

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Fort Bend County Emergency
Services District No. 5
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Emergency Services District No. 5 (the "District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - all Combined Governmental Funds be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

April 9, 2024

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Management's discussion and analysis of Fort Bend County Emergency Services District No. 5's (the "District") financial performance provides an overview of the District's financial activities for the year ended December 31, 2023. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities, and deferred inflows and outflows of resources, if any, 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 Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has two governmental fund types. The General Fund accounts for resources not accounted for in another fund, property tax revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing debt and the cost of assessing and collecting taxes.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District’s governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”). The budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$12,560,818 as of December 31, 2023.

A portion of the District’s net position reflects its net investment in capital assets and right-of-use assets (capital assets and right-of-use assets less any debt used to acquire those assets that are still outstanding). The District uses these assets to provide firefighting services. The following is a comparative analysis of government-wide change in net position:

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 13,350,058	\$ 10,015,126	\$ 3,334,932
Capital Assets (Net of Accumulated Depreciation)	7,375,216	6,097,883	1,277,333
Right-of-Use Assets (Net of Accumulated Amortization)	1,019,984	1,168,961	(148,977)
Total Assets	<u>\$ 21,745,258</u>	<u>\$ 17,281,970</u>	<u>\$ 4,463,288</u>
Long-Term Liabilities	\$ 1,598,565	\$ 1,920,413	\$ 321,848
Other Liabilities	464,710	434,202	(30,508)
Total Liabilities	<u>\$ 2,063,275</u>	<u>\$ 2,354,615</u>	<u>\$ 291,340</u>
Deferred Inflows of Resources	<u>\$ 7,121,165</u>	<u>\$ 6,525,821</u>	<u>\$ (595,344)</u>
Net Position:			
Net Investment in Capital Assets	\$ 6,474,786	\$ 4,976,432	\$ 1,498,354
Restricted	(3,529)	40,602	(44,131)
Unrestricted	<u>6,089,561</u>	<u>3,384,500</u>	<u>2,705,061</u>
Total Net Position	<u>\$ 12,560,818</u>	<u>\$ 8,401,534</u>	<u>\$ 4,159,284</u>

The following table provides a summary of the District's operations for the year ended December 31, 2023 and December 31, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 6,480,530	\$ 5,840,684	\$ 639,846
Sales Tax Receipts	2,085,772	1,942,357	143,415
Other Revenues	<u>357,783</u>	<u>120,974</u>	<u>236,809</u>
Total Revenues	\$ 8,924,085	\$ 7,904,015	\$ 1,020,070
Expenses for Services	<u>4,764,801</u>	<u>4,195,908</u>	<u>(568,893)</u>
Change in Net Position	\$ 4,159,284	\$ 3,708,107	\$ 451,177
Net Position, Beginning of Year	<u>8,401,534</u>	<u>4,693,427</u>	<u>3,708,107</u>
Net Position, End of Year	<u>\$ 12,560,818</u>	<u>\$ 8,401,534</u>	<u>\$ 4,159,284</u>

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2023, were \$5,987,067, an increase of \$2,634,656 from the prior year.

The District's General Fund fund balance increased by \$2,684,741, primarily due to property tax, sales tax receipts and other revenues exceeding operating costs.

The District's Debt Service Fund fund balance decreased by \$50,085, primarily due to the structure of the District's outstanding debt and transfers out to the General Fund.

BUDGETARY HIGHLIGHTS

Actual revenues were \$1,453,152 more than budgeted revenue and actual expenditures were \$709,154 more than budgeted, which resulted in a positive variance of \$743,998. See the budget to actual comparison.

CAPITAL ASSETS

Capital assets as of December 31, 2023, total \$7,375,216 (net of accumulated depreciation) and include building and improvements. Current year additions include additional land costs at Beechnut and Harlem Road, 2022 Ford F150, Foto Kite drone and 2023 Ford F250 crew cab.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,456,279	\$ 1,443,401	\$ 12,878
Construction in Progress	2,217,175	927,635	1,289,540
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	2,447,465	2,521,436	(73,971)
Firefighting/Rescue Apparatus	1,254,297	1,205,411	48,886
Total Net Capital Assets	<u>\$ 7,375,216</u>	<u>\$ 6,097,883</u>	<u>\$ 1,277,333</u>

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

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

RIGHT-OF-USE ASSETS

In accordance with the requirements of GASB Statement No. 87, which was required to be implemented in the current fiscal year, the District reclassified certain capital assets to right-of-use assets. Right-of-use assets consisted of a ladder truck which totaled \$1,489,773, had current year amortization expense of \$148,977, and had an accumulated amortization balance of \$469,789 as of December 31, 2023.

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had debt payable of \$1,920,414. The changes in the debt position of the District during the current year ended December 31, 2023, are summarized as follows:

Notes Payable, January 1, 2023	\$ 1,411,687
Less: Principal Paid	<u>157,371</u>
Notes Payable, December 31, 2023	<u><u>\$ 1,254,316</u></u>
Leases Payable, January 1, 2023	\$ 878,725
Less: Principal Paid	<u>212,627</u>
Leases Payable, December 31, 2023	<u><u>\$ 666,098</u></u>

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Emergency Services District No. 5, c/o Coveler & Peeler, P.C., 820 Gessner, Suite 1710, Houston, Texas 77024.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 333	\$
Investments	4,645,602	5,018
Cash with Fort Bend County	414,923	
Receivables:		
Property Taxes	6,390,132	142,012
Penalty and Interest on Delinquent Taxes		
Due from Other Funds		39,395
Prepaid Costs	1,297,750	
Due from Other Governmental Units	411,322	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
Right-of-Use Assets (Net of Accumulated Amortization)		
TOTAL ASSETS	<u><u>\$ 13,160,062</u></u>	<u><u>\$ 186,425</u></u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 333	\$	\$ 333
4,650,620		4,650,620
414,923		414,923
6,532,144		6,532,144
	42,966	42,966
39,395	(39,395)	
1,297,750		1,297,750
411,322		411,322
	1,456,279	1,456,279
	2,217,175	2,217,175
	3,701,762	3,701,762
	1,019,984	1,019,984
<u>\$ 13,346,487</u>	<u>\$ 8,398,771</u>	<u>\$ 21,745,258</u>

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>
LIABILITIES		
Accounts Payable	\$ 106,561	\$
Accrued Interest Payable		
Due to Other Funds	39,395	
Long-Term Liabilities:		
Lease Payable:		
Due Within One Year		
Due After One Year		
Notes Payable:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	<u>\$ 145,956</u>	<u>\$ -0-</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 7,056,751</u>	<u>\$ 156,713</u>
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 1,297,750	\$
Restricted for Debt Service		29,712
Unassigned	4,659,605	
TOTAL FUND BALANCES	<u>\$ 5,957,355</u>	<u>\$ 29,712</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 13,160,062</u>	<u>\$ 186,425</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 106,561	\$	\$ 106,561
39,395	36,300	36,300
	(39,395)	
	217,262	217,262
	448,836	448,836
	104,587	104,587
	<u>1,149,729</u>	<u>1,149,729</u>
<u>\$ 145,956</u>	<u>\$ 1,917,319</u>	<u>\$ 2,063,275</u>
 <u>\$ 7,213,464</u>	 <u>\$ (92,299)</u>	 <u>\$ 7,121,165</u>
 \$ 1,297,750	 \$ (1,297,750)	 \$
29,712	(29,712)	
<u>4,659,605</u>	<u>(4,659,605)</u>	
<u>\$ 5,987,067</u>	<u>\$ (5,987,067)</u>	<u>\$ - 0 -</u>
 <u>\$ 13,346,487</u>		
	\$ 6,474,786	\$ 6,474,786
	(3,529)	(3,529)
	<u>6,089,561</u>	<u>6,089,561</u>
	<u>\$ 12,560,818</u>	<u>\$ 12,560,818</u>

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total Fund Balances - Governmental Funds	\$	5,987,067
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets and right-of-use assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		8,395,200
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Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.		135,265
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (36,300)	
Leases Payable Within One Year	(217,262)	
Leases Payable After One Year	(448,836)	
Notes Payable Within One Year	(104,587)	
Notes Payable After One Year	<u>(1,149,729)</u>	<u>(1,956,714)</u>
Total Net Position - Governmental Activities	\$	<u>12,560,818</u>

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

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FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 6,305,937	\$ 158,905
Sales Tax Receipts	2,085,772	
Penalty and Interest	45,982	931
Investment Revenues	300,866	3,048
Miscellaneous Revenues	2,119	
TOTAL REVENUES	<u>\$ 8,740,676</u>	<u>\$ 162,884</u>
EXPENDITURES/EXPENSES		
Service Operations:		
District Services - Northeast Fort Bend		
County Fire Department		
Monthly Fees	\$ 3,799,500	\$
Capital Costs	147,998	
Accounting and Auditing	26,087	
Appraisal District Fees	55,575	
Commissioner Fees	17,524	
Depreciation\Amortization		
Legal Fees - General	21,184	
Legal Fees - Delinquent Tax Collections	12,555	
Tax Assessor Collector Fees	28,075	
Other	11,931	
Capital Outlay	1,703,723	
Debt Service:		
Lease Principal	157,371	
Lease Interest	55,598	
Note Principal	212,627	
Note Interest	19,156	
TOTAL EXPENDITURES/EXPENSES	<u>\$ 6,268,904</u>	<u>\$ - 0 -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER		
EXPENDITURES/EXPENSES	<u>\$ 2,471,772</u>	<u>\$ 162,884</u>
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	<u>\$ 212,969</u>	<u>\$ (212,969)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 2,684,741</u>	<u>\$ (50,085)</u>
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION -		
JANUARY 1, 2023	<u>3,272,614</u>	<u>79,797</u>
FUND BALANCES/NET POSITION -		
DECEMBER 31, 2023	<u>\$ 5,957,355</u>	<u>\$ 29,712</u>

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

Total	Adjustments	Statement of Activities
\$ 6,464,842	\$ 15,688	\$ 6,480,530
2,085,772		2,085,772
46,913	4,837	51,750
303,914		303,914
2,119		2,119
<u>\$ 8,903,560</u>	<u>\$ 20,525</u>	<u>\$ 8,924,085</u>
\$ 3,799,500	\$	\$ 3,799,500
147,998		147,998
26,087		26,087
55,575		55,575
17,524		17,524
	458,371	458,371
21,184		21,184
12,555		12,555
28,075		28,075
11,931	116,997	128,928
1,703,723	(1,703,723)	
157,371	(157,371)	
55,598	(3,406)	52,192
212,627	(212,627)	
19,156	(2,344)	16,812
<u>\$ 6,268,904</u>	<u>\$ (1,504,103)</u>	<u>\$ 4,764,801</u>
\$ 2,634,656	\$ 1,524,628	\$ 4,159,284
\$ - 0 -	\$ - 0 -	\$ - 0 -
\$ 2,634,656	\$ (2,634,656)	\$
	4,159,284	4,159,284
<u>3,352,411</u>	<u>5,049,123</u>	<u>8,401,534</u>
<u>\$ 5,987,067</u>	<u>\$ 6,573,751</u>	<u>\$ 12,560,818</u>

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balances - Governmental Funds	\$ 2,634,656
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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, revenue is recorded in the accounting period for which the taxes are levied.	15,688
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Governmental funds report delinquent tax penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when the penalty and interest are assessed.	4,837
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Governmental funds do not account for depreciation/amortization. However, in the Statement of Net Position, capital assets are depreciated/amortized and depreciation/amortization expense is recorded in the Statement of Activities.	(458,371)
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Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	1,586,726
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Governmental funds report principal payments on long-term liabilities as expenditures in the year paid. However, in the government-wide financial statements, liabilities are reduced when principal payments are made and the Statement of Activities is not affected.	369,998
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Governmental funds report interest payments on long-term liabilities as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on long-term liabilities through the fiscal year-end.	5,750
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Change in Net Position - Governmental Activities	<u>\$ 4,159,284</u>
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The accompanying notes to the financial
statements are an integral part of this report.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. CREATION OF DISTRICT

Fort Bend County Emergency Services District No. 5 was created by the Commissioners' Court of the County of Fort Bend on May 12, 2007, 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 rescue services within the boundaries of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The District is a political subdivision of the State of Texas governed by an appointed board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately appointed governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

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.
- 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.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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 in the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Funds

The District has two major governmental funds.

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

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing debt and the costs of assessing and collecting taxes.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include 2022 tax levy collections during the period October 1, 2022, to December 31, 2023, and taxes collected from January 1, 2023, to December 31, 2023, for the 2021 and prior tax levies. The 2023 tax levy has been fully deferred to meet the District’s planned expenditures in the 2024 fiscal year.

Capital Assets and Right-of-Use Assets

Capital assets, if any, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset after completion. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Buildings and Improvements	20-40
Firefighting Apparatus	4-15

In accordance with GASB Statement No. 87, the District recorded an apparatus as a right-of-use asset (see Note 9). The right-of-use asset is being amortized over the estimated useful life using the straight-line method of amortization.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the combined General Fund and Debt Service Fund by the District's Board of Commissioners. The budget is prepared using the same method of accounting as for financial reporting. The original combined General Fund and Debt Service Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – All Combined Governmental Funds presents the original and revised, if any, budget amounts, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service determined that fees of office received by Commissioners are wages subject to federal income tax withholding for payroll 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:

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

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

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.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. TAX LEVY

Voters of the District have approved a maximum tax rate of \$0.10 per \$100 of assessed valuation. During the year ended December 31, 2023, the District levied an ad valorem maintenance tax at the rate of \$0.084297 per \$100 of assessed valuation, which resulted in a tax levy of \$6,967,512 on the adjusted taxable valuation of \$8,258,594,791 for the 2023 tax year. The 2023 levy has been fully deferred to meet the operating expenditures for the 2024 fiscal year.

During the year ended December 31, 2023, the District levied an ad valorem debt service tax rate of \$0.001859 per \$100 of assessed valuation, which resulted in a tax levy of \$153,654 on the adjusted taxable valuation of \$8,258,594,791 for the 2023 tax year. The 2023 levy has been fully deferred to meet the principal and interest due for the 2024 fiscal year.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$333 and the bank balance was \$7,382. The District was not exposed to custodial credit risk.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2023, as listed below:

	Cash
GENERAL FUND	\$ 333

Investments

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

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

As of December 31, 2023, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturity Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 4,213,551	\$ 4,213,551
TexSTAR	432,051	432,051
<u>DEBT SERVICE FUND</u>		
TexSTAR	5,018	5,018
TOTAL INVESTMENTS	<u><u>\$ 4,650,620</u></u>	<u><u>\$ 4,650,620</u></u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2023, the District’s investments in TexPool and TexSTAR were rated AAAM by Standard and Poor’s.

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.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

NOTE 5. CAPITAL ASSETS

	January 1, 2023	Increases	Decreases	December 31, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,443,401	\$ 12,878	\$	\$ 1,456,279
Construction in Progress	927,635	1,586,727	297,187	2,217,175
Total Capital Assets Not Being Depreciated	\$ 2,371,036	\$ 1,599,605	\$ 297,187	\$ 3,673,454
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 2,918,868		\$	\$ 2,918,868
Firefighting/Rescue Apparatus	2,166,014	284,309		2,450,323
Total Capital Assets Subject to Depreciation	\$ 5,084,882	\$ 284,309	\$ - 0 -	\$ 5,369,191
Less Accumulated Depreciation				
Buildings and Improvements	\$ 397,432	\$ 73,971	\$	\$ 471,403
Firefighting/Rescue Apparatus	960,603	235,423		1,196,026
Total Accumulated Depreciation	\$ 1,358,035	\$ 309,394	\$ - 0 -	\$ 1,667,429
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 3,726,847	\$ (25,085)	\$ - 0 -	\$ 3,701,762
Total Capital Assets, Net of Accumulated Depreciation	\$ 6,097,883	\$ 1,574,520	\$ 297,187	\$ 7,375,216

NOTE 6. CONTRACT FOR FIRE PROTECTION AND RESCUE SERVICES

On January 13, 2009, the District executed a contract for providing fire protection and rescue services with the Northeast Fort Bend County Fire Department, Inc. (the "Department"). The term of the original contract was from January 1, 2009, to December 31, 2009, renewable from year to year by amendment. On July 9, 2013, the contract was revised extending the term to 20 years. Under the terms of the contract, the Department agrees to provide fire protection and rescue services to all the residents and commercial interests in the service area.

The Department agreed to submit a budget indicating proposed operating, capital and debt expenditures at the District's September meeting each year for the District's review and approval. The District agreed to provide periodic payments to the Department based on the approved budgets. Ownership of all assets of the Department shall remain with the Department during the term of this contract. Responsibility for operating, maintaining, repairing and insuring any facilities by which fire protection and rescue services are provided belongs solely to the Department.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6. CONTRACT FOR FIRE PROTECTION AND RESCUE SERVICES
(Continued)

For the year ended December 31, 2023, the District paid the Department \$3,799,500 for operations and maintenance and \$147,998 for capital costs.

NOTE 7. RISK MANAGEMENT

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

NOTE 8. NOTES PAYABLE

On June 11, 2013, the District entered into a \$1,500,000 construction loan agreement with Government Capital Corporation to fund the construction of a fire station, secured by tax funds. Annual installments of \$108,207.43 are due each June 1, beginning June 1, 2014, and ending June 1, 2033. The interest rate is 3.806%.

On November 11, 2014, the District entered into a \$600,000 construction loan agreement with Government Capital Corporation to fund additional costs of the fire station, secured by ad valorem tax funds. Annual installments of \$46,277.30 are due each June 1, beginning June 1, 2015, and ending June 1, 2033. The interest rate is 4.393%.

On June 11, 2013, the District entered into a \$500,000 promissory note with Government Capital Corporation to fund the acquisition of a pumper truck, secured by ad valorem tax funds. Annual installments of \$58,484.22 are due each June 1, beginning June 1, 2014, and ending June 1, 2023. The interest rate is 2.996%. 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, 2023:

	January 1, 2023	Additions	Retirements	December 31, 2023
Notes Payable	<u>\$ 1,411,687</u>	<u>\$ - 0 -</u>	<u>\$ 157,371</u>	<u>\$ 1,254,316</u>
		Amount Due Within One Year		\$ 104,587
		Amount Due After One Year		<u>1,149,729</u>
		Notes Payable		<u>\$ 1,254,316</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8. NOTES PAYABLE (Continued)

As of December 31, 2023, the debt service requirements on the notes payable were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 104,587	\$ 49,899	\$ 154,486
2025	108,743	45,742	154,485
2026	113,066	41,419	154,485
2027	117,562	36,923	154,485
2028	122,237	32,248	154,485
2029-2032	688,121	84,301	772,422
	<u>\$ 1,254,316</u>	<u>\$ 290,532</u>	<u>\$ 1,544,848</u>

The assets acquired with these notes, are operated, maintained and insured by the Department.

NOTE 9. LEASES

Effective October 1, 2011, and as amended on January 7, 2014, the District entered into a ground lease agreement with Fort Bend County for 2.289 acres of land. The District will be allowed to construct, operate and maintain a fire station on the premises. The lease term is 99 years at a cost of \$1 per year.

On July 24, 2019, the District entered into a lease agreement with Frost Bank to fund the purchase of a ladder truck with amount of \$1,489,773. Accumulated amortization as of December 31, 2023 is \$469,789, of which \$148,977 has been recorded as part of amortization expense in the current fiscal year. Annual installments of \$231,783.10 are due each July 24, beginning July 24, 2020 and ending July 24, 2026. The interest rate is 2.18%.

In accordance with the requirements of GASB Statement No. 87, which was required to be implemented in the current fiscal year, the District reclassified certain capital assets to right-of-use assets. Right-of-use assets, current year amortization expense, and accumulated amortization is summarized below:

	<u>January 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31, 2023</u>
Right-of-use Asset Subject to Amortization				
Firefighting/Rescue Apparatus	<u>\$ 1,489,773</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 1,489,773</u>
Less Accumulated Amortization				
Firefighting/Rescue Apparatus	<u>\$ 320,812</u>	<u>\$ 148,977</u>	<u>\$ - 0 -</u>	<u>\$ 469,789</u>
Right-of-use Asset, Net of Accumulated Amortization	<u>\$ 1,168,961</u>	<u>\$ (148,977)</u>	<u>\$ - 0 -</u>	<u>\$ 1,019,984</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9. LEASES (Continued)

The following is a summary of transactions regarding lease payable for the year ended December 31, 2023:

	January 1, 2023	Additions	Retirements	December 31, 2023
Leases Payable	\$ 878,725	\$ - 0 -	\$ 212,627	\$ 666,098
			Amount Due Within One Year	\$ 217,262
			Amount Due After One Year	448,836
			Capital Lease Payable	\$ 666,098

As of December 31, 2023, the debt service requirements on the lease payable were as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 217,262	\$ 14,521	\$ 231,783
2024	221,998	9,785	231,783
2025	226,838	4,945	231,783
	\$ 666,098	\$ 29,251	\$ 695,349

The assets acquired with this lease, will be operated, maintained and insured by the Department.

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

On May 1, 2021, the voters of the District approved the establishment and adoption of a sales and use tax up to a maximum of one percent. On May 11, 2021, the Board set a local sales and use tax of one percent on all applicable sales and uses within the boundaries of the District, except those areas that already have a two percent tax. During the current year, the District recorded \$2,085,772 in sales tax receipts, of which \$411,322 was due from the State Comptroller at December 31, 2023.

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FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL –
ALL COMBINED GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 6,445,408	\$ 6,464,842	\$ 19,434
Sales Tax Receipts	1,000,000	2,085,772	1,085,772
Penalty and Interest		46,913	46,913
Investment Revenues	5,000	303,914	298,914
Miscellaneous Revenues		2,119	2,119
TOTAL REVENUES	<u>\$ 7,450,408</u>	<u>\$ 8,903,560</u>	<u>\$ 1,453,152</u>
EXPENDITURES			
Service Operations:			
District Services - Northeast Fort Bend			
County Fire Department	\$ 5,004,500	\$ 3,947,498	\$ 1,057,002
Accounting and Auditing	25,000	26,087	(1,087)
Appraisal District Fees	20,000	55,575	(35,575)
Commissioner Fees	14,000	17,524	(3,524)
Legal Fees - General	20,500	21,184	(684)
Legal Fees - Delinquent Tax Collections		12,555	(12,555)
Tax Assessor Collector Fees		28,075	(28,075)
Other	29,750	11,931	17,819
Capital Outlay		1,703,723	(1,703,723)
Debt Service:			
Principal	371,246	369,998	1,248
Interest	74,754	74,754	
TOTAL EXPENDITURES	<u>\$ 5,559,750</u>	<u>\$ 6,268,904</u>	<u>\$ (709,154)</u>
NET CHANGE IN FUND BALANCE	\$ 1,890,658	\$ 2,634,656	\$ 743,998
FUND BALANCE -			
JANUARY 1, 2023	<u>3,352,411</u>	<u>3,352,411</u>	
FUND BALANCE -			
DECEMBER 31, 2023	<u>\$ 5,243,069</u>	<u>\$ 5,987,067</u>	<u>\$ 743,998</u>

See accompanying independent auditor's report.

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FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
LISTING OF THE NUMBER OF EMERGENCY
RESPONSES MADE WITHIN AND OUTSIDE THE DISTRICT -
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Number of Emergency Responses made Within the District	4,203
Number of Emergency Responses made Outside of the District	<u>-0-</u>
Total Emergency Responses	<u><u>4,203</u></u>

See accompanying independent auditor's report.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2023

Type of Coverage	From To	Amount of Coverage	Insurer/Name
FIDELITY BONDS			
Treasurer's Bond	12/15/23 12/15/24	\$ 100,000	Western Surety Company
Public Employee Blanket Crime Bond	12/15/23 12/15/24	100,000	National Union Insurance Fire Company of Pittsburgh, PA
GENERAL LIABILITY/PROFESSIONAL HEALTH CARE LIABILITY	12/15/23 12/15/24		National Union Insurance Fire Company of Pittsburgh, PA
General Aggregate		\$ 3,000,000	
Each Occurrence		1,000,000	
Personal/Advertising Injury		1,000,000	
Fire Damage Legal Liability		1,000,000	
Product Liability		3,000,000	
Medical Expense (Any One Person)		10,000	
Hired Car and Non-Ownership Auto Liability		1,000,000	
MANAGEMENT LIABILITY	12/15/23 12/15/24		National Union Insurance Fire Company of Pittsburgh, PA
Aggregate		\$ 3,000,000	
Each Offense or Wrongful Act		1,000,000	
Defense Expense for Injunctive Relief		100,000	
EXCESS LIABILITY	12/15/23 12/15/24		National Union Insurance Fire Company of Pittsburgh, PA
Annual Aggregate		\$ 2,000,000	
Each Occurrence		1,000,000	
CYBER LIABILITY AND PRIVACY CRISIS MANAGEMENT	12/15/23 12/15/24		National Union Insurance Fire Company of Pittsburgh, PA
Cyber Liability (Each Event)		\$ 1,000,000	
Privacy Crisis Management (Each Event)		50,000	
Cyber Extortion (Each Event)		20,000	
Privacy Crisis Management Expense and Cyber Extortion Expense (Aggregate)		50,000	

See accompanying independent auditor's report.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
STATEMENT OF ACTIVITIES -
NORTHEAST FORT BEND COUNTY FIRE DEPARTMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

REVENUES, GAINS AND OTHER SUPPORT

Fort Bend County Emergency Services District No. 5	\$ 4,270,387
Miscellaneous	85,231
TOTAL REVENUES, GAINS AND OTHER SUPPORT	\$ 4,355,618

EXPENSES

Program Costs - Fire Department:

Communications Equipment	\$ 825
Dive Rescue-Equipment	106,495
Education and Training	9,794
EMS Supplies	7,944
Fire Equipment	118,911
Fuel	50,292
Insurance	246,417
Medical	13,200
Miscellaneous	16,199
Payroll Expense	3,225,036
Service Fees	17,363
Station 1 Costs	178,667
Truck Maintenance	167,439
Utilities	67,309
TOTAL PROGRAM COSTS - FIRE DEPARTMENT	4,225,891

CHANGE IN NET ASSET	\$ 129,727
NET ASSETS - January 1, 2023	3,147,956
NET ASSETS - December 31, 2023	\$ 3,277,683

See accompanying independent auditor's report.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE - JANUARY 1, 2023	\$ 3,562,832		\$ 90,563	
Adjustments to Beginning Balance	<u>(44,421)</u>	\$ 3,518,411	<u>(916)</u>	\$ 89,647
Original 2023 Tax Levy	\$ 6,960,568		\$ 153,501	
Adjustment to 2023 Tax Levy	<u>6,944</u>	<u>6,967,512</u>	<u>153</u>	<u>153,654</u>
TOTAL TO BE ACCOUNTED FOR		\$ 10,485,923		\$ 243,301
TAX COLLECTIONS:				
Prior Years	\$ 3,429,171		\$ 86,588	
Current Year	<u>666,620</u>	<u>4,095,791</u>	<u>14,701</u>	<u>101,289</u>
TAXES RECEIVABLE - DECEMBER 31, 2023		<u>\$ 6,390,132</u>		<u>\$ 142,012</u>
TAXES RECEIVABLE BY YEAR:				
2023		\$ 6,300,892		\$ 138,953
2022		37,366		939
2021		14,148		386
2020		10,586		436
2019		8,103		365
2018		3,821		238
2017		3,642		374
2016		2,889		321
2015		2,181		
2014		1,764		
2013		1,615		
2012		1,151		
2011 and prior		<u>1,974</u>		
TOTAL		<u>\$ 6,390,132</u>		<u>\$ 142,012</u>

See accompanying independent auditor's reports.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 8,258,594,791</u>	<u>\$ 7,178,105,630</u>	<u>\$ 5,922,395,886</u>	<u>\$ 5,393,313,306</u>
TAX RATES PER \$100 VALUATION:				
Operating	\$ 0.084297	\$ 0.088789	\$ 0.097347	\$ 0.096043
Debt Service	<u>0.001859</u>	<u>0.002232</u>	<u>0.002653</u>	<u>0.003957</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.086156</u>	<u>\$ 0.091021</u>	<u>\$ 0.100000</u>	<u>\$ 0.100000</u>
ADJUSTED TAX LEVY*	<u>\$ 7,121,166</u>	<u>\$ 6,525,866</u>	<u>\$ 5,939,444</u>	<u>\$ 5,396,856</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>9.57 %</u>	<u>99.41 %</u>	<u>99.76 %</u>	<u>99.80 %</u>

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

See accompanying independent auditor's reports.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 6,305,937	\$ 5,691,116	\$ 5,124,203
Sales Tax Receipts	2,085,772	1,942,357	458,657
Penalty and Interest	45,982	41,857	38,831
Investment Revenues	300,866	74,367	1,119
Miscellaneous Revenues	2,119		4,023
TOTAL REVENUES	<u>\$ 8,740,676</u>	<u>\$ 7,749,697</u>	<u>\$ 5,626,833</u>
EXPENDITURES			
Service Operations:			
District Services - Northeast Fort Bend			
Fire Department	\$ 3,947,498	\$ 3,684,857	\$ 3,288,486
Accounting and Auditing	26,087	25,785	25,824
Appraisal District Fees	55,575	49,441	32,467
Commissioner Fees	17,524	15,450	11,850
Legal Fees - General	21,184	32,427	30,609
Legal Fees - Delinquent Tax Collections	12,555	11,896	11,221
Tax Assessor Collector Fees	28,075	10,345	17,892
Other	11,931	11,201	38,613
Capital Outlay	1,703,723	3,065,556	188,339
Debt Service:			
Principal	369,998	208,091	203,651
Interest	74,754	23,693	28,132
TOTAL EXPENDITURES	<u>\$ 6,268,904</u>	<u>\$ 7,138,742</u>	<u>\$ 3,877,084</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 2,471,772</u>	<u>\$ 610,955</u>	<u>\$ 1,749,749</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ 212,969	\$ (212,969)	\$
Note Proceeds			
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 212,969</u>	<u>\$ (212,969)</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 2,684,741	\$ 397,986	\$ 1,749,749
BEGINNING FUND BALANCE	<u>3,272,614</u>	<u>2,874,628</u>	<u>1,124,879</u>
ENDING FUND BALANCE	<u><u>\$ 5,957,355</u></u>	<u><u>\$ 3,272,614</u></u>	<u><u>\$ 2,874,628</u></u>

See accompanying independent auditor's reports.

			Percentage of Total Revenues									
2020		2019	2023		2022		2021		2020		2019	
\$	4,675,307	\$ 2,255,821	72.3	%	73.5	%	91.0	%	99.0	%	97.4	%
			23.8		25.0		8.2					
	31,057	19,020	0.5		0.5		0.7		0.7		0.8	
	13,336	38,442	3.4		1.0				0.3		1.7	
	858	1,891					0.1				0.1	
\$	4,720,558	\$ 2,315,174	100.0	%	100.0	%	100.0	%	100.0	%	100.0	%
\$	3,263,144	\$ 2,404,790	45.2	%	47.5	%	58.4	%	69.1	%	103.9	
	22,905	24,005	0.3		0.3		0.5		0.5		1.0	
	25,924	18,395	0.6		0.6		0.6		0.5		0.8	
	10,350	11,250	0.2		0.2		0.2		0.2		0.5	
	17,139	25,462	0.2		0.4		0.5		0.4		1.1	
	8,024	5,219	0.1		0.2		0.2		0.2		0.2	
	8,453	8,623	0.3		0.1		0.3		0.2		0.4	
	7,647	10,952	0.1		0.1		0.7		0.1		0.5	
	83,108	2,049,247	19.6		39.7		3.4		1.8		88.5	
	199,306		4.2		2.7		3.6		4.2			
	32,477		0.9		0.3		0.5		0.7			
\$	3,678,477	\$ 4,557,943	71.7	%	92.1	%	68.9	%	77.9	%	196.9	%
\$	1,042,081	\$ (2,242,769)	28.3	%	7.9	%	31.1	%	22.1	%	(96.9)	%
\$		\$										
		1,489,773										
\$	- 0 -	\$ 1,489,773										
\$	1,042,081	\$ (752,996)										
	82,798	835,794										
\$	1,124,879	\$ 82,798										

See accompanying independent auditor's reports.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 158,905	\$ 155,348	\$ 211,204
Penalty and Interest	931	906	1,273
Miscellaneous Revenues	<u>3,048</u>	<u>958</u>	<u>25</u>
TOTAL REVENUES	<u>\$ 162,884</u>	<u>\$ 157,212</u>	<u>\$ 212,502</u>
EXPENDITURES			
Other	\$	\$ 127	\$ 28
Debt Service:			
Principal		151,876	146,575
Interest		<u>61,093</u>	<u>66,394</u>
TOTAL EXPENDITURES	<u>\$ - 0 -</u>	<u>\$ 213,096</u>	<u>\$ 212,997</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 162,884</u>	<u>\$ (55,884)</u>	<u>\$ (495)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>\$ (212,969)</u>	<u>\$ 212,969</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ (50,085)	\$ 157,085	\$ (495)
BEGINNING FUND BALANCE	<u>79,797</u>	<u>(77,288)</u>	<u>(76,793)</u>
ENDING FUND BALANCE	<u><u>\$ 29,712</u></u>	<u><u>\$ 79,797</u></u>	<u><u>\$ (77,288)</u></u>

See accompanying independent auditor's reports.

		Percentage of Total Revenues						
2020	2019	2023	2022	2021	2020	2019		
\$ 210,904	\$ 140,207	97.5 %	98.8 %	99.4 %	99.4 %	99.3 %		
1,095		0.6	0.6	0.6	0.5			
157	1,034	1.9	0.6		0.1	0.7		
<u>\$ 212,156</u>	<u>\$ 141,241</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>		
\$ 103	\$ 133	%	0.1 %	%	%	0.1 %		
141,463	136,534		96.6	69.0	66.7	96.7		
71,506	76,435		38.9	31.2	33.7	54.1		
<u>\$ 213,072</u>	<u>\$ 213,102</u>	<u>0.0 %</u>	<u>135.6 %</u>	<u>100.2 %</u>	<u>100.4 %</u>	<u>150.9 %</u>		
<u>\$ (916)</u>	<u>\$ (71,861)</u>	<u>100.0 %</u>	<u>(35.6) %</u>	<u>(0.2) %</u>	<u>(0.4) %</u>	<u>(50.9) %</u>		
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>							
\$ (916)	\$ (71,861)							
(75,877)	(4,016)							
<u>\$ (76,793)</u>	<u>\$ (75,877)</u>							

See accompanying independent auditor's reports.

District Mailing Address - Fort Bend County Emergency Services District No. 5
c/o Coveler & Peeler, P.C.
820 Gessner, Suite 1710
Houston, Texas 77024

District Telephone Number - (713) 984-8222

The limit on fees of office that a Commissioner may receive during a year was \$3,000 as set by the Health and Safety Code-Chapter 775. Effective September 1, 2017, a Commissioner is entitled to receive compensation in the same manner and amount as are provided by Section 49.060 of the Texas Water Code, currently \$7,200 per fiscal year. The above fees of office and expense reimbursements are the amounts paid to a Commissioner during the District's current fiscal year.

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FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2023

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2023</u>	<u>Title</u>
Coveler & Peeler, P.C.	04/13/16	\$ 21,184	Attorney
McCall Gibson Swedlund Barfoot PLLC	01/12/10	\$ 10,750	Auditor
Myrtle Cruz, Inc.	07/08/08	\$ 15,337	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP	01/13/09	\$ 12,525	Delinquent Tax Attorney
Fort Bend County Tax Assessor/Collector	Legislative Action	\$ 28,075	Tax Assessor/ Collector

See accompanying independent auditor's report.

