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FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

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COMPILED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM INCEPTION (MAY 7, 2022) TO DECEMBER 31, 2022

BREEDLOVE & CO., P.C.  
*CERTIFIED PUBLIC ACCOUNTANTS*

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# BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**17014 Seven Pines Drive**  
**Spring, Texas 77379**  
**(281) 379-1065**  
(281) 379-6322 (fax)

JILL A. HENZE, CPA  
President

NICOLE BREEDLOVE HUNT, CPA  
CEO

## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

June 21, 2023

Board of Commissioners  
Fort Bend County Emergency Services District No. 9  
Needville, Texas

Management is responsible for the accompanying financial statements of Fort Bend County Emergency Services District No. 9, which comprise the statement of net position and governmental funds balance sheet as of December 31, 2022, and the related statement of activities and governmental revenues, expenditures and changes in fund balance for the for the period from inception (May 7, 2022) to December 31, 2022 in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

*Breedlove & Co., P.C.*

# FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

## STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET DECEMBER 31, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 189 875	\$ -	\$ 189 875
Taxes Receivable	908 795	-	908 795
Accounts Receivable - Other	13	-	13
Total Assets	<u>1 098 683</u>	<u>-</u>	<u>1 098 683</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1 098 683</u>	<u>\$ -</u>	<u>\$ 1 098 683</u>
<u>LIABILITIES</u>			
Liabilities			
Accounts Payable	\$ 6 305	\$ -	\$ 6 305
Note Payable - Due within One Year	-	100 000	100 000
Total Liabilities	<u>6 305</u>	<u>100 000</u>	<u>106 305</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Tax Revenue	908 795	( 908 795)	-
Total Deferred Inflows of Resources	<u>908 795</u>	<u>( 908 795)</u>	<u>-</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund Balances			
Unassigned	183 583	( 183 583)	-
Total Fund Balance	<u>183 583</u>	<u>( 183 583)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1 098 683</u>		
Net Position			
Unrestricted		992 378	992 378
Total Net Position		<u>992 378</u>	<u>992 378</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position		<u>\$ -</u>	<u>\$ 1 098 683</u>

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9****STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE  
FOR THE PERIOD FROM INCEPTION (MAY 7, 2022) TO DECEMBER 31, 2022**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Property Taxes	\$ 119 365	\$ 908 795	\$ 1 028 160
Other Income	<u>1</u>	<u>-</u>	<u>1</u>
Total Revenues	<u>119 366</u>	<u>908 795</u>	<u>1 028 161</u>
Expenditures/Expenses			
Accounting	1 500	-	1 500
Administration	945	-	945
Insurance	1 650	-	1 650
Professional Services	<u>31 688</u>	<u>-</u>	<u>31 688</u>
Total Expenditures/Expenses	<u>35 783</u>	<u>-</u>	<u>35 783</u>
Excess Revenues Over Expenditures	83 583	908 795	992 378
Other Financing Sources / Uses			
Notes Payable Proceeds	<u>100 000</u>	<u>( 100 000)</u>	<u>-</u>
Changes in Fund Balance/Net Position	183 583	808 795	992 378
Fund Balance/Net Position			
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u>\$ 183 583</u>	<u>\$ 808 795</u>	<u>\$ 992 378</u>

# **FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

### **NOTE (1) CREATION OF DISTRICT**

Fort Bend County Emergency Services District No. 9 (“District”) is a political subdivision of the State of Texas created by election on May 7, 2022. The District operates under the direction of five commissioners and will provide emergency services to the District as defined in Health & Safety Code of Texas Statutes Chapter 775, Emergency Services District, Subchapter C, Organization, Powers and Duties Sec. 775.031 District Powers.

### **NOTE (2) SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant accounting policies of the District are described below.

#### **A. REPORTING ENTITY**

The District is an Emergency Services District with a five-member board of commissioners, who are appointed to serve two-year terms by the Fort Bend County Commissioners Court.

The District follows the standards promulgated by GASB Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 39; Determining Whether Certain Organizations are Component Units, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District is not a participant in any joint venture and has not identified any entities which would be components units of the District.

The District is a special-purpose government that is governed by a separately appointed governing body. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the District.

#### **B. BASIS OF PRESENTATION**

The financial transactions of the District are recorded in an individual fund. The funds are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures. The funds are reported by generic classification within the financial statements.

##### **a. Fund Types:**

General Fund - To account for all revenues and expenditures not required to be accounted for in other funds.

# **FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**(Continued)**

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

#### **B. BASIS OF PRESENTATION (Continued)**

##### **b. Fund Balances**

The District implemented GASB Statement No. 54, "Fund Balance Reporting and Government Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the board of commissioners or by an official or body to which the board of commissioners delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose.

The District uses the following classifications for net position:

Net Investment in Capital Assets - To indicate the value of capital invested in capital assets less accumulated depreciation, net of associated debt.

Restricted - To indicate the funds restricted within the General Fund for the purposes of contingencies or emergencies. The board must approve any change in the restriction of this fund balance.

Unrestricted - To indicate net position that is available for use in future period.

# **FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**(Continued)**

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

#### **C. BASIS OF ACCOUNTING**

All Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded in the accounting period in which they become available and measurable. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the period in which the fund liability is incurred, if measurable. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

The District has implemented GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." In compliance with GASB 34, the District has presented a Statement of Net Position and Statement of Activities for the period from inception (May 7, 2022) to December 31, 2022. These statements are presented on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded in the period they are earned, and expenses are recorded in the period they are incurred. The "Adjustments" column on these statements represents accounts adjusted to reflect an accrual basis rather than a modified accrual basis of accounting. All fund balances are adjusted to reflect net position. As this is the inception year of the District, no Management's Discussion and Analysis is presented.

#### **D. BUDGET**

The District annually adopts a budget for the General Fund beginning in 2023 in accordance with the accounting principles applicable to this fund. The Board of Commissioners' approval is required for revisions that alter the total expenditures. Reported budgeted amounts are as originally adopted. Budgeted amounts lapse annually.

#### **E. CASH EQUIVALENTS**

The District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. However, certificates of deposit are considered cash equivalents, regardless of maturity date.

#### **F. USE OF ESTIMATES**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts 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 expenses during the reporting period. Actual results could differ from those estimates.

#### **H. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS**

Management considers accounts receivable to be fully collectible at year-end; accordingly, no allowance for doubtful accounts is required.



# FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 (Continued)

### NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### I. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the statement of net position and governmental funds balance sheet are different because:

Total Fund Balance at December 31, 2022	\$ 183 583
Conversion of property tax assessments to full accrual basis	908 795
Short-term debt obligations not reported in the funds	( 100 000)
Adjustment to fund balance to arrive at net position	808 795
Total Net Position at December 31, 2022	\$ 992 378

Amounts reported for governmental activities in the statement of activities are different because:

Change in fund balance	\$ 183 583
Conversion of property tax assessments to full accrual basis	908 795
Governmental funds report proceeds from debt because they provide current financial resources to governmental funds.	( 100 000)
Change in net position of governmental activities	\$ 992 378

#### NOTE (3) AD VALOREM TAX

During the period from inception (May 7, 2022) to December 31, 2022, the District levied an ad valorem tax at the rate of \$.10 per \$100 of assessed valuation, which resulted in a tax levy of \$1,028,160 for 2022, on the taxable valuation of \$1,028,159,931 for the 2022 tax year. The ad valorem tax was due upon receipt and will be considered delinquent if not paid by February 1, at which time penalties and interest will be assessed. The levy date of the tax was September 1 prior to the delinquent date, or as soon after September 1 as it took to set the tax rate. The lien date is January 1 subsequent to the delinquent date.

In the governmental funds, property taxes are initially recorded as receivables and unearned revenue at the time the tax levy is billed. Revenues recognized during the fiscal year ended December 31, 2022 include collections during the current period or within 60 days of year-end related to the 2022 tax levies.

The tax rate of \$.10 per \$100 assessed valuation was adopted on October 26, 2022.

# **FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**(Continued)**

### **NOTE (4) DEPOSITS AND INVESTMENTS**

During the year ended December 31, 2022, the contracted depository bank used by the District was NewFirst Bank.

Statutes authorize the District to invest in direct or indirect obligations of the United States, the state, or any county, school district, or other political subdivision of the state. Funds of the District may also be placed in certificates of deposit of state or national banks or savings associations within the state.

Local governments are subject to the Public Funds Investment Act as amended during the 1995 legislative session. The Act directs local governments to adopt a written investment policy that primarily emphasizes safety of principal and liquidity. Also addressed under the Act are the areas of investment diversification, yield, maturity, and quality of investment management. The District has complied with the Act's provisions during its fiscal year ended December 31, 2022.

### **NOTE (5) NOTE PAYABLE**

On November 28, 2022, the District entered into loan agreement with NewFirst National Bank (the "Lender") for \$100,000. Interest is calculated on the outstanding principal at 6% calculated on the per annum basis of a 360 day-year. The proceeds were used to fund the initial operations of the District and were secured by ad valorem taxes. The entire balance was due May 28, 2023 but was paid in full February 2023.

### **NOTE (6) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 21, 2023 (the date the financial statements were available to be issued) and noted no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.