

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2024

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Fort Bend County Emergency
Services District No. 8
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Fort Bend County Emergency Services District No. 8 (the "District") as of and for the year ended December 31, 2024, 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 major fund of the District as of December 31, 2024, 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 - General Fund 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.

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

May 28, 2025

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Management's discussion and analysis of Fort Bend County Emergency Services District No. 8's (the "District") financial performance provides an overview of the District's financial activities for the year ended December 31, 2024. 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 Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes required 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, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The 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.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

FUND FINANCIAL STATEMENTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to 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 \$622,427 as of December 31, 2024.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	Summary of the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 1,180,971	\$ 678,758	\$ 502,213
Capital Assets (Net of Accumulated Depreciation)	71,491	134,359	(62,868)
Right of Use Assets (Net of Accumulated Amortization)	351,660	375,284	(23,624)
Total Assets	<u>\$ 1,604,122</u>	<u>\$ 1,188,401</u>	<u>\$ 415,721</u>
Long-Term Liabilities	\$ 213,418	\$ 252,767	\$ 39,349
Current and Other Liabilities	85,593	66,673	(18,920)
Total Liabilities	<u>\$ 299,011</u>	<u>\$ 319,440</u>	<u>\$ 20,429</u>
Deferred Inflows of Resources	<u>\$ 682,684</u>	<u>\$ 502,234</u>	<u>\$ (180,450)</u>
Net Position:			
Net Investment in Capital Assets	\$ 170,384	\$ 218,571	\$ (48,187)
Unrestricted	452,043	148,156	303,887
Total Net Position	<u>\$ 622,427</u>	<u>\$ 366,727</u>	<u>\$ 255,700</u>

The following table provides a summary of the District's operations for the year ended December 31, 2024 and December 31, 2023.

	Summary of the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 507,959	\$ 428,804	\$ 79,155
Sales Tax Receipts	269,797	17,778	252,019
Other Revenues	33,498	24,915	8,583
Total Revenues	<u>\$ 811,254</u>	<u>\$ 471,497</u>	<u>\$ 339,757</u>
Expenses for Services	<u>555,554</u>	<u>400,783</u>	<u>(154,771)</u>
Change in Net Position	\$ 255,700	\$ 70,714	\$ 184,986
Net Position, Beginning of Year	<u>366,727</u>	<u>296,013</u>	<u>70,714</u>
Net Position, End of Year	<u>\$ 622,427</u>	<u>\$ 366,727</u>	<u>\$ 255,700</u>

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance as of December 31, 2024, was \$400,142, an increase of \$293,479 from the prior year. The increase was primarily due to property tax revenues and sales tax receipts exceeding service operations and capital outlay.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners did not amend the budget during the current fiscal year. The District had a total positive variance of \$280,718.

CAPITAL ASSETS

Capital assets as of December 31, 2024, total \$71,491 (net of accumulated depreciation) and include firefighting/rescue equipment.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Construction in Progress	\$ 6,000	\$ 48,500	\$ (42,500)
Capital Assets, Net of Accumulated Depreciation:			
Firefighting/Rescue Equipment	<u>65,491</u>	<u>85,859</u>	<u>(20,368)</u>
Total Net Capital Assets	<u>\$ 71,491</u>	<u>\$ 134,359</u>	<u>\$ (62,868)</u>

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

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 pierce pumper truck which totaled \$457,263, had current year amortization expense of \$23,624, and had an accumulated amortization balance of \$105,603 as of December 31, 2024.

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had debt payable of \$252,767. The changes in the debt position of the District during the current year ended December 31, 2024, are summarized as follows:

Lease Payable, January 1, 2024	\$ 291,072
Less: Principal Paid	<u>38,305</u>
Lease Payable, December 31, 2024	<u>\$ 252,767</u>

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

CONTACTING THE DISTRICT'S FINANCIAL 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. 8, c/o Coveler & Peeler, P.C., 820 Gessner, Suite 1710, Houston, TX 77024.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2024

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 105,797	\$	\$ 105,797
Investments	402,177		402,177
Due from Fort Bend County Tax Assessor/Collector	144,839		144,839
Receivables:			
Property Taxes	510,344		510,344
Penalty and Interest on Delinquent Taxes		16,441	16,441
Prepaid Costs	1,373		1,373
Construction in Progress		6,000	6,000
Capital Assets (Net of Accumulated Depreciation)		65,491	65,491
Right-of-Use Assets (Net of Accumulated Amortization)		351,660	351,660
TOTAL ASSETS	<u>\$ 1,164,530</u>	<u>\$ 439,592</u>	<u>\$ 1,604,122</u>
LIABILITIES			
Accounts Payable	\$ 41,302	\$	\$ 41,302
Accrued Interest Payable		4,942	4,942
Long-Term Liabilities:			
Lease Payable, Due Within One Year		39,349	39,349
Lease Payable, Due After One Year		213,418	213,418
TOTAL LIABILITIES	<u>\$ 41,302</u>	<u>\$ 257,709</u>	<u>\$ 299,011</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>\$ 723,086</u>	<u>\$ (40,402)</u>	<u>\$ 682,684</u>
FUND BALANCE			
Nonspendable:			
Prepaid Costs	\$ 1,373	\$ (1,373)	\$
Unassigned	<u>398,769</u>	<u>(398,769)</u>	<u></u>
TOTAL FUND BALANCE	<u>\$ 400,142</u>	<u>\$ (400,142)</u>	<u>\$ - 0 -</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u><u>\$ 1,164,530</u></u>		
NET POSITION			
Net Investment in Capital Assets		\$ 170,384	\$ 170,384
Unrestricted		<u>452,043</u>	<u>452,043</u>
TOTAL NET POSITION		<u><u>\$ 622,427</u></u>	<u><u>\$ 622,427</u></u>

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024

Total Fund Balance - Governmental Funds	\$	400,142
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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.		423,151
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenues in the governmental activities of the District.		56,843
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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	\$ (4,942)	
Lease Payable Within One Year	(39,349)	
Lease Payable After One Year	<u>(213,418)</u>	<u>(257,709)</u>
Total Net Position - Governmental Activities	\$	<u><u>622,427</u></u>

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	\$ 501,403	\$ 6,556	\$ 507,959
Sales Tax Receipts	269,797		269,797
Penalty and Interest	17,678	3,103	20,781
Investment Revenues	12,717		12,717
TOTAL REVENUES	\$ 801,595	\$ 9,659	\$ 811,254
EXPENDITURES/EXPENSES			
Service Operations:			
District Services - Beasley Volunteer			
Fire Department	\$ 401,182	\$	\$ 401,182
Accounting and Auditing	8,500		8,500
Appraisal District Fees	4,775		4,775
Legal Fees - General	21,292		21,292
Legal Fees - Delinquent Tax Collections	6,384		6,384
Tax Assessor/Collector Fees	2,618		2,618
Depreciation/Amortization		43,992	43,992
Other	10,049	48,500	58,549
Capital Outlay	7,082	(6,000)	1,082
Debt Service:			
Lease Principal	38,305	(38,305)	
Lease Interest	7,929	(749)	7,180
TOTAL EXPENDITURES/EXPENSES	\$ 508,116	\$ 47,438	\$ 555,554
NET CHANGE IN FUND BALANCE	\$ 293,479	\$ (293,479)	\$
CHANGE IN NET POSITION		255,700	255,700
FUND BALANCE/NET POSITION -			
JANUARY 1, 2024	106,663	260,064	366,727
FUND BALANCE/NET POSITION -			
DECEMBER 31, 2024	\$ 400,142	\$ 222,285	\$ 622,427

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balance - Governmental Funds	\$	293,479
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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 government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.		6,556
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Governmental funds report penalty and interest revenues on property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.		3,103
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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.		(43,992)
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Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.		(42,500)
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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.		38,305
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Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on long-term debt through the fiscal year-end.		749
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Change in Net Position - Governmental Activities	\$	255,700
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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. 8
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1. CREATION OF DISTRICT

Fort Bend County Emergency Services District No. 8 (the “District”) was created by the Commissioners’ Court of Fort Bend County on August 11, 2015, in accordance with Article III, Section 48-e, of the Texas Constitution. This action was taken by the Commissioners as a result of voter approval by residents of the District on May 9, 2015. The District operates under Chapter 775 of the Health and Safety Code. The District was established to provide funds for the contracting of emergency 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 elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

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

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.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses in the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Funds

The District has one governmental fund; therefore, this fund is a major fund.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues 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 2023 tax levy collections during the period October 1, 2023, to December 31, 2024, and taxes collected from January 1, 2024, to December 31, 2024, for all prior tax levies. The 2024 tax levy has been fully deferred to meet the District’s planned expenditures in the 2025 fiscal year.

Capital Assets and Right of Use Assets

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

In accordance with GASB Statement No. 87, the District recorded an apparatus as a right-of-use asset (see Note 7). The right-of-use asset is being amortized over the estimated useful life using the straight-line method of amortization.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources 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 Governmental Funds 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. The District does not have any restricted fund balances.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Commissioners. 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. 8
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

On May 9, 2015, the voters of the District approved a maximum tax rate of \$0.10 per \$100 of assessed valuation assessed valuation of taxable property within the District. During the year ended December 31, 2024, the District levied an ad valorem tax at the rate of \$0.10 per \$100 of assessed valuation, which resulted in a tax levy of \$682,684 on the adjusted taxable valuation of \$682,203,393 for the 2024 tax 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. 8
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 \$105,797 and the bank balance was \$111,959. The District was not exposed to custodial risk at year-end.

	<u>Cash</u>
GENERAL FUND	<u>\$ 105,797</u>

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. 8
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

As of December 31, 2024, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years		
		Less Than 1	1-5	6-10
<u>GENERAL FUND</u>				
Texas CLASS	\$ 402,177	\$ 402,177	\$ - 0 -	\$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2024, the District’s investments in Texas CLASS 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 Texas CLASS to have maturities of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5. CAPITAL ASSETS

	January 1, 2024	Increases	Decreases	December 31, 2024
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 48,500	\$ 6,000	\$ 48,500	\$ 6,000
Capital Assets Subject to Depreciation				
Firefighting/Rescue Equipment	\$ 101,561	\$ - 0 -	\$ - 0 -	\$ 101,561
Less Accumulated Depreciation				
Firefighting/Rescue Equipment	\$ 15,702	\$ 20,368	\$ - 0 -	\$ 36,070
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 85,859	\$ (20,368)	\$ - 0 -	\$ 65,491
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 134,359</u>	<u>\$ (14,368)</u>	<u>\$ 48,500</u>	<u>\$ 71,491</u>

NOTE 6. CONTRACT FOR PROVIDING EMERGENCY SERVICES

The District entered into an agreement with the Beasley Volunteer Fire Department (“Department”) for fire protection, fire suppression and rescue services to persons and commercial interests within boundaries of a portion of the District. The term of the current contract is for a period beginning January 1, 2017 and ending December 31, 2018. On December 19, 2018, the District approved a two-year contract beginning January 1, 2019 and ending December 31, 2022. Effective January 1, 2023, the District approved a two-year contract beginning January 1, 2023 and ending December 31, 2024. This contract may be terminated by either party upon 90 days written notice. Subsequent to year-end, effective January 1, 2025, the District approved a two-year contract beginning January 1, 2025 and ending December 31, 2026.

All funds received by the Department during the term of this contract from private insurance carriers or directly from a customer in payment for emergency services shall be retained by the Department.

The District shall make periodic payments to the Department based upon the current year operating budget. The Department shall prepare a financial report each month setting forth the Department’s receipts (from all sources, including District funding) and all expenditures. Under no circumstance does this contract create any obligation to pay the Department any fiscal year’s expenses from the District’s subsequent fiscal year budget.

The Department shall submit to the District each month a request for reimbursement payment of actual operations expenses and capital requests for payment at the District’s regular monthly meeting in accordance with the Department’s budget. Reimbursement expenses will be paid in arrears based upon operations expenses actually incurred by the Department.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7. EQUIPMENT LEASE

On April 13, 2020, the District entered into an equipment lease agreement with Community First National Bank to fund the purchase of a pierce custom pumper fire truck in the amount of \$400,000. Assets under this capital lease total \$457,263. Accumulated amortization through December 31, 2024 was \$81,979. Annual installments of \$46,234.10 are due each April 13, beginning April 13, 2021 and ending April 13, 2030. The incremental borrowing rate is 2.724%.

In accordance with the requirements of GASB Statement No. 87, 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:

	January 1, 2024	Increases	Decreases	December 31, 2024
Right of Use Assets at Historical Cost				
Subject to Amortization				
Firefighting/Rescue Apparatus	\$ 457,263	\$ - 0 -	\$ - 0 -	\$ 457,263
Less Accumulated Amortization				
Firefighting/Rescue Apparatus	\$ 81,979	\$ 23,624	\$ - 0 -	\$ 105,603
Right-of-use Asset, Net of Accumulated Amortization	<u>\$ 375,284</u>	<u>\$ (23,624)</u>	<u>\$ - 0 -</u>	<u>\$ 351,660</u>

The following is a summary of transactions regarding lease payable for the year ended December 31, 2024:

Lease Payable, January 1, 2024	\$ 291,072
Less: Principal Paid	<u>38,305</u>
Lease Payable, December 31, 2024	<u>\$ 252,767</u>
 Lease Payable:	
Due Within One Year	\$ 39,349
Due After One Year	<u>213,418</u>
Lease Payable, December 31, 2024	<u>\$ 252,767</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7. EQUIPMENT LEASE (Continued)

As of December 31, 2024, the debt service requirements on the lease payable were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 39,349	\$ 6,885	\$ 46,234
2026	40,420	5,814	46,234
2027	41,522	4,712	46,234
2028	42,653	3,581	46,234
2029	43,815	2,420	46,235
2030	45,008	1,226	46,234
	<u>\$ 252,767</u>	<u>\$ 24,638</u>	<u>\$ 277,405</u>

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

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omissions for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

NOTE 9. SALES AND USE TAX

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

On May 6, 2023, the voters of the District approved the establishment and adoption of a sales and use tax of up to a maximum of two percent. On May 6, 2023, the Board set a local sales and use tax of two percent on all applicable sales and uses within the boundaries of the District, effective May 17, 2023. During the current period, the District recorded \$269,797 in sales tax receipts.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 8
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Original & Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 496,396	\$ 501,403	\$ 5,007
Sales Tax Receipts	50,000	269,797	219,797
Penalty and Interest		17,678	17,678
Investment Revenues	<u>200</u>	<u>12,717</u>	<u>12,517</u>
TOTAL REVENUES	<u>\$ 546,596</u>	<u>\$ 801,595</u>	<u>\$ 254,999</u>
EXPENDITURES			
Service Operations:			
District Services - Beasley VFD	\$ 365,000	\$ 401,182	\$ (36,182)
Accounting and Auditing	8,000	8,500	(500)
Appraisal District Fees	4,000	4,775	(775)
Legal Fees - General	20,000	21,292	(1,292)
Legal Fees - Delinquent Tax Collections		6,384	(6,384)
Tax Assessor/Collector Fees	2,350	2,618	(268)
Other	8,250	10,049	(1,799)
Capital Outlay	80,000	7,082	72,918
Debt Service			
Lease Principal	38,305	38,305	
Lease Interest	<u>7,930</u>	<u>7,929</u>	<u>1</u>
TOTAL EXPENDITURES	<u>\$ 533,835</u>	<u>\$ 508,116</u>	<u>\$ 25,719</u>
NET CHANGE IN FUND BALANCE	\$ 12,761	\$ 293,479	\$ 280,718
FUND BALANCE - JANUARY 1, 2024	<u>106,663</u>	<u>106,663</u>	
FUND BALANCE - DECEMBER 31, 2024	<u>\$ 119,424</u>	<u>\$ 400,142</u>	<u>\$ 280,718</u>

See accompanying independent auditor's report.