

FORT BEND COUNTY EMERGENCY SERVICES
DISTRICT NO. 1
FORT BEND COUNTY, TEXAS
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015

UBERNOSKY & MAJERES, PLLC



CERTIFIED PUBLIC ACCOUNTANTS

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 1

FORT BEND COUNTY, TEXAS

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 1

TABLE OF CONTENTS

DECEMBER 31, 2015

| | |
|--|----|
| Independent Auditor’s Report | 3 |
| Management’s Discussion and Analysis | 5 |
| Statement of Net Assets | 7 |
| Statement of Activities | 8 |
| Balance Sheet – Governmental Fund..... | 9 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund | 10 |
| Notes to Basic Financial Statements..... | 11 |
| Budgetary Comparison Schedule – Required Supplementary Information..... | 16 |
| Notes to Required Supplementary Information | 17 |

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Board of Commissioners
Fort Bend County Emergency Services District No. 1
Fort Bend County, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities of the general fund of Fort Bend County Emergency Services District No. 1, Fort Bend County, Texas, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements:

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

Auditor's Responsibility:

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

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

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

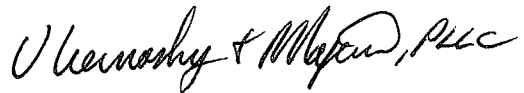
Opinion:

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the general fund of Fort Bend County Emergency Services District No. 1, Fort Bend County, Texas, as of December 31, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters:

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 6 and 16 through 17 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 the 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 sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink, appearing to read "Ubernosky & Majeres, PLLC". The signature is written in a cursive, flowing style.

UBERNOSKY & MAJERES, PLLC
Houston, Texas

June 8, 2016

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO.1

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2015

Our discussion and analysis of the Fort Bend County Emergency Service District No.1's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2015. Please review it in conjunction with the District's financial statements which begin on page 7 of this report.

FINANCIAL HIGHLIGHTS

- Total net assets at December 31, 2015 were \$696,925 as compared to \$627,894 as of December 31, 2014, representing an increase in total net assets of \$69,031 or 11%.
- The total 2015 assessed tax levy of the District, which will be used to fund operations for the 2016 calendar year, is \$328,014 as compared to the total 2014 assessed tax levy of \$289,067, an increase of \$38,947 or 13%.
- The District incurred \$270,509 of expenses during the year ended December 31, 2015 as compared to \$263,959 for the year ended December 31, 2014, representing an increase in expenses of \$6,550 or 2%.
- The general fund reported a fund balance of \$369,626 at December 31, 2015 as compared to \$338,827 as of December 31, 2014, representing an increase in general fund balance of \$30,799 or 9%.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 7-8) provide information about the activities of the District as a whole. Fund financial statements are included on pages 9-10. The notes provide additional information essential to a full understanding of the data provided in the government-wide financial statements (statement of net assets and the statement of activities), and the fund financial statements. The notes to the basic financial statements can be found on pages 11-15 of this report.

Supplemental information including a comparison of actual to budgeted amounts is included on pages 16 and 17 of this report.

The government-wide financial statements are designed to present a longer-term view of an entity's finances and are prepared under the *full accrual basis of accounting*. These statements include all of the assets and liabilities of the District using methods similar to those used by private-sector companies.

Fund financial statements use a *modified accrual basis of accounting* and focus on sources and uses of cash in the near term, measuring cash and all other financial assets that can be readily converted to cash.

The District's services are reported through one governmental fund, the General Fund.

DISTRICT FINANCIAL SUMMARY

The District levies property taxes on residents of the District to cover the costs of providing emergency services. Below is a summary of the taxes assessed for the years ended December 31, 2015 and 2014.

| | For the Years ended December 31, | |
|------------------------------|---|--------------------|
| | <u>2015</u> | <u>2014</u> |
| Total Property Valuations | \$ 437,352,000 | \$ 385,422,667 |
| Tax Rate per \$100 Valuation | <u>.0750</u> | <u>.0750</u> |
| Taxes Assessed | \$ <u>328,014</u> | \$ <u>289,067</u> |

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO.1

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2015

DISTRICT FINANCIAL SUMMARY (continued)

The collections received from the tax levy and the cost of providing the emergency services and other general expenses of the District are summarized below:

| | For the Years ended December 31, | |
|----------------------------|---|-------------------------|
| | <u>2015</u> | <u>2014</u> |
| Property Tax Revenue | \$ 338,785 | \$ 289,949 |
| Interest Income | 755 | 634 |
| Cost of Emergency Services | (230,000) | (230,000) |
| General Government | (40,509) | (33,959) |
| | | |
| Increase in Net Assets | <u>\$ 69,031</u> | <u>\$ 26,624</u> |

The District's total net assets as of December 31, 2015 and 2014 are summarized below:

| | As of December 31, | | |
|---------------------------|---------------------------|--------------------------|-------------------------|
| | <u>2015</u> | <u>2014</u> | <u>Change</u> |
| Assets (non-capital) | \$ 698,949 | \$ 631,181 | \$ 67,768 |
| Other General Liabilities | (1,309) | (3,287) | 1,978 |
| | | | |
| Net Assets – End of Year | <u>\$ 697,640</u> | <u>\$ 627,894</u> | <u>\$ 69,746</u> |

Following is a summary of the differences between the District's budgeted amounts vs. actual amounts reported in the general fund for the year ended December 31, 2015, which is more fully detailed on page 16 of this report:

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------|-------------------------|-------------------------|---------------------------|
| Tax Revenue: | \$ 302,156 | \$ 300,553 | \$(1,603) |
| Interest Income: | 200 | 755 | 555 |
| | | | |
| <u>Expenditures:</u> | | | |
| Emergency Services | 235,000 | 230,000 | 5,000 |
| Legal and Professional | 21,300 | 27,559 | (6,259) |
| Other General Expenses | <u>13,915</u> | <u>12,950</u> | <u>965</u> |
| | | | |
| Net Variance – Unfavorable | <u>\$ 32,141</u> | <u>\$ 30,799</u> | <u>\$(1,342)</u> |

The Commissioners of the District as of the date of this report are as follows:

Mr. Hank Wenzler, President
Mr. Pat Hawkins, Vice President
Mr. Dean McBride, Secretary
Mr. John Steffes, Treasurer, Investment Officer
Mr. Gregg Nady, Assistant Treasurer and Assistant Secretary

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 1

STATEMENT OF NET ASSETS

DECEMBER 31, 2015

CURRENT ASSETS:

| | |
|--------------------------------------|------------|
| Cash | \$ 248,805 |
| Certificates of Deposit | 184,039 |
| Taxes Receivable | 164,532 |
| Due From Fort Bend County Tax Office | 100,858 |
| Prepays | <u>715</u> |
| Total Assets | 698,949 |

CURRENT LIABILITIES:

| | |
|------------------|--------------|
| Accounts Payable | <u>1,309</u> |
|------------------|--------------|

NET ASSETS:

| | |
|---------------------------------|--------------------------|
| Restricted for: | |
| Prepaid expenses | 715 |
| Unrestricted net assets | <u>696,925</u> |
| Total Net Assets - Unrestricted | <u><u>\$ 697,640</u></u> |

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 1

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

| <u>FUNCTIONS/PROGRAMS:</u> | <u>Expenses</u> | <u>Program Revenues</u> | <u>Net (Expense) Revenue</u> |
|-------------------------------------|-------------------|-------------------------|------------------------------|
| Primary Government: | | | |
| Governmental Activities: | | | |
| Public Safety - Emergency Services | \$ 230,000 | \$ - | \$ (230,000) |
| General Government | 40,509 | - | (40,509) |
| Total Government Activities | <u>\$ 270,509</u> | <u>\$ -</u> | (270,509) |
| <u>GENERAL REVENUES:</u> | | | |
| Property Taxes | | | 338,785 |
| Interest Income | | | 755 |
| Change in Net Assets | | | 69,031 |
| Net Assets - Beginning of Year | | | 627,894 |
| Net Assets - End of Year | | | <u>\$ 696,925</u> |

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 1

BALANCE SHEET - GOVERNMENTAL FUND

DECEMBER 31, 2015

ASSETS:

| | |
|--------------------------------------|-------------------|
| Cash | \$ 248,805 |
| Certificates of Deposit | 184,039 |
| Taxes Receivable | 164,532 |
| Due From Fort Bend County Tax Office | 100,858 |
| Prepays | 715 |
| | <hr/> |
| Total Assets | <u>\$ 698,949</u> |

LIABILITIES AND FUND BALANCE:

Liabilities:

| | |
|-----------------------|----------------|
| Accounts Payable | \$ 1,309 |
| Deferred Tax Revenues | 328,014 |
| | <hr/> |
| Total Liabilities | <u>329,323</u> |

Fund Balance:

Nonspendable:

| | |
|--------------------|----------------|
| Prepaid expenses | 715 |
| Unassigned | 368,911 |
| | <hr/> |
| Total Fund Balance | <u>369,626</u> |

| | |
|------------------------------------|-------------------|
| Total Liabilities and Fund Balance | <u>\$ 698,949</u> |
|------------------------------------|-------------------|

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2015

Total Government Fund Balance: \$ 369,626

Deferred revenues are recorded in the funds, but are not deferred
under the measurement focus employed in the Statement of Net Assets 328,014

Net Assets of Governmental Activities: \$ 697,640

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2015

REVENUES:

| | |
|-----------------|----------------|
| Property Taxes | \$ 300,553 |
| Interest Income | 755 |
| Total Revenues | <u>301,308</u> |

EXPENDITURES:

| | |
|---------------------------|---------|
| Emergency Services | 230,000 |
| Legal & Professional Fees | 27,559 |
| Bookkeeping Expense | 4,200 |
| Seminars | 3,135 |
| Appraisal District Fees | 2,452 |
| Insurance | 2,109 |
| Office Expense | 963 |
| Legal Notices | 91 |

Total Expenditures 270,509

Excess of Revenues Over Expenditures 30,799

Fund Balance - Beginning of Year 338,827

Fund Balance - End of Year \$ 369,626

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Net Change in Government Fund Balance: \$ 30,799

Deferred revenues are recorded in the funds, but are not deferred
under the measurement focus employed in the Statement of Net Assets 38,232

Change in Net Assets of Governmental Activities: \$ 69,031

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE 1 - CREATION OF DISTRICT:

The Fort Bend County Emergency Services District No. 1 (the District), a political subdivision, was created on January 25, 2001 under Chapter 775 of the Health and Safety Code to facilitate the application of emergency services including fire protection, fire prevention and rescue and emergency services to the residents of the District. The basic operations of the District are funded through tax levies assessed on members of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Reporting Entity:

All financial activities attributable to the District and directly subject to the authorization and control by the Board of Commissioners are included in the financial statements. For financial reporting purposes, the District is neither considered to be a component unit of another entity nor is another entity considered to be a component unit of the District.

Government-wide and fund financial statements:

The government-wide financial statements (i. e., the statement of net assets and the statement of changes in net assets) report information on the financial position and activities of the District. All payments to the District are the result of a tax levy received in a non-exchange transaction. All tax revenues received are reported in the statement of activities as general revenues. The District does not provide any program services for which it receives a fee.

The fund financial statements provide reports on the financial condition and results of operations of the general fund, the only fund of the District.

Measurement focus, basis of accounting, and financial statement presentation:

The financial statements of the District are prepared in accordance with generally accepted accounting principles. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The accounting and reporting framework and the more significant policies are discussed in subsequent sections of this Note.

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become measurable and available to finance expenditures of the current period. For this purpose, the District considers the revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting.

Fund Accounting:

The general fund is used to account for all the financial resources of the District. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Texas and the bylaws of the District. Currently the District has no obligation or restrictions requiring the use of other specific fund types.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Accounting:

The general fund is used to account for all the financial resources of the District. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Texas and the bylaws of the District. Currently the District has no obligation or restrictions requiring the use of other specific fund types.

Revenues – Exchange and Non-Exchange Transactions:

The District does not receive any revenue resulting from exchange transactions, in which each party gives and receives essential equal value.

Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes collected on the tax levy.

Expenses/Expenditures:

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Net Assets:

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or the improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by external restrictions by creditors, grantors, laws, or regulations of other governmental bodies. The District has no restrictions on its net assets.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Deferred Revenues:

The District reports unearned deferred revenues in the governmental fund balance sheet. Deferred and unearned revenue arises when potential revenue does not meet the measurable and available criterion for recognition in the current period. Property taxes available for the 2015 fiscal year include the 2015 property tax roll levy and tax collections from all prior levies. Property tax collections from the 2015 property tax roll levy have been fully deferred.

Budgets and Budgetary Accounting:

The Board of Commissioners adopts an annual non-appropriated budget for the General Fund in accordance with the accounting principles applicable to that fund. The District's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ended December 31, 2015. The District does not use encumbrances or appropriations.

Fund Balance Classification:

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (continued):

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified Prepaid Expenses as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District did not have any restricted resources as of December 31, 2015.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2015.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Commissioners through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District did not have any assigned resources as of December 31, 2015.

Unassigned: This classification includes the residual fund balance for the General Fund which has not been classified within the other above mentioned categories.

NOTE 3 - TAX LEVY:

During the year ended December 31, 2015, the District levied an ad valorem tax at the rate of \$0.075 per \$100 of assessed valuation for the 2015 tax year. This resulted in a tax levy of \$328,014 on the adjusted taxable valuation of \$437,352,000 for the 2015 tax year.

The District's tax calendar is as follows:

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE 4 - CASH AND TEMPORARY INVESTMENTS:

Texas statutes include specifications for and limitations 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, (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 or instrumentalities, (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 deposits from banks domiciled in Texas, (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, (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.

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 addresses investment diversification, yield, maturity, and the quality and capability of investment management, and all the District's funds must be invested 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.

The District categorizes its investments based on the following criteria:

Category 1: Includes investments that are insured or registered for which the securities are held by the District or its agent in the District's name,

Category 2: Includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name,

Category 3: Includes uninsured and unregistered investments for which the securities are held by the counterparty, or the counterparty's trust department or agent, but not in the District's name.

Texas statutes require that any cash balance in any fund shall to the extent not insured be the Federal Depository Insurance Corporation or its successor be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas, 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 December 31, 2015, the District had no investments other than cash held in the amount of \$248,805 in its operating and money market accounts and four certificates of deposit totaling \$184,039 which were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. Based on the three levels of risk described above, all of the District's cash deposits are classified as Category 1. The certificates of deposit as of December 31, 2015 are summarized as follows:

| <u>Institution</u> | <u>Balance at</u> <u>12/31/15</u> | <u>Interest</u> <u>Rate at</u> <u>12/31/15</u> | <u>Maturity</u> |
|--------------------|--------------------------------------|--|-----------------|
| Comerica Bank | \$ 53,979 | .150% | 04/30/16 |
| Compass Bank | 53,491 | .250% | 07/04/16 |
| Compass Bank | 50,124 | .250% | 04/08/16 |
| Compass Bank | <u>26,445</u> | .250% | 05/18/16 |
| Total | <u>\$ 184,039</u> | | |

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE 5 - FIRE PROTECTION SERVICES:

On November 11, 2015, the District ("FBESD 1") entered into an agreement with Harris County Emergency Services District #48 ("HCESD 48") for HCESD 48 to provide emergency services and emergency medical services ("EMS"), first responder and emergency rescue services (collectively "emergency services") to residents and commercial interests within the geographical area of the FBESD 1. The original term of this agreement is from November 11, 2015 through December 31, 2016. The term is renewable for successive two year periods. This agreement may be terminated prior to the original or extended dates by written mutual consent of the parties. Each year this agreement is subject to the annual review of HCESD 48's budget. During the year ended December 31, 2015, the District expended \$230,000 to reimburse HCESD 48 for services covered under the terms of this agreement.

NOTE 6 - CHANGES IN INVESTMENT IN GENERAL FIXED ASSETS AND DEBT OBLIGATIONS:

The District has no general fixed assets or long-term debt obligations.

NOTE 7 - RISK MANAGEMENT:

The District covers various risks of loss in the event it incurs tort claims including theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts from the date of inception on January 25, 2001 through December 31, 2015.

NOTE 8 - SUBSEQUENT EVENTS:

The District has reviewed subsequent events through June 8, 2016, the date of this report and has determined that there were no occurrences which would require additional disclosure.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 1

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2015

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--------------------------------------|-------------------|-------------------|---|
| <u>REVENUES:</u> | | | |
| Property Taxes | \$ 302,156 | \$ 300,553 | \$ (1,603) |
| Interest Income | 200 | 755 | 555 |
| Total Revenues | <u>302,356</u> | <u>301,308</u> | <u>(1,048)</u> |
| <u>EXPENDITURES:</u> | | | |
| Emergency Services | 235,000 | 230,000 | 5,000 |
| Legal & Professional Fees | 21,300 | 27,559 | (6,259) |
| Bookkeeping Expense | 4,200 | 4,200 | - |
| Seminars | 2,500 | 3,135 | (635) |
| Appraisal District Fees | 3,800 | 2,452 | 1,348 |
| Insurance | 1,115 | 2,109 | (994) |
| Office Expense | 2,000 | 963 | 1,037 |
| Legal Notices | 300 | 91 | 209 |
| Total Expenditures | <u>270,215</u> | <u>270,509</u> | <u>(294)</u> |
| Excess of Revenues Over Expenditures | 32,141 | 30,799 | (1,342) |
| Fund Balance - Beginning of Year | <u>338,827</u> | <u>338,827</u> | <u>-</u> |
| Fund Balance - End of Year | <u>\$ 370,968</u> | <u>\$ 369,626</u> | <u>\$ (1,342)</u> |

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 1

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

NOTE 1 - BUDGETARY PROCESS:

The Board of Commissioners adopts an annual non-appropriated budget for the General Fund in accordance with the accounting principles applicable to that fund. The District's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ended December 31, 2015.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING:

The District's budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received and expenditures are recorded when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements and on the full accrual basis on the government-wide statements. There were no significant differences between the GAAP basis budget and the budget prepared by the District.