component unit a legally separate entity, (2) does the primary government appoint a voting majority of the potential component unit's board, (3) is the primary government able to impose its will on the potential component unit, (4) is there a financial benefit or burden relationship. The District was created as an independent municipality. The District does not meet the criteria for inclusion as a component unit of any entity nor does any other entity meet the component unit criteria for inclusion in the District's financial statements.

**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-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**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 revenue and expense of 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-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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

Governmental Funds

The District has one governmental fund and considers this fund to be 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 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 recorded as revenue include the 2011 tax levy collections during the period October 1, 2011, to December 31, 2012, and taxes collected from January 1, 2012, to December 31, 2012, for all prior tax levies. The 2012 tax levy has been fully deferred to meet the District's planned expenditures in the 2013 fiscal year.

Capital Assets

Capital assets, which include land, buildings, vehicles 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. Installation costs, professional fees and certain other costs are capitalized as part of the asset.

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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

Capital Assets (Continued)

Assets are capitalized if they have an original cost of \$25,000 or more and a useful life of at least one year. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Buildings	40
All Other Equipment	3-20

Budgeting

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

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Commissioners are considered to be wages subject to federal income tax 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 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-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**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. The District does not have any nonspendable fund balances.

*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. As of December 31, 2012, the District has assigned \$1,346,856 of the current General Fund fund balance to cover a portion of the 2013 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-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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

Subsequent Events

In preparing these financial statements, management has evaluated and disclosed all material subsequent events through April 2, 2013, which is the date these statements were available to be issued.

New Pronouncements

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which is effective for fiscal years beginning after December 15, 2011, provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net assets that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net assets applicable to a future reporting period. GASB Statement No. 63 has been implemented in these financial statements.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which is effective for fiscal years beginning after December 15, 2012, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 has been early implemented in these financial statements.

**NOTE 3.      TAX LEVY**

Voters of the District have approved the levy and collection of an ad valorem tax not to exceed \$0.10 per \$100 of assessed valuation on taxable property within the District. During the year ended December 31, 2012, the District levied an ad valorem tax at the rate of \$0.09 per \$100 of assessed valuation, which resulted in a tax levy of \$4,547,877 on the adjusted taxable valuation of \$5,052,021,626 for the 2012 tax year.

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 certified tax roll
Lien Date	- January 1.
Due Date	- Not later than January 31.
Delinquent Date	- February 1, at which time the taxpayer is liable for penalty and interest.

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**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 bank deposits was \$8,734,174 and the bank balance was \$8,733,003. Of the bank balance, \$3,536,948 was covered by federal depository insurance and the balance was covered by collateral pledged in the name of the District and held in a third-party depository.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2012, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 5,447,226	\$ 3,286,948	\$ 8,734,174

Investments

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

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. 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.

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 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. First Southwest Asset Management, Inc. and JPMorgan Chase Bank, N.A. manages the daily operations of Tex STAR. The fair value of the District's position in the pools is the same as the value of pool shares.

As of December 31, 2012, 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	\$ 5,101,370	\$ 5,101,370	\$	\$	\$
TexSTAR	3,505,071	\$ 3,505,071			
Certificates of Deposit	3,286,948	3,286,948			
TOTAL INVESTMENTS	\$11,893,389	\$11,893,389	\$ - 0 -	\$ - 0 -	\$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2012, the District's investments in TexPool and TexSTAR were rated "AAAm" by Standard and Poor's.

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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

Investments (Continued)

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 and TexSTAR 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.

**NOTE 5. FIRE PROTECTION SERVICES**

The District has contracted with the Community Protection Agency, Inc. (the "Department") to provide fire fighting and suppression services and emergency medical and rescue services to the residents of the District. The term of the current contract is for a period of six years effective January 1, 2010. The continuation of the contract from year to year is subject to the adoption each year of an operating and capital budget. Under the terms of the contract, the Department agrees to provide fire fighting and suppression services and emergency medical and rescue services to all the residents and commercial interests within the geographic area of the District and those requesting mutual aid. The contract may be terminated by either party due to the other party committing a material breach of contract. Once notice has been given of a contract breach, the breaching party will have 90 days from the date of the notice to cure the breach or show to the satisfaction of the non-breaching party that no breach has occurred.

The Department agrees to submit annually, due each August, both an operating budget and a capital budget for approval by the District. The District agrees to pay to the Department monthly amounts as invoiced, which agree to the Department's approved budget. Each quarter, the Department will perform a reconciliation of the funds received and expended to identify those District funds which have been not been expended. The District shall vote either to re-allocate such unexpended funds for other current or prospective District-approved expenditures of the Department and purchases or to have the unexpended funds returned to the District for subsequent use and funding.

It is the agreement and intent of the District and the Department that the District be a lien holder (subordinate to a bona fide first lien holder) on those assets of the Department purchased in whole or in part with District funds or where title to any such asset is not otherwise in the District's name. The purpose of such lien holder status is to provide that in the event any such asset is sold, traded, assigned or conveyed to another person or entity for any reason or is damaged or subject to other casualty, the District will be reimbursed for its monetary contribution of District funds. If such asset was purchased wholly with District funds, the District's interest in the asset proceeds shall be for the entire amount. If such asset was purchased in part with District funds, the District's interest in the asset proceeds shall be based upon the pro-rata portion of the purchase price paid for with District funds.



**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 5. FIRE PROTECTION SERVICES (Continued)**

The Department transfers emergency service billing revenues to the District on a monthly basis as they are received less the amount that the Department needs to maintain a \$10,000 reserve to cover refunds and adjustments. During the current fiscal year, the District received \$724,099 from current year collections.

**NOTE 6. CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2012:

	January 1, 2012	Increases	Decreases	December 31, 2012
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 1,501,694	\$	\$	\$ 1,501,694
Construction in Progress	119,143	2,094,881	724,520	1,489,504
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 1,620,837</u>	<u>\$ 2,094,881</u>	<u>\$ 724,520</u>	<u>\$ 2,991,198</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings and Improvements	\$ 5,658,129	\$	\$	\$ 5,658,129
Vehicles	6,586,091	724,520		7,310,611
Equipment	802,879			802,879
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 13,047,099</u>	<u>\$ 724,520</u>	<u>\$ - 0 -</u>	<u>\$ 13,771,619</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	\$ 778,737	\$ 152,204	\$	\$ 930,941
Vehicles	2,445,806	561,478		3,007,284
Equipment	410,082	63,231		473,313
<b>Total Accumulated Depreciation</b>	<u>\$ 3,634,625</u>	<u>\$ 776,913</u>	<u>\$ - 0 -</u>	<u>\$ 4,411,538</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 9,412,474</u>	<u>\$ (52,393)</u>	<u>\$ - 0 -</u>	<u>\$ 9,360,081</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 11,033,311</u>	<u>\$ 2,042,488</u>	<u>\$ 724,520</u>	<u>\$ 12,351,279</u>

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 7.      NOTES PAYABLE**

On December 11, 2008, the District entered into a real estate lien note not to exceed \$2,000,000 with Prosperity Bank at an interest rate of 4.75% and a final payment date of December 11, 2015. The actual proceeds of \$1,961,642 were used to fund the construction of Station No. 2. This note was paid in full during the current fiscal year.

The following is a summary of transactions regarding notes payable for the year ended December 31, 2012:

Notes Payable, January 1, 2012	\$ 1,104,500
Less: Note Principal Paid	<u>1,104,500</u>
Notes Payable, December 31, 2012	<u>\$ -0-</u>

**NOTE 8.      TOWER LEASE AGREEMENTS**

On August 26, 2005, the District entered into an agreement with Voicestream Houston, Inc. for the lease of one of the District's telecommunication towers. The rent payable to the District is \$1,650 per month. The initial term of the lease is 12 months with the option of seven years upon written notice to the District and payment of \$1,000. During the current fiscal year the District recorded revenue of \$18,648 from this lease.

On February 8, 2010, the District entered into an agreement with Clear Wireless, LLC ("Clearwire") for the lease of one of the District's telecommunication towers. The rent payable to the District is \$1,500 per month. The initial term of the lease is 18 months with the option to extend the term for five successive five-year periods unless Clearwire notifies the District of its intention not to renew at least 30 days prior to commencement of any renewal term. During the current fiscal year, the District recorded revenue of \$18,000 from this lease.

**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. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 10. SALES AND USE TAX**

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

On November 6, 2007, the voters of the District approved the establishment and adoption of a sales and use tax of up to a maximum of one percent. On November 19, 2007, 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, effective April 1, 2008. During the current fiscal year, the District recorded \$4,282,681 in sales tax receipts net of \$781,476 allocated to the Fort Bend County Mobility Enhancement (See Note 11), of which \$993,935 was due from the State Comptroller at December 31, 2012.

**NOTE 11. INTERLOCAL AGREEMENT FOR FORT BEND COUNTY MOBILITY  
ENHANCEMENT**

On December 13, 2011, the District executed the Interlocal Agreement for Fort Bend County Mobility Enhancement with Fort Bend County, Texas. The District agrees to allocate 25% of the District's local sales and use tax revenue generated in the area described as the portion of the District located in the Fort Bend County and west of FM 1464. The District agrees to make quarterly payments to Fort Bend County. As of December 31, 2012, the District recorded a liability in the amount of \$197,778 in relation to this agreement. The term of this agreement is 15 years.

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2012**

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 4,500,000	\$ 4,539,067	\$ 39,067
Sales Tax Receipts	2,800,000	4,282,681	1,482,681
EMS Collections	600,000	724,099	124,099
Lease Revenues	36,000	36,648	648
Penalty and Interest		59,169	59,169
Investment Revenues	42,000	48,760	6,760
Miscellaneous Revenues		10	10
<b>TOTAL REVENUES</b>	<u>\$ 7,978,000</u>	<u>\$ 9,690,434</u>	<u>\$ 1,712,434</u>
<b>EXPENDITURES</b>			
Service Operations:			
District Services - Community Protection Agency, Inc.	\$ 5,343,656	\$ 3,350,179	\$ 1,993,477
Accounting and Auditing	25,800	22,300	3,500
Appraisal District Fees	35,000	30,950	4,050
Commissioner Fees	15,000	7,950	7,050
Legal Fees - General	50,000	39,410	10,590
Legal Fees - Delinquent Tax Collections		12,966	(12,966)
Sales Tax Consultant	50,000	33,277	16,723
Tax Assessor/Collector Fees	25,000	37,240	(12,240)
Repairs and Maintenance	500,000	50,160	449,840
Other	231,200	47,455	183,745
Capital Outlay	2,985,000	2,120,486	864,514
Debt Service:			
Note Principal	381,000	1,104,500	(723,500)
Note Interest		48,195	(48,195)
<b>TOTAL EXPENDITURES</b>	<u>\$ 9,641,656</u>	<u>\$ 6,905,068</u>	<u>\$ 2,736,588</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (1,663,656)	\$ 2,785,366	\$ 4,449,022
<b>FUND BALANCE - JANUARY 1, 2012</b>	<u>14,296,535</u>	<u>14,296,535</u>	
<b>FUND BALANCE - DECEMBER 31, 2012</b>	<u>\$ 12,632,879</u>	<u>\$ 17,081,901</u>	<u>\$ 4,449,022</u>

See accompanying independent auditor's report.

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**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**

**SUPPLEMENTARY INFORMATION**

**REQUIRED BY HARRIS COUNTY**

**DECEMBER 31, 2012**

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**LISTING OF THE NUMBER OF EMERGENCY**  
**RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(UNAUDITED)**

Number of emergency responses made within the District	6,678
Number of emergency responses made outside of the District	<u>51</u>
Total emergency responses	<u><u>6,729</u></u>

See accompanying independent auditor's report.



**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**SCHEDULE OF INSURANCE AND BONDING COVERAGE**  
**DECEMBER 31, 2012**

Type of Coverage	From To	Amount of Coverage	Insurer/Name
<b>PUBLIC OFFICIAL BOND</b> Treasurer	01/01/12 01/01/13	\$ 100,000	Hartford Casualty Insurance Company
<b>GENERAL LIABILITY</b> General Aggregate Products/Completed Operations Personal and Advertising Injury Per Occurrence Damage to Rented Premises Medical Expense (Any one person)	12/01/12 12/01/13	\$ 3,000,000 3,000,000 1,000,000 1,000,000 1,000,000 5,000	American Alternative Insurance Corporation
<b>MANAGEMENT LIABILITY</b> Aggregate Each Occurrence	12/01/12 12/01/13	\$ 3,000,000 1,000,000	American Alternative Insurance Corporation
<b>UMBRELLA LIABILITY</b> General Aggregate Products/Completed Operations Each Occurrence	12/01/12 12/01/13	\$ 6,000,000 6,000,000 3,000,000	American Alternative Insurance Corporation
<b>HIRED AND NON-OWNED AUTOMOBILE LIABILITY</b> Combined Single Limit	12/01/12 12/01/13	\$ 1,000,000	American Alternative Insurance Corporation
<b>PROPERTY LIABILITY</b> Buildings Contents Deductible	12/01/12 12/01/13	\$ 6,780,044 15,098 5,000	American Alternative Insurance Corporation
<b>WORKERS COMPENSATION</b> Each Accident Disease Policy Limit Disease Each Employee	11/17/12 11/17/13	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company
<b>CRIME POLICY</b> Public Employee Blanket Bond Position Schedule Bond-Treasurer Forgery & Alteration	12/01/12 12/01/13	\$ 100,000 100,000 100,000	American Alternative Insurance Corporation

See accompanying independent auditor's report.

# **HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**

## **STATEMENT OF ACTIVITIES COMMUNITY PROTECTION AGENCY, INC. FOR THE YEAR ENDED DECEMBER 31, 2012 (UNAUDITED)**

### **REVENUES AND OTHER SUPPORT**

Harris-Fort Bend ESD No. 100	\$ 3,374,223
EMS Billing Revenue	800,762
Miscellaneous Receipts	14,405
Interest Income	<u>8,610</u>

**TOTAL REVENUES AND OTHER SUPPORT** \$ 4,198,000

### **EXPENSES**

#### **OPERATING EXPENSES:**

Administrative	\$ 1,002,859
Communications	383,744
Emergency Medical Service Operations	165,147
Fuel	140,457
Insurance Expense	134,696
Repairs and Maintenance	341,551
Salaries and Payroll Taxes	1,508,447
Station Expenses	248,162
Suppression and Rescue Equipment	98,925
Training	64,134
Personnel Support Expense	<u>94,745</u>

**TOTAL OPERATING EXPENSES** \$ 4,182,867

**INCREASE IN NET ASSETS** \$ 15,133

**NET ASSETS - JANUARY 1, 2012** 849,641

**NET ASSETS - DECEMBER 31, 2012** \$ 864,774

See accompanying independent auditor's report.

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**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**

**OTHER SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2012**

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Property Taxes</u>	
TAXES RECEIVABLE - JANUARY 1, 2012	\$ 3,010,207	
Adjustments to Beginning Balance	<u>27,922</u>	\$ 3,038,129
Original 2012 Tax Levy	\$ 4,334,790	
Adjustment to 2012 Tax Levy	<u>213,087</u>	<u>4,547,877</u>
TOTAL TO BE ACCOUNTED FOR		\$ 7,586,006
TAX COLLECTIONS:		
Prior Years	\$ 2,912,031	
Current Year	<u>1,924,482</u>	<u>4,836,513</u>
TAXES RECEIVABLE - DECEMBER 31, 2012		<u>\$ 2,749,493</u>
TAXES RECEIVABLE BY YEAR:		
2012		\$ 2,623,395
2011		28,932
2010		16,776
2009		17,196
2008		20,943
2007		18,539
2006		4,828
2005		4,882
2004		5,010
2003		3,697
2002		4,139
2001		574
2000		317
1999		126
1998		<u>139</u>
TOTAL		<u>\$ 2,749,493</u>

See accompanying independent auditor's report.

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**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>HARRIS COUNTY</b>				
TOTAL PROPERTY VALUATIONS	\$ <u>1,911,782,669</u>	\$ <u>1,962,818,188</u>	\$ <u>2,004,048,694</u>	\$ <u>2,159,719,470</u>
TOTAL TAX RATES PER \$100 VALUATION	\$ <u>0.09000</u>	\$ <u>0.09000</u>	\$ <u>0.09000</u>	\$ <u>0.09697</u>
ADJUSTED TAX LEVY*	\$ <u>1,720,612</u>	\$ <u>1,766,537</u>	\$ <u>1,803,645</u>	\$ <u>2,094,357</u>
<b>FORT BEND COUNTY</b>				
TOTAL PROPERTY VALUATIONS	\$ <u>3,140,238,957</u>	\$ <u>3,095,450,290</u>	\$ <u>3,073,277,494</u>	\$ <u>3,099,693,310</u>
TOTAL TAX RATES PER \$100 VALUATION	\$ <u>0.09000</u>	\$ <u>0.09000</u>	\$ <u>0.09000</u>	\$ <u>0.09697</u>
ADJUSTED TAX LEVY*	\$ <u>2,827,265</u>	\$ <u>2,787,700</u>	\$ <u>2,766,094</u>	\$ <u>3,009,023</u>
TOTAL TAX LEVY*	\$ <u>4,547,877</u>	\$ <u>4,554,237</u>	\$ <u>4,569,739</u>	\$ <u>5,103,380</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>42.32 %</u>	<u>99.36 %</u>	<u>99.63 %</u>	<u>99.66 %</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-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND – FIVE YEARS**

	Amount		
	2012	2011	2010
<b>REVENUES</b>			
Property Taxes	\$ 4,539,067	\$ 4,598,467	\$ 5,088,163
Sales Tax Receipts	4,282,681	2,774,683	2,429,997
EMS Collections	724,099	655,000	550,000
Lease Revenues	36,648	36,000	32,661
Penalty and Interest	59,169	90,822	110,395
Investment Revenues	48,760	62,558	67,234
Miscellaneous Revenues	10	10	2,083
<b>TOTAL REVENUES</b>	<b>\$ 9,690,434</b>	<b>\$ 8,217,540</b>	<b>\$ 8,280,533</b>
<b>EXPENDITURES</b>			
District Services - Community Protection			
Agency, Inc.	\$ 3,350,179	\$ 2,914,099	\$ 2,904,632
Accounting and Auditing	22,300	19,400	19,400
Appraisal District Fees	30,950	29,628	31,193
Commissioner Fees	7,950	6,550	7,000
Legal Fees - General	39,410	66,686	44,175
Legal Fees - Delinquent Tax Collections	12,966	24,932	31,513
Sales Tax Consultant	33,277	58,479	15,000
Tax Assessor/Collector Fees	37,240	32,386	28,520
Repairs and Maintenance	50,160	57,904	47,598
Other	47,455	32,477	93,599
Capital Outlay	2,120,486	2,195,378	345,208
Debt Service:			
Capital Lease Principal			
Capital Lease Interest			
Note Principal	1,104,500	285,714	285,714
Note Interest	48,195	66,915	80,184
<b>TOTAL EXPENDITURES</b>	<b>\$ 6,905,068</b>	<b>\$ 5,790,548</b>	<b>\$ 3,933,736</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 2,785,366</b>	<b>\$ 2,426,992</b>	<b>\$ 4,346,797</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Construction Loan	\$ - 0 -	\$ - 0 -	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 2,785,366</b>	<b>\$ 2,426,992</b>	<b>\$ 4,346,797</b>
<b>BEGINNING FUND BALANCE</b>	<b>14,296,535</b>	<b>11,869,543</b>	<b>7,522,746</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 17,081,901</b>	<b>\$ 14,296,535</b>	<b>\$ 11,869,543</b>

See accompanying independent auditor's report.



		Percentage of Total Revenue					
2009	2008	2012	2011	2010	2009	2008	
\$ 4,991,665	\$ 4,781,233	46.8 %	55.9 %	61.5 %	62.0 %	71.0 %	
2,249,792	1,049,089	44.2	33.8	29.4	28.0	15.6	
599,600	583,000	7.5	8.0	6.6	7.5	8.7	
18,000	18,000	0.4	0.4	0.4	0.2	0.3	
95,103	114,334	0.6	1.1	1.3	1.2	1.7	
92,416	179,706	0.5	0.8	0.8	1.1	2.7	
<u>\$ 8,046,576</u>	<u>\$ 6,725,362</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	
\$ 2,607,041	\$ 2,351,777	34.6 %	35.5 %	35.1 %	32.4 %	35.0 %	
18,074	16,900	0.2	0.2	0.2	0.2	0.3	
30,919	32,688	0.3	0.4	0.4	0.4	0.5	
8,150	6,150	0.1	0.1	0.1	0.1	0.1	
41,726	51,103	0.4	0.8	0.5	0.5	0.8	
30,086	28,122	0.1	0.3	0.4	0.4	0.4	
		0.3	0.7	0.2			
27,888	33,179	0.4	0.4	0.3	0.3	0.5	
		0.5	0.7	0.6			
78,526	29,637	0.5	0.4	1.1	1.0	0.4	
4,564,581	1,498,086	21.9	26.7	4.2	56.7	22.3	
	1,134,532					16.9	
	55,178					0.8	
285,714	986,594	11.4	3.5	3.5	3.6	14.7	
42,007	44,816	0.5	0.8	1.0	0.5	0.7	
<u>\$ 7,734,712</u>	<u>\$ 6,268,762</u>	<u>71.2 %</u>	<u>70.5 %</u>	<u>47.6 %</u>	<u>96.1 %</u>	<u>93.4 %</u>	
<u>\$ 311,864</u>	<u>\$ 456,600</u>	<u>28.8 %</u>	<u>29.5 %</u>	<u>52.4 %</u>	<u>3.9 %</u>	<u>6.6 %</u>	
<u>\$ 1,961,642</u>	<u>\$ - 0 -</u>						
\$ 2,273,506	\$ 456,600						
<u>5,249,240</u>	<u>4,792,640</u>						
<u>\$ 7,522,746</u>	<u>\$ 5,249,240</u>						

See accompanying independent auditor's report.

**HARRIS-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2012**

District Mailing Address - Harris-Fort Bend Emergency Services District No. 100  
c/o Coveler & Katz, P.C.  
820 Gessner, Suite 1710  
Houston, Texas 77024

District Telephone Number - (713) 984-8222

<b>Board Members</b>	<b>Term of Office (Appointed or Elected)</b>	<b>Fees of Office for the year ended December 31, 2012</b>	<b>Expense Reimbursements for the year ended December 31, 2012</b>	<b>Title</b>
Leland D. Terry	06/01/10 05/31/14 (Elected)	\$ 1,300	\$ 182	President
Jeff Jernberg	06/01/12 05/31/16 (Elected)	\$ 850	\$ -0-	Vice President
Robert L. Perez	06/01/10 05/31/14 (Elected)	\$ 2,600	\$ 334	Treasurer/ Investment Officer
Mary Blondell	06/01/10 05/31/14 (Elected)	\$ 1,250	\$ 338	Secretary
Doug Boeker	06/01/12 05/31/16 (Elected)	\$ 1,800	\$ 2,439	Assistant Treasurer/ Assistant 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-FORT BEND EMERGENCY SERVICES DISTRICT NO. 100**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2012**

<b>Consultants:</b>	<b>Date Hired</b>	<b>Fees for the year ended December 31, 2012</b>	<b>Title</b>
Coveler & Katz, P.C. 820 Gessner, Suite 1710 Houston, TX 77024		\$ 39,772	Attorney
McCall Gibson Swedlund Barfoot PLLC Certified Public Accountants 13100 Wortham Center Drive, Suite 235 Houston, TX 77065-5610	04/06/04	\$ 12,000	Auditor
Myrtle Cruz, Inc. 1621 Milam Street, 3 <sup>rd</sup> Floor Houston, TX 77002		\$ 11,158	Bookkeeper
Harris County Appraisal District 13013 Northwest Freeway Houston, TX 77040-6305	Legislative Action	\$ 14,322	Central Appraisal District
Fort Bend County Appraisal District P. O. Box 5007 Sugar Land, TX 77487	Legislative Action	\$ 16,928	Central Appraisal District
Linebarger Goggan Blair & Sampson, LLP 1301 Travis Street, Suite 300 Houston, TX 77002		\$ 12,966	Delinquent Tax Attorney
Harris County Tax Assessor 1001 Preston, Suite 100 Harris, TX 77002	Legislative Action	\$ 23,369	Tax Assessor/ Collector
Fort Bend County Tax Assessor 500 Liberty Street, Suite 101 Richmond, TX 77469	Legislative Action	\$ 13,871	Tax Assessor/ Collector
Tax Revenue Consultants, LLC PO Box 152229 Austin, TX 78715	08/10/10	\$ 33,277	Tax Consultant

See accompanying independent auditor's report.