

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5**

**FORT BEND COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2019**

**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, 2019**

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INDEPENDENT AUDITOR'S REPORT

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

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2019, 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.

## **Other Matters**

### *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, 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.

### *Other 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 any 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*

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

May 12, 2020

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019. 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, 2019**

**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 \$1,546,960 as of December 31, 2019.

A portion of the District's net position reflects its net investment in capital assets (capital 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, 2019**

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

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	\$ 5,739,697	\$ 3,476,819	\$ 2,262,878
Capital Assets (Net of Accumulated Depreciation)	4,857,711	2,988,630	1,869,081
Total Assets	\$ 10,597,408	\$ 6,465,449	\$ 4,131,959
Long-Term Liabilities	\$ 1,710,138	\$ 1,851,602	\$ 141,464
Other Liabilities	2,408,388	350,436	(2,057,952)
Total Liabilities	\$ 4,118,526	\$ 2,202,038	\$ (1,916,488)
Deferred Inflows of Resources	\$ 4,931,922	\$ 2,416,479	\$ (2,515,443)
Net Position:			
Net Investment in Capital Assets	\$ 1,516,337	\$ 1,000,495	\$ 515,842
Restricted	(129,073)	(46,487)	(82,586)
Unrestricted	159,696	892,924	(733,228)
Total Net Position	\$ 1,546,960	\$ 1,846,932	\$ (299,972)

The following table provides a summary of the District's operations for the year ended December 31, 2019 and December 31, 2018.

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,408,748	\$ 2,277,477	\$ 131,271
Fort Bend County MUD 134C		602,661	(602,661)
Other Revenues	67,917	80,866	(12,949)
Total Revenues	\$ 2,476,665	\$ 2,961,004	\$ (484,339)
Expenses for Services	2,776,637	2,355,520	(421,117)
Change in Net Position	\$ (299,972)	\$ 605,484	\$ (905,456)
Net Position, Beginning of Year	1,846,932	1,241,448	605,484
Net Position, End of Year	\$ 1,546,960	\$ 1,846,932	\$ (299,972)

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

The District's combined fund balances as of December 31, 2019, were \$6,921, a decrease of \$824,857 from the prior year.

The District's General Fund fund balance decreased by \$752,996, primarily due to capital cost offset by capital lease proceeds.

The District's Debt Service Fund fund balance decreased by \$71,861, primarily due to the structure of the District's outstanding debt.

**BUDGETARY HIGHLIGHTS**

The Board of Commissioners amended the budget during the current fiscal year decreasing expected property tax revenues and increasing fire department operations and capital costs. Actual revenues were \$20,348 more than budgeted revenues. Actual expenditures were \$1,648,676 more than budgeted, primarily due to unbudgeted capital outlay and higher than expected payments to the fire department. See the budget to actual comparison.

**CAPITAL ASSETS**

Capital assets as of December 31, 2019, total \$4,857,711 (net of accumulated depreciation) and include building and improvements. Current year additions include the purchase of a 2019 Chevrolet Tahoe and purchase of a rescue truck. Construction in progress includes costs of Ladder Truck.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Construction in Progress	\$ 1,969,616	\$	\$ 1,969,616
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	1,981,150	2,037,296	(56,146)
Firefighting/Rescue Apparatus	906,945	951,334	(44,389)
Total Net Capital Assets	\$ 4,857,711	\$ 2,988,630	\$ 1,869,081

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, 2019**

**LONG-TERM DEBT ACTIVITY**

At the end of the current fiscal year, the District had debt payable of \$3,341,374. The changes in the debt position of the District during the current year ended December 31, 2019, are summarized as follows:

Notes Payable, January 1, 2019	\$ 1,988,135
Less: Principal Paid	<u>136,534</u>
Notes Payable, December 31, 2019	<u>\$ 1,851,601</u>
Capital Lease Payable, January 1, 2019	\$ - 0 -
Add: Capital Lease Proceeds	<u>1,489,773</u>
Capital Lease Payable, December 31, 2019	<u>\$ 1,489,773</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, 2019**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>		
Cash	\$ 943,620	\$ 41,562
Investments	830,705	
Cash with Fort Bend County	1,760,824	
Receivables:		
Property Taxes	2,043,895	92,497
Penalty and Interest on Delinquent Taxes		
Due from Other Funds		5,443
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 5,579,044</b>	<b>\$ 139,502</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 721,340	\$
Accrued Interest Payable		
Due to Other Funds	5,443	
Long-Term Liabilities:		
Capital Lease Payable:		
Due Within One Year		
Due After One Year		
Notes Payable:		
Due Within One Year		
Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 726,783</b>	<b>\$ -0-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 4,769,463	\$ 215,379
<b>FUND BALANCES</b>		
Restricted for Debt Service	\$	\$ (75,877)
Unassigned	82,798	
<b>TOTAL FUND BALANCES</b>	<b>\$ 82,798</b>	<b>\$ (75,877)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
	<b>\$ 5,579,044</b>	<b>\$ 139,502</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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>
\$ 985,182	\$	\$ 985,182
830,705		830,705
1,760,824		1,760,824
2,136,392		2,136,392
	26,594	26,594
5,443	(5,443)	
	1,969,616	1,969,616
	2,888,095	2,888,095
<u>\$ 5,718,546</u>	<u>\$ 4,878,862</u>	<u>\$ 10,597,408</u>
\$ 721,340	\$	\$ 721,340
	55,812	55,812
5,443	(5,443)	
	199,306	199,306
	1,290,467	1,290,467
	141,463	141,463
	1,710,138	1,710,138
<u>\$ 726,783</u>	<u>\$ 3,391,743</u>	<u>\$ 4,118,526</u>
<u>\$ 4,984,842</u>	<u>\$ (52,920)</u>	<u>\$ 4,931,922</u>
\$ (75,877)	\$ 75,877	\$
82,798	(82,798)	
<u>\$ 6,921</u>	<u>\$ (6,921)</u>	<u>\$ - 0 -</u>
<u>\$ 5,718,546</u>		
	\$ 1,516,337	\$ 1,516,337
	(129,073)	(129,073)
	159,696	159,696
	<u>\$ 1,546,960</u>	<u>\$ 1,546,960</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, 2019**

Total Fund Balances - Governmental Funds	\$	6,921
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		4,857,711
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Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2018 and prior tax levies became part of recognized revenue in the governmental activities of the District.		79,514
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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	\$	(55,812)	
Capital Lease Payable Within One Year		(199,306)	
Capital Lease Payable After One Year		(1,290,467)	
Notes Payable Within One Year		(141,463)	
Notes Payable After One Year		(1,710,138)	
			(3,397,186)

Total Net Position - Governmental Activities	\$	1,546,960
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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, 2019**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 2,255,821	\$ 140,207
Penalty and Interest	19,020	
Investment Revenues	38,442	1,034
Miscellaneous Revenues	1,891	
<b>TOTAL REVENUES</b>	<b>\$ 2,315,174</b>	<b>\$ 141,241</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
District Services - Northeast Fort Bend		
County Fire Department		
Monthly Fees	\$ 2,198,370	\$
Capital Costs	206,420	
Accounting and Auditing	24,005	
Appraisal District Fees	18,395	
Commissioner Fees	11,250	
Depreciation		
Legal Fees - General	25,462	
Legal Fees - Delinquent Tax Collections	5,219	
Tax Assessor Collector Fees	8,623	
Other	10,952	133
Capital Outlay	2,049,247	
Debt Service:		
Capital Lease Interest		
Note Principal		136,534
Note Interest		76,435
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 4,557,943</b>	<b>\$ 213,102</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	<b>\$ (2,242,769)</b>	<b>\$ (71,861)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Capital Lease Proceeds	\$ 1,489,773	\$ -0-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (752,996)</b>	<b>\$ (71,861)</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES(DEFICIT)/NET POSITION - JANUARY 1, 2019</b>	<b>835,794</b>	<b>(4,016)</b>
<b>FUND BALANCES(DEFICIT)/NET POSITION - DECEMBER 31, 2019</b>	<b>\$ 82,798</b>	<b>\$ (75,877)</b>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 2,396,028	\$ 12,720	\$ 2,408,748
19,020	7,530	26,550
39,476		39,476
<u>1,891</u>	<u>          </u>	<u>1,891</u>
\$ <u>2,456,415</u>	\$ <u>20,250</u>	\$ <u>2,476,665</u>
\$ 2,198,370	\$	\$ 2,198,370
206,420		206,420
24,005		24,005
18,395		18,395
11,250		11,250
	180,166	180,166
25,462		25,462
5,219		5,219
8,623		8,623
11,085		11,085
2,049,247	(2,049,247)	
	14,198	14,198
136,534	(136,534)	
<u>76,435</u>	<u>(2,991)</u>	<u>73,444</u>
\$ <u>4,771,045</u>	\$ <u>(1,994,408)</u>	\$ <u>2,776,637</u>
\$ <u>(2,314,630)</u>	\$ <u>2,014,658</u>	\$ <u>(299,972)</u>
\$ <u>1,489,773</u>	\$ <u>(1,489,773)</u>	\$ <u>-0-</u>
\$ (824,857)	\$ 824,857	\$
	(299,972)	(299,972)
<u>831,778</u>	<u>1,015,154</u>	<u>1,846,932</u>
\$ <u>6,921</u>	\$ <u>1,540,039</u>	\$ <u>1,546,960</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, 2019**

Net Change in Fund Balances - Governmental Funds	\$ (824,857)
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.	12,720
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.	7,530
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(180,166)
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.	2,049,247
Governmental funds report capital lease proceeds as other financing sources. However, issued debt is recorded as a liability in the Statement of Net Position.	(1,489,773)
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.	136,534
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.	<u>(11,207)</u>
Change in Net Position - Governmental Activities	<u>\$ (299,972)</u>

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, 2019**

**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, 2019**

**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, 2019**

**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 2018 tax levy collections during the period October 1, 2018, to December 31, 2019, and taxes collected from January 1, 2019, to December 31, 2019, for the 2017 and prior tax levies. The 2019 tax levy has been fully deferred to meet the District’s planned expenditures in the 2020 fiscal year.

Capital 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:

	Years
Buildings and Improvements	20-40
Firefighting Apparatus	4-15

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 amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – All Combined Governmental Funds presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

*Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

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

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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, 2019, the District levied an ad valorem maintenance tax at the rate of \$0.095686 per \$100 of assessed valuation, which resulted in a tax levy of \$4,719,159 on the adjusted taxable valuation of \$4,930,349,015 for the 2019 tax year. The 2019 levy has been fully deferred to meet the operating expenditures for the 2020 fiscal year.

During the year ended December 31, 2019, the District levied an ad valorem debt service tax rate of \$0.004314 per \$100 of assessed valuation, which resulted in a tax levy of \$212,763 on the adjusted taxable valuation of \$4,930,349,015 for the 2019 tax year. The 2019 levy has been fully deferred to meet the principal and interest due for the 2020 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.

**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.

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

Deposits (Continued)

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 \$985,182 and the bank balance was \$985,129. Of the bank balance, \$291,553 was covered by federal depository insurance and the balance was covered by a pledge of securities held in safekeeping by a third party institution in the District’s name.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2019, as listed below:

	Cash
GENERAL FUND	\$ 943,620
DEBT SERVICE FUND	41,562
TOTAL DEPOSITS	\$ 985,182

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, 2019**

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

Investments (Continued)

The District invests in TexPool and TexSTAR, external investment pools that are not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool and TexSTAR meets the criteria established in GASB Statement No. 79 and measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool and TexSTAR at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool and TexSTAR.

As of December 31, 2019, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturity Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 544,850	\$ 544,850
TexSTAR	285,855	285,855
TOTAL INVESTMENTS	\$ 830,705	\$ 830,705

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2019, 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.

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.

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 5. CAPITAL ASSETS**

	January 1, 2019	Increases	Decreases	December 31, 2019
<b>Capital Assets Not Being Depreciated</b>				
Construction in Progress	\$ - 0 -	\$ 2,049,247	\$ 79,631	\$ 1,969,616
<b>Capital Assets Subject to Depreciation</b>				
Buildings and Improvements	\$ 2,205,888	\$	\$	\$ 2,205,888
Firefighting/Rescue Apparatus	1,203,527	79,631		1,283,158
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 3,409,415</u>	<u>\$ 79,631</u>	<u>\$ - 0 -</u>	<u>\$ 3,489,046</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	\$ 168,592	\$ 56,146	\$	\$ 224,738
Firefighting/Rescue Apparatus	252,193	124,020		376,213
<b>Total Accumulated Depreciation</b>	<u>\$ 420,785</u>	<u>\$ 180,166</u>	<u>\$ - 0 -</u>	<u>\$ 600,951</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 2,988,630</u>	<u>\$ (100,535)</u>	<u>\$ - 0 -</u>	<u>\$ 2,888,095</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 2,988,630</u>	<u>\$ 1,948,712</u>	<u>\$ 79,631</u>	<u>\$ 4,857,711</u>

**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.

For the year ended December 31, 2019, the District paid the Department \$2,198,370 for operations and maintenance and \$206,420 for capital costs.

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**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. OPERATING LEASE**

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.

**NOTE 9. 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%.

The following is a summary of transactions regarding notes payable for the year ended December 31, 2019:

	<u>January 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2019</u>
Notes Payable	\$ 1,988,135	\$ - 0 -	\$ 136,534	\$ 1,851,601
		Amount Due Within One Year		\$ 141,463
		Amount Due After One Year		<u>1,710,138</u>
		Notes Payable		<u>\$ 1,851,601</u>

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 9. NOTES PAYABLE (Continued)**

As of December 31, 2019, the debt service requirements on the notes payable were as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 141,463	\$ 71,505	\$ 212,968
2021	146,575	66,393	212,968
2022	151,876	61,094	212,970
2023	157,372	55,597	212,969
2024	104,586	49,899	154,485
2025-2029	588,707	183,717	772,424
2030-2033	561,022	56,916	617,938
	<u>\$ 1,851,601</u>	<u>\$ 545,121</u>	<u>\$ 2,396,722</u>

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

**NOTE 10. CAPITAL LEASES**

On July 24, 2019, the District entered into a capital lease agreement with Frost Bank to fund the purchase of a ladder truck. 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%. At year end, this truck is under construction.

The following is a summary of transactions regarding capital lease payable for the year ended December 31, 2019:

	January 1, 2019	Additions	Retirements	December 31, 2019
Capital Lease Payable	<u>\$ - 0 -</u>	<u>\$ 1,489,773</u>	<u>\$ - 0 -</u>	<u>\$ 1,489,773</u>
				Amount Due Within One Year
				\$ 199,306
				Amount Due After One Year
				1,290,467
				<u>Capital Lease Payable</u>
				<u>\$ 1,489,773</u>

As of December 31, 2019, the debt service requirements on the capital lease payable were as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 199,306	\$ 32,477	\$ 231,783
2021	203,651	28,132	231,783
2022	208,091	23,693	231,784
2023	212,627	19,156	231,783
2024	217,262	14,521	231,783
2025-2026	448,836	14,730	463,566
	<u>\$ 1,489,773</u>	<u>\$ 132,709</u>	<u>\$ 1,622,482</u>

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 10. CAPITAL LEASES (Continued)**

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

**NOTE 11. DEFICIT FUND BALANCE**

Property taxes related to the 2019 tax levy are not due and payable until January 31, 2020. Debt Service Fund tax collections of \$122,882, received as of December 31, 2019, have been recorded as deferred revenue in the financial statements, resulting in a deficit fund balance in the Debt Service Fund. The deficit will be alleviated on January 31, 2020.

**NOTE 12. UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which are likely to have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

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**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5**

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2019**

**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, 2019**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 3,570,100	\$ 2,407,591	\$ 2,396,028	\$ (11,563)
Penalty and Interest			19,020	19,020
Investment Revenues	28,476	28,476	39,476	11,000
Miscellaneous Revenues			1,891	1,891
<b>TOTAL REVENUES</b>	<u>\$ 3,598,576</u>	<u>\$ 2,436,067</u>	<u>\$ 2,456,415</u>	<u>\$ 20,348</u>
<b>EXPENDITURES</b>				
Service Operations:				
District Services - Northeast Fort Bend				
County Fire Department	2,727,000	\$ 2,802,500	\$ 2,404,790	\$ 397,710
Accounting and Auditing	23,400	23,400	24,005	(605)
Appraisal District Fees	25,000	25,000	18,395	6,605
Commissioner Fees	14,000	14,000	11,250	2,750
Legal Fees - General	32,000	32,000	25,462	6,538
Legal Fees - Delinquent Tax Collections			5,219	(5,219)
Tax Assessor Collector Fees			8,623	(8,623)
Other	12,500	12,500	11,085	1,415
Capital Outlay			2,049,247	(2,049,247)
Debt Service:				
Principal	136,534	136,534	136,534	
Interest	76,435	76,435	76,435	
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,046,869</u>	<u>\$ 3,122,369</u>	<u>\$ 4,771,045</u>	<u>\$ (1,648,676)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 551,707</u>	<u>\$ (686,302)</u>	<u>\$ (2,314,630)</u>	<u>\$ (1,628,328)</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Note Proceeds	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,489,773</u>	<u>\$ 1,489,773</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 551,707	\$ (686,302)	\$ (824,857)	\$ (138,555)
<b>FUND BALANCE - JANUARY 1, 2019</b>	<u>831,778</u>	<u>831,778</u>	<u>831,778</u>	
<b>FUND BALANCE - DECEMBER 31, 2019</b>	<u>\$ 1,383,485</u>	<u>\$ 145,476</u>	<u>\$ 6,921</u>	<u>\$ (138,555)</u>

See accompanying independent auditor's report.

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**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5**

**OTHER SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2019**

**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, 2019**  
**(UNAUDITED)**

Number of Emergency Responses made Within the District	3,463
Number of Emergency Responses made Outside of the District	<u>-0-</u>
Total Emergency Responses	<u><u>3,463</u></u>

See accompanying independent auditor's report.

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5**  
**SCHEDULE OF INSURANCE AND BONDING COVERAGE**  
**DECEMBER 31, 2019**

Type of Coverage	From To	Amount of Coverage	Insurer/Name
<b>FIDELITY BONDS</b>			
Treasurer's Bond	12/15/19 12/15/20	\$ 100,000	CNA Surety
Public Employee Blanket Crime Bond	12/15/19 12/15/20	100,000	American Alternative Insurance Corporation
<b>COMMERCIAL GENERAL LIABILITY</b>	12/15/19 12/15/20		American Alternative Insurance Corporation
General Aggregate		\$ 3,000,000	
Each Occurrence		1,000,000	
Personal/Advertising Injury		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	
<b>MANAGEMENT LIABILITY</b>	12/15/19 12/15/20		American Alternative Insurance Corporation
Aggregate		\$ 3,000,000	
Each Offense or Wrongful Act		1,000,000	
<b>UMBRELLA</b>	12/15/19 12/15/20		American Alternative Insurance Corporation
Annual Aggregate		\$ 2,000,000	
Each Occurrence		1,000,000	

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, 2019**  
**(UNAUDITED)**

REVENUES	
Fort Bend County Emergency Services District No. 5	\$ 2,335,820
Miscellaneous	<u>18,983</u>
TOTAL REVENUES	<u>\$ 2,354,803</u>
EXPENSES	
Communications Equipment	\$ 11,715
Dues and Subscriptions	285
Education and Training	2,135
EMS Supplies	6,224
Fire Equipment	74,292
Fuel	24,545
Insurance	183,171
Medical	21,420
Miscellaneous	6,174
Payroll Expense	1,760,163
Service Fees	4,743
Station 1 Costs	122,823
Truck Maintenance	33,358
Utilities	<u>45,073</u>
TOTAL EXPENSES	<u>\$ 2,296,121</u>
CHANGE IN NET POSITION	\$ 58,682
NET ASSETS - January 1, 2019	<u>1,321,270</u>
NET ASSETS - December 31, 2019	<u>\$ 1,379,952</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JANUARY 1, 2019	\$ 1,034,489		\$ 64,078	
Adjustments to Beginning Balance	<u>(6,988)</u>	\$ 1,027,501	<u>(743)</u>	\$ 63,335
Original 2019 Tax Levy	\$ 4,710,513		\$ 212,373	
Adjustment to 2019 Tax Levy	<u>8,646</u>	<u>4,719,159</u>	<u>390</u>	<u>212,763</u>
TOTAL TO BE ACCOUNTED FOR		\$ 5,746,660		\$ 276,098
TAX COLLECTIONS:				
Prior Years	\$ 977,198		\$ 60,719	
Current Year	<u>2,725,567</u>	<u>3,702,765</u>	<u>122,882</u>	<u>183,601</u>
TAXES RECEIVABLE - DECEMBER 31, 2019		<u>\$ 2,043,895</u>		<u>\$ 92,497</u>
TAXES RECEIVABLE BY YEAR:				
2019		\$ 1,993,592		\$ 89,881
2018		17,920		1,114
2017		8,530		876
2016		5,633		626
2015		4,276		
2014		3,560		
2013		2,358		
2012		2,806		
2011		1,715		
2010		1,575		
2009		1,344		
2008		<u>586</u>		
TOTAL		<u>\$ 2,043,895</u>		<u>\$ 92,497</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, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 4,930,349,015</u>	<u>\$ 3,055,809,227</u>	<u>\$ 2,896,790,719</u>	<u>\$ 2,696,225,684</u>
TAX RATES PER \$100 VALUATION:				
Operating	\$ 0.095686	\$ 0.074429	\$ 0.071642	\$ 0.071103
Debt Service	<u>0.004314</u>	<u>0.004627</u>	<u>0.007358</u>	<u>0.007897</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.100000</u>	<u>\$ 0.079056</u>	<u>\$ 0.079000</u>	<u>\$ 0.079000</u>
ADJUSTED TAX LEVY*	<u>\$ 4,931,922</u>	<u>\$ 2,416,479</u>	<u>\$ 2,289,002</u>	<u>\$ 2,130,187</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>57.76 %</u>	<u>99.21 %</u>	<u>99.59 %</u>	<u>99.71 %</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		
	2019	2018	2017
<b>REVENUES</b>			
Property Taxes	\$ 2,255,821	\$ 2,060,014	\$ 1,898,724
Fort Bend County MUD No. 134C		602,661	272,564
Penalty and Interest	19,020	19,450	19,636
Grant Revenues		29,649	
Investment Revenues	38,442	28,060	10,503
Miscellaneous Revenues	1,891		
<b>TOTAL REVENUES</b>	<b>\$ 2,315,174</b>	<b>\$ 2,739,834</b>	<b>\$ 2,201,427</b>
<b>EXPENDITURES</b>			
Service Operations:			
District Services - Northeast Fort Bend			
Fire Department	\$ 2,404,790	\$ 1,999,192	\$ 1,684,147
Accounting and Auditing	24,005	22,975	18,270
Appraisal District Fees	18,395	15,501	14,081
Commissioner Fees	11,250	12,600	5,100
Legal Fees - General	25,462	16,858	20,532
Legal Fees - Delinquent Tax Collections	5,219	5,360	4,201
Tax Assessor Collector Fees	8,623	6,211	6,130
Other	10,952	18,888	9,058
Capital Outlay	2,049,247	174,210	601,674
Debt Service:			
Principal			
Interest			
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,557,943</b>	<b>\$ 2,271,795</b>	<b>\$ 2,363,193</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (2,242,769)</b>	<b>\$ 468,039</b>	<b>\$ (161,766)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Contribution from Fort Bend County	\$	\$	\$
Note Proceeds	1,489,773		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 1,489,773</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (752,996)</b>	<b>\$ 468,039</b>	<b>\$ (161,766)</b>
<b>BEGINNING FUND BALANCE</b>	<b>835,794</b>	<b>367,755</b>	<b>529,521</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 82,798</b>	<b>\$ 835,794</b>	<b>\$ 367,755</b>

See accompanying independent auditor's reports.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
\$ 1,712,927	\$ 1,695,274	97.4 %	75.2 %	86.2 %	99.0 %	99.1 %
15,255	12,727	0.8	22.0 0.7	12.4 0.9	0.9	0.8
1,542	2,560	1.7	1.1 1.0	0.5	0.1	0.1
		0.1				
<u>\$ 1,729,724</u>	<u>\$ 1,710,561</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 1,484,574	\$ 1,434,029	103.9 %	73.0 %	76.5 %	85.8 %	83.8
17,300	17,800	1.0	0.8	0.8	1.0	1.0
10,867	11,182	0.8	0.6	0.7	0.6	0.7
3,950	4,500	0.5	0.5	0.2	0.2	0.3
22,865	17,683	1.1	0.6	1.0	1.3	1.0
3,980	3,523	0.2	0.2	0.2	0.2	0.2
6,048	4,440	0.4	0.2	0.3	0.3	0.3
11,330	12,337	0.5	0.7	0.4	0.7	0.7
	2,074,879	88.5	6.4	27.3		121.3
122,835	130,561				7.1	7.6
90,134	82,474				5.2	4.8
<u>\$ 1,773,883</u>	<u>\$ 3,793,408</u>	<u>196.9 %</u>	<u>83.0 %</u>	<u>107.4 %</u>	<u>102.4 %</u>	<u>221.7 %</u>
<u>\$ (44,159)</u>	<u>\$ (2,082,847)</u>	<u>(96.9) %</u>	<u>17.0 %</u>	<u>(7.4) %</u>	<u>(2.4) %</u>	<u>(121.7) %</u>
\$	\$ 322,320					
<u>\$ - 0 -</u>	<u>\$ 322,320</u>					
\$ (44,159)	\$ (1,760,527)					
573,680	2,334,207					
<u>\$ 529,521</u>	<u>\$ 573,680</u>					

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		
	2019	2018	2017
<b>REVENUES</b>			
Property Taxes	\$ 140,207	\$ 211,490	\$ 210,497
Miscellaneous Revenues	1,034	1	
<b>TOTAL REVENUES</b>	<b>\$ 141,241</b>	<b>\$ 211,491</b>	<b>\$ 210,497</b>
<b>EXPENDITURES</b>			
Other	\$ 133	\$	\$
Debt Service:			
Principal	136,534	131,779	127,060
Interest	76,435	81,256	85,909
<b>TOTAL EXPENDITURES</b>	<b>\$ 213,102</b>	<b>\$ 213,035</b>	<b>\$ 212,969</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (71,861)</b>	<b>\$ (1,544)</b>	<b>\$ (2,472)</b>
<b>BEGINNING FUND BALANCE</b>	<b>(4,016)</b>	<b>(2,472)</b>	
<b>ENDING FUND BALANCE</b>	<b>\$ (75,877)</b>	<b>\$ (4,016)</b>	<b>\$ (2,472)</b>

See accompanying independent auditor's reports.

		Percentage of Total Revenues				
<u>2016</u>	<u>2015</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$	\$	99.3 %	100.0 %	100.0 %	%	%
		0.7				
\$	\$	100.0 %	100.0 %	100.0 %	%	%
\$	\$	0.1 %	%	%	%	%
		96.7	62.3	60.4		
		54.1	38.4	40.8		
\$	\$	150.9 %	100.7 %	101.2 %	%	%
\$ - 0 -	\$ - 0 -	(50.9) %	(0.7) %	(1.2) %	N/A %	N/A %
<u>N/A</u>	<u>N/A</u>					

See accompanying independent auditor's reports.

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2019**

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

<u>Commissioners</u>	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of Office for the year ended December 31, 2019</u>	<u>Expense Reimbursement for the year ended December 31, 2019</u>	<u>Title</u>
Ernie Carter	01/01/18 12/31/19 (Appointed)	\$ 2,250	\$ 865	President
Cynthia N. Ginyard	01/01/18 12/31/19 (Appointed)	\$ 1,950	\$ -0-	Vice President
John Mukoro	01/01/19 12/31/20 (Appointed)	\$ 2,400	\$ 1,580	Secretary/ Assistant Treasurer
John Godbee	01/01/19 12/31/20 (Appointed)	\$ 3,000	\$ 1,345	Treasurer/ Investment Officer
Ben Bono	01/01/19 12/31/20 (Appointed)	\$ 1,650	\$ -0-	Commissioner

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.

See accompanying independent auditor's report.

**FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 5**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2019**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2019</u>	<u>Title</u>
Coveler & Peeler, P.C.	04/13/16	\$ 25,462	Attorney
McCall Gibson Swedlund Barfoot PLLC	01/12/10	\$ 9,250	Auditor
Myrtle Cruz, Inc.	07/08/08	\$ 16,363	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP	01/13/09	\$ 5,219	Delinquent Tax Attorney
Fort Bend County Tax Assessor/Collector	Legislative Action	\$ 8,623	Tax Assessor/ Collector

See accompanying independent auditor's report.