HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 5 (the "District") as of and for the year ended December 31, 2025, 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, 2025, 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.

Board of Commissioners
Harris County Emergency Services District No. 5

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, the Schedule of Changes in Net Pension Asset and Related Ratios, the Schedule of District Contributions, Schedule of Changes in total Postemployment Benefits, and Schedule of District Contributions Other Postemployment Benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by Harris County and the other supplementary information are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

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

June 25, 2026

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025

Management's discussion and analysis of Harris County Emergency Services District No. 5's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2025. 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 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, 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.

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, sales tax receipts, billing revenues, costs of assessing and collecting taxes and general expenditures.

FUND FINANCIAL STATEMENTS (Continued)

The governmental fund is 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") and other supplementary information. The budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by $12,675,820 as of December 31, 2025.

A portion of the District's net position reflects its net investment in capital assets (land, buildings, vehicles and equipment, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide ambulance emergency services.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 4,267,690	$ 9,349,839	$ (5,082,149)
Capital Assets (Net of Accumulated Depreciation)	14,187,924	11,551,242	2,636,682
Total Assets	$ 18,455,614	$ 20,901,081	$ (2,445,467)
Deferred Outflows of Resources	$ 323,649	$ -0-	$ 323,649
Notes Payable	$ 4,274,529	$ 4,572,181	$ 297,652
Other Liabilities	791,330	902,703	111,373
Current and Other Liabilities	$ 5,065,859	$ 5,474,884	$ 409,025
Deferred Inflows of Resources	$ 1,037,584	$ 915,839	$ (121,745)
Net Position:			
Net Investment in Capital Assets	$ 9,930,895	$ 9,466,861	$ 464,034
Unrestricted	2,744,925	5,043,497	(2,298,572)
Total Net Position	$ 12,675,820	$ 14,510,358	$ (1,834,538)

The following table provides a summary of the District's operations for the years ended December 31, 2025, and December 31, 2024.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 918,415	$ 849,554	$ 68,861
Sales Tax Receipts	4,991,058	5,833,912	(842,854)
Service Revenues	427,581	1,587,329	(1,159,748)
Other Revenues	238,711	444,320	(205,609)
Total Revenues	$ 6,575,765	$ 8,715,115	$ (2,139,350)
Expenses for Services	8,410,303	6,896,467	(1,513,836)
Change in Net Position	$ (1,834,538)	$ 1,818,648	$ (3,653,186)
Net Position, Beginning of Year	14,510,358	12,691,710	1,818,648
Net Position, End of Year	$ 12,675,820	$ 14,510,358	$ (1,834,538)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance as of December 31, 2025, was $1,666,777, a decrease of $4,038,744 from the prior year. The decrease was primarily due to operating costs and capital costs exceeding operating revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners did not amend the budget during the current fiscal year. Actual revenues were $1,181,532 more than budgeted revenues. Actual expenditures were $2,148,678 more than budgeted expenditures. This resulted in a negative variance of $837,690. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of December 31, 2025, total $14,187,924 (net of accumulated depreciation) and include land, buildings, vehicles and equipment. Capital asset purchases during the current fiscal year included the following:

Completed Projects/Purchases:		
Land	$	829,277
Station 3		6,758,689
Medical Equipment		779,664
Vehicles		1,037,796
Other Equipment		40,525
Total Completed Projects/Purchases	$	9,445,951

CAPITAL ASSETS (Continued)

Capital Assets At Year-End, Net of Accumulated Depreciation

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 1,993,307	$ 1,164,030	$ 829,277
Construction in Progress		6,157,614	(6,157,614)
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	7,890,917	1,299,257	6,591,660
Vehicles	2,563,466	1,783,300	780,166
Medical Equipment	1,450,956	790,620	660,336
Other Equipment	211,380	274,990	(63,610)
Investment in Helipad	77,898	81,431	(3,533)
Total Net Capital Assets	$ 14,187,924	$ 11,551,242	$ 2,636,682

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

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of $4,274,529. The changes in the debt position of the District during the fiscal year ended December 31, 2025, are summarized as follows:

Notes Payable, January 1, 2025	$ 4,572,181
Add: Note Proceeds Refinance	4,274,529
Less: Note Principal Retirement	4,145,073
Less: Note Principal Payments	427,108
Notes Payable, December 31, 2025	$ 4,274,529

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Emergency Services District No. 5, 5915 FM 2100, Crosby, Texas 77532.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2025

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	$ 144,732	$	$ 144,732
Investments	992,902		992,902
Due from Harris County Tax Assessor/Collector	345,928		345,928
Receivables:			
Property Taxes	641,676		641,676
Sales Tax Receipts	833,075		833,075
Service Billings	1,170,492		1,170,492
Penalty and Interest on Delinquent Taxes		29,432	29,432
Accrued Interest	1,769		1,769
Other	18,556		18,556
Net Pension Asset		25,633	25,633
Prepaid Costs	63,495		63,495
Land		1,993,307	1,993,307
Capital Assets (Net of Accumulated Depreciation)		12,194,617	12,194,617
TOTAL ASSETS	$ 4,212,625	$ 14,242,989	$ 18,455,614
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	$	$ 320,725	$ 320,725
Deferred Outflows - OPEB		2,924	2,924
TOTAL DEFERRED OUTFLOWS OF OF RESOURCES	$ -0-	$ 323,649	$ 323,649
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 4,212,625	$ 14,566,638	$ 18,779,263

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2025

	General Fund	Adjustments	Net Position
LIABILITIES			
Accounts Payable	$ 282,466	$	$ 282,466
Accrued Compensated Absences		422,359	422,359
Accrued Interest Payable		82,157	82,157
OEPB Liability		4,348	4,348
Long-Term Liabilities:			
Note Payable, Due Within One Year		215,719	215,719
Note Payable, Due After One Year		4,058,810	4,058,810
TOTAL LIABILITIES	$ 282,466	$ 4,783,393	$ 5,065,859
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 1,092,890	$ (55,715)	$ 1,037,175
Service Billings	1,170,492	(1,170,492)	
Other Post Employment Benefits		409	409
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 2,263,382	$ (1,225,798)	$ 1,037,584
FUND BALANCE			
Nonspendable:			
Prepaid Costs	$ 63,495	$ (63,495)	$
Restricted for Construction	17,500	(17,500)	
Unassigned	1,585,782	(1,585,782)	
TOTAL FUND BALANCE	$ 1,666,777	$ (1,666,777)	$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 4,212,625		
NET POSITION			
Net Investment in Capital Assets		$ 9,930,895	$ 9,930,895
Unrestricted		2,744,925	2,744,925
TOTAL NET POSITION		$ 12,675,820	$ 12,675,820

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Fund Balance - Governmental Funds		$ 1,666,777
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.		14,187,924
Accrued compensated absences are not payable with current financial resources and, therefore, are not reported in the governmental funds.		(422,359)
Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2024 and prior tax levies became part of recognized revenues in the governmental activities of the District.		85,147
Certain assets are not available in the current period and, therefore, are not reported as assets in the governmental funds. These assets at year-end consist of net pension asset.		25,633
Portions of the change in net pension liability/(asset) that are not immediately recognized as pension expense are recorded as deferred outflows and inflows of resources.		318,892
Uncollected service billing revenues became part of recognized revenues in the governmental activities of the District.		1,170,492
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	$ (82,157)	
Note Payable Within One Year	(215,719)	
Note Payable After One Year	(4,058,810)	(4,356,686)
Total Net Position - Governmental Activities		$ 12,675,820

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	$ 906,729	$ 11,686	$ 918,415
Sales Tax Receipts	4,991,058		4,991,058
Service Billing Revenues	1,563,225	(1,135,644)	427,581
Penalty and Interest	23,953	4,259	28,212
Investment Revenues	115,526		115,526
Miscellaneous Revenues	113,101	(18,128)	94,973
TOTAL REVENUES	$ 7,713,592	$ (1,137,827)	$ 6,575,765
EXPENDITURES/EXPENSES			
Service Operations:			
Appraisal District Fees	$ 7,372	$	$ 7,372
Billings and Collections	137,589		137,589
Biohazard Removal	12,450		12,450
Building Maintenance and Supplies	240,173		240,173
Commissioner Fees	25,897		25,897
Contract Labor	36,000		36,000
Depreciation		633,527	633,527
Dispatch Fees	99,800		99,800
Dues and Fees	111,112		111,112
Insurance	336,918		336,918
Equipment Maintenance	49,741		49,741
Fleet Maintenance	78,510		78,510
Fuel	89,225		89,225
Legal and Accounting Fees	81,734		81,734
Legal - Delinquent Tax Collections	5,819		5,819
Medical Supplies	256,419		256,419
Office and Computers	35,278		35,278
Pagers and Radios	20,787		20,787
Salaries and Benefits	5,537,233	(301,515)	5,235,718
Tax Assessor/Collector Fees	16,223		16,223
Telephones	32,433		32,433
Training	73,009		73,009
Uniforms	13,999		13,999
Utilities	89,950		89,950
Other	151,355		151,355
Capital Outlay	3,590,513	(3,288,337)	302,176
Debt Service: Principal Expense	427,108	(427,108)	
Debt Service: Interest Expense	325,145	(88,056)	237,089
TOTAL EXPENDITURES/EXPENSES	$ 11,881,792	$ (3,471,489)	$ 8,410,303
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (4,168,200)	$ 2,333,662	$ (1,834,538)
OTHER FINANCING SOURCES (USES)			
Note Payable Retirement	$ (4,145,073)	$ 4,145,073	$
Note Proceeds Refinance	4,274,529	(4,274,529)	
TOTAL OTHER FINANCING SOURCES (USES)	$ 129,456	$ (129,456)	$ - 0 -
NET CHANGE IN FUND BALANCE	$ (4,038,744)	$ 4,038,744	$
CHANGE IN NET POSITION		(1,834,538)	(1,834,538)
FUND BALANCE/NET POSITION - JANUARY 1, 2025	5,705,521	8,804,837	14,510,358
FUND BALANCE/NET POSITION - DECEMBER 31, 2025	$ 1,666,777	$ 11,009,043	$ 12,675,820

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
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, 2025

Net Change in Fund Balance - Governmental Fund	$	(4,038,744)
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.		11,686
Governmental funds report service billing revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which services were performed.		(1,135,644)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.		4,259
Governmental funds report the proceeds received from the sale of an asset as revenues. However, in the government-wide financial statements, the asset and accumulated depreciation are deducted and a gain or loss on disposal is recorded in the Statement of Activities.		(18,128)
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(633,527)
Compensated Absences are reported as a liability in the Statement of Net Position. Therefore, an expense is recorded in the Statement of Activities. In addition, the changes in deferred outflows and inflows of resources for pensions are recorded as pension expense in the government-wide financial statements.		301,515
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.		3,288,337
Governmental funds report note principal payments as expenditures. However, in the Statement of Net Position, note principal payments decrease long-term liabilities and the Statement of Activities is not affected.		4,572,181
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		88,056
Governmental funds report note proceeds as other financing sources. Noted issued increase long-term liabilities in the Statement of Net Position.		(4,274,529)
Change in Net Position - Governmental Activities	$	(1,834,538)

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

NOTE 1. CREATION OF DISTRICT

Harris County Emergency Services District No. 5 (the "District") was created on November 2, 1993, 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 emergency medical 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 elected 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.
- 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.

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 revenues and expenses of 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.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (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 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 recorded as revenue include the 2024 tax levy collections during the period October 1, 2024, to December 31, 2025, and taxes collected from January 1, 2025, to December 31, 2025, for all prior tax levies. The 2025 tax levy has been fully deferred to fund 2026 costs.

Ambulance service billings considered available by the District and included in revenue include billings collected during the current fiscal year. Deferred service billings are those billings which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Sales tax receipts considered available by the District and included in revenue include sales taxes collected during the period of January 1, 2025, to December 31, 2025.

Capital Assets

Capital assets, which include land, buildings, vehicles and equipment, 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. Engineering fees and certain other costs are capitalized as part of the asset.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

All personal tangible assets (computers, office machines, office furniture, etc.) with a total cost of $500 or more (including installation costs and professional fees) and a useful life of at least two years are capitalized. All other capital assets are capitalized if they have a total cost of $5,000 or more (including installation costs and professional fees) and a useful life of two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Buildings, vehicles, equipment, and other assets are amortized over periods ranging from 3 to 40 years.

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 – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District makes payments into the social security system for its employees. In May of 2024, the District established a defined contribution plan and post employee benefits for its employees. Additional disclosure is provided in Note 12 and Note 13. 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:

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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 has restricted fund balances of $17,500 for future vehicle purchases and planned construction costs.

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.

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. The District 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

The voters of the District approved the levy and collection of an ad valorem tax not to exceed $0.03 per $100 of assessed valuation of taxable property within the District. During the year ended December 31, 2025, the District levied an ad valorem tax at the rate of $0.03 per $100 of assessed valuation, which resulted in a tax levy of $1,037,175 on the adjusted taxable valuation of $3,457,242,888 for the 2025 tax year.

NOTE 3. TAX LEVY (Continued)

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.

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 $394,966 and the bank balance was $481,957. The District was not exposed to custodial risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2025, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 144,732	$ 250,234	$ 394,966

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

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (continued)

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.

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.

Certificates of deposit are valued at acquisition costs at the date of purchase.

As of December 31, 2025, the District had the following investments and maturities.

Fund and Investment Type	Fair Value	Maturities Less Than 1 Year
GENERAL FUND		
Certificates of Deposit	$ 250,234	$ 250,234
Texas CLASS	742,668	742,668
TOTAL INVESTMENTS	$ 992,902	$ 992,902

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2025, the District's investment in Texas CLASS was rated AAAm by Standard and Poor's. The District currently manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in Texas CLASS 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. The District currently manages interest risk by investing in certificates of deposit with maturities of approximately one year or less.

NOTE 5. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2025:

	January 1, 2025	Increases	Decreases	December 31, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 1,164,030	$ 829,277	$	$ 1,993,307
Construction in Progress	6,157,614	3,288,337	9,445,951	
Total Capital Assets Not Being Depreciated	$ 7,321,644	$ 4,117,614	$ 9,445,951	$ 1,993,307
Capital Assets Subject to Depreciation				
Buildings and Improvements	$ 2,381,192	$ 6,758,689	$	$ 9,139,881
Roads	120,000			120,000
Utilities	8,945			8,945
Vehicles	3,170,282	1,037,796	193,273	4,014,805
Medical Equipment	1,301,691	779,664		2,081,355
Other Equipment	919,752	40,525	38,099	922,178
Investment in Helipad	109,520			109,520
Total Capital Assets Subject to Depreciation	$ 8,011,382	$ 8,616,674	$ 231,372	$ 16,396,684
Less Accumulated Depreciation				
Buildings and Improvements	$ 1,081,935	$ 167,029	$	$ 1,248,964
Roads	120,000			120,000
Utilities	8,945			8,945
Vehicles	1,386,982	257,630	193,273	1,451,339
Medical Equipment	511,071	119,328		630,399
Other Equipment	644,762	86,007	19,971	710,798
Investment in Helipad	28,089	3,533		31,622
Total Accumulated Depreciation	$ 3,781,784	$ 633,527	$ 213,244	$ 4,202,067
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 4,229,598	$ 7,983,147	$ 18,128	$ 12,194,617
Total Capital Assets, Net of Accumulated Depreciation	$ 11,551,242	$ 12,100,761	$ 9,464,079	$ 14,187,924

NOTE 6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 7. 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 September 10, 2005, the voters of the District approved the establishment and adoption of a sales and use tax of up to a maximum of one percent. On September 19, 2005, the Board set a local sales and use tax of one percent on all applicable sales and uses within the boundaries of the District, effective January 1, 2006. During the current year, the District recorded $4,991,058 in sales tax receipts, of which $833,075 was due from the State Comptroller at December 31, 2025.

NOTE 8. RETIREMENT PLAN

In December 2006, the District established a 457(b) retirement plan for its employees. The plan is a qualified prototype plan approved by the Internal Revenue Service and administered by a national brokerage firm, which also serves as custodian of assets of the plan. The plan became effective as of January 1, 2007.

The 457(b) retirement plan is a defined contribution plan open to regular full-time employees only and is funded by the District. Employees may contribute to the plan and each employee participant directs the investment in his/her respective account. The plan was amended October 11, 2012. Prior to this amendment all participants were immediately fully vested in all contributions. Participants entering the plan after this amendment are subject to a six-year graded vesting schedule on discretionary profit sharing and match contributions. Forfeitures will be used to reduce a future District contribution, in the year forfeited.

The District approved contributions in an amount equal to 3% of each regular full-time employee's salary. As of December 31, 2025, the District is no longer contributing to the plan.

NOTE 9. COMPENSATED ABSENCES

In addition to other benefits provided, the District compensates eligible employees for vacation and sick leave time. Vacation time is accrued every 4 months, which accruals are made at the end of each four-month period on April 30th, August 31st, and December 31st ("Vacation Period"). Vacation time must be taken by one year after the vacation time is accrued and any accrued but unused vacation time remaining may not be carried over into any subsequent Vacation Period. The District accrues sick leave at the end of each one-month period on the last day of the month following one full month of employment. This sick leave time can be carried over to subsequent years. The following is a summary of transactions regarding the compensated absences for the year ended December 31, 2025:

	January 1, 2025	Net Change	December 31, 2025	Due within One Year
Compensated Absences	$ 379,349	$ 43,010	$ 422,359	$ 147,826

NOTE 10. HELIPAD AGREEMENT

On December 18, 2014, and amended on March 26, 2015, the District executed the Interlocal Helipad Construction and Maintenance Agreement with Harris County ESD No. 80 ("ESD No. 80"), for the purpose of constructing and maintaining a helipad to be located at ESD No. 80's Fire Station No. 1 site. The cost of design, construction, and maintenance of the helipad will be shared equally. The helipad was completed in 2015.

ESD No. 80 is responsible for operation and maintenance of the helipad. ESD No. 80 will pay all invoices related to operation and maintenance and bill the District monthly for its 50% share of these costs.

In the event ESD No. 80 elects to sell or dispose of the site of its Station No. 1, upon which the helipad is constructed, the District will have the right of first refusal to purchase the portion of the site upon which the helipad is constructed. The term of this agreement is 40 years.

NOTE 11. LOAN PROCEEDS

On May 3, 2023, the District entered into a $5,000,000 promissory note to finance the construction of Station No. 3. On December 23, 2025, the District refinanced the promissory note. The note bears interest at the rate of 4.55% per year. The District makes annual payments of $398,325 with the last payment due on December 1, 2040.

Notes Payable, January 1, 2025	$ 4,572,181
Add: Note Proceeds Refinance	4,274,529
Less: Note Principal Retirement	4,145,073
Less: Note Principal Payments	427,108
Notes Payable, December 31, 2025	$ 4,274,529

NOTE 11. LOAN PROCEEDS (Continued)

Notes Payable:		
Due Within One Year	$	215,719
Due After One Year		4,058,810
Notes Payable, December 31, 2025	$	4,274,529

The following is a summary of transactions regarding the note payable for the year ended December 31, 2025:

Fiscal Year	Principal	Interest	Total
2026	$ 215,719	$ 182,605	$ 398,324
2027	213,649	184,676	398,325
2028	223,370	174,955	398,325
2029	233,533	164,791	398,324
2030	244,159	154,166	398,325
2031-2035	1,397,895	593,729	1,991,624
2036-2040	1,746,204	245,421	1,991,625
	$ 4,274,529	$ 1,700,343	$ 5,974,872

NOTE 12. TCDRS RETIREMENT PLAN

Plan Description

The District provides retirement, disability, and death benefits for all its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over 850 non-traditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report (ACFR) which includes financial statements, notes and required supplementary information which can be obtained at TCDRS, Finance Division, Barton Oaks Plaza IV Suite 500, 901 S. MoPac Expressway, Austin, Texas 78746 or at www.TCDRS.org.

Benefits Provided

Benefit provisions are adopted by the District, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit.

NOTE 12. TCDRS RETIREMENT PLAN (Continued)

Benefits Provided(Continued)

Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the District. Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-0-
Inactive employees entitled but not yet receiving benefits	1
Active employees	39

Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 7.23% for the months of the 2025 accounting year. The deposit rate payable by the employee members for calendar year 2025 is 7% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

For the District's accounting year ended December 31, 2025, the annual pension cost for the TCDRS plan for its employees was $315,692; the actual contributions were $315,692. The employees contributed $294,559 to the plan for the 2025 fiscal year.

NOTE 12. TCDRS RETIREMENT PLAN (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumption:

Actuarial valuation date	12/31/24
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	19.9 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return [1]	7.50%
Projected salary increases [1]	4.70%
Inflation	2.50%
Cost-of-living adjustments	0.00%

[1] Includes inflation at the stated rate

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2024. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Mortality rates were based on the following:

Depositing members – 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service retirees, beneficiaries and non-depositing members – 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Disabled retirees – 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

NOTE 12. TCDRS RETIREMENT PLAN (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.6%. The discount rate did not change from the previous year.

In order to determine the discount rate to be used, the actuary used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act:

1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.

2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.

3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.

4) Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, the actuary has used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

NOTE 12. TCDRS RETIREMENT PLAN (Continued)

Discount Rate (Continued)

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2025 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	13.00%	5.35%
Global Equities	4.00%	5.15%
International Equities-Development	6.00%	4.75%
International Equities-Emerging	0.00%	4.75%
Investment-Grade Bonds	3.00%	2.55%
Strategic Credit	9.00%	3.70%
Direct Lending	16.00%	6.85%
Distressed Debt	4.00%	6.80%
REIT Equities	2.00%	3.95%
Master Limited Partnerships (MLPs)	2.00%	4.95%
Commodities	2.00%	1.00%
Private Real Estate Partnerships	6.00%	5.75%
Private Equity	25.00%	8.15%
Hedge Funds	6.00%	3.60%
Cash Equivalents	2.00%	1.10%

NOTE 12. TCDRS RETIREMENT PLAN (Continued)

Changes in Net Pension Liability/(Asset)

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2024 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2023	$ -0-	$ -0-	$ -0-
Changes for the year:			
Service Cost	310,332		310,332
Interest on the Total Pension Liability	23,585		23,585
Effect of Economic/Demographic gains or losses	197		197
Effect of Assumptions Changes or Inputs			
Refund of Contributions			
Benefit Payments			
Administrative Expenses		(196)	196
Member Contributions		161,085	(161,085)
Net Investment Income		7,086	(7,086)
Employer Contributions		173,364	(173,364)
Other		18,408	(18,408)
Balances of December 31, 2024	$ 334,114	$ 359,747	$ (25,633)

Sensitivity Analysis

The following presents the net pension liability/(asset) of the District, calculated using the discount rate of 7.60%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	$ 410,882	$ 334,114	$ 274,646
Fiduciary Net Position	359,747	359,747	359,747
Net Pension Liability/(Asset)	$ 51,135	$ (25,633)	$ (85,101)

NOTE 12. TCDRS RETIREMENT PLAN (Continued)

Deferred Inflows/Outflows of Resources

As of December 31, 2025, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ -0-	$ 177
Changes in assumptions		
Net difference between projected and actual earnings		4,856
Contributions paid to TCDRS subsequent to the measurement date		315,692
Total	$ -0-	$ 320,725

$315,692 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2025 (i.e. recognized in the District's financial statements for the year ending December 31, 2026). Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2025	$ 1,234
2026	1,234
2027	1,234
2028	1,234
2029	20
Thereafter	77

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS

The District participates in a retiree Group Term Life program ("GTL") for the Texas County & District Retirement System which is a statewide, multiple-employer, public employee retirement system.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan. The plan provides a $5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program. The OPEB benefit is a fixed $5,000 benefit amount.

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions made to the retiree GTL Program are held in the GTL fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.

TCDRS issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information. This report is available at TCDRS' website at www.TCDRS.org.

Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The district's contribution rate for the retiree GTL program is calculated annually on an actuarial basis and is equal to the cost of providing a one-year benefit equal to $5,000. The District's actuarially determined contributions for the year ending December 31, 2024 were $2,944 and the District's actual contributions for the year ending December 31, 2024 were $2,944. The following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled but not yet receiving benefits	0
Active employees	39

Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2024 were based on the results of an actuarial experience study for the period January 1, 2017 - December 31, 2020, except where required to be different by GASB 75.

Valuation Timing - Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Actuarial Cost – Entry Age Level Percent of Salary

Amortization Method - Straight-line amortization over expected working life

Recognition of assumptions changes or inputs - Straight-line amortization over expected working life

Asset Valuation Method - Does not apply

Inflation, **Salary Increases, and Cost of Living Adjustment** - Does not apply

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Investment Rate of Return (Discount Rate) – 4.08% based on 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2024

Mortality rates were based on the following:

Depositing members – 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service retirees, beneficiaries and non-depositing members – 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Disabled retirees – 160% of the Pub-2010 Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Discount Rate

The total OPEB liability was determined by an actuarial valuation as of the measurement date, calculated based on the discount rate and actuarial assumptions discussed below. The discount rate reflects the municipal bond rate valuation assumption of 4.08%. The TCDRS GTLF is treated as an unfunded OPEB plan because the GTLF covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.08% based on the 20 year Bond GO Index by bondbuyer.com is used as of the measurement date of December 31, 2024. As of December 31, 2024, the discount rate used in the development of the Total OPEB Liability was 4.08% compared to 3.26% as of December 31, 2023.

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Total OPEB Liability for the measurement year ended December 31, 2024, are summarized in the following table:

	Changes in Total OPEB Liability
Balances of December 31, 2023	$ -0-
Changes for the year:	
Service Costs	4,651
Interest on total OPEB liability	152
Effect of economic/demographic gains or losses	
Effect of assumption changes or inputs	(455)
Benefit payments	
Balances of December 31, 2024	$ 4,348

Sensitivity Analysis – The following presents the net OPEB liability of the District, calculated using the discount rate of 4.08%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate.

	1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
Total OPEB liability	$ 4,913	$ 4,348	$ 3,884

As of December 31, 2025, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$	$
Changes of assumptions	409	
Contributions subsequent to the measurement date		2,924
Total	$ 409	$ 2,924

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

$2,924 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the liability for the measurement year ending December 31, 2024 (i.e. recognized in the District's financial statements for the year ending December 31, 2025). Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB expense will be recognized in OPEB expense as follows:

Year ended December 31:		
2025	$	(46)
2026		(46)
2027		(46)
2028		(46)
2029		(46)
Thereafter		(179)

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 890,000	$ 906,729	$ 16,729
Sales Tax Receipts	4,200,000	4,991,058	791,058
Service Billing Revenues	1,080,000	1,563,225	483,225
Penalty and Interest		23,953	23,953
Investment Revenues	360,000	115,526	(244,474)
Miscellaneous Revenues	2,060	113,101	111,041
TOTAL REVENUES	$ 6,532,060	$ 7,713,592	$ 1,181,532
EXPENDITURES			
Service Operations:			
Appraisal District Fees	$ 8,520	$ 7,372	$ 1,148
Billings and Collections	114,000	137,589	(23,589)
Biohazard Removal	10,500	12,450	(1,950)
Building Maintenance and Supplies	199,392	240,173	(40,781)
Commissioner Fees		25,897	(25,897)
Contract Labor	36,000	36,000	
Dispatch Fees	88,800	99,800	(11,000)
Dues and Fees	55,008	111,112	(56,104)
Insurance	252,000	336,918	(84,918)
Equipment Maintenance	30,000	49,741	(19,741)
Fleet Maintenance	180,000	78,510	101,490
Fuel	89,460	89,225	235
Legal and Accounting Fees	76,760	81,734	(4,974)
Legal - Delinquent Tax Collections		5,819	(5,819)
Medical Supplies	250,000	256,419	(6,419)
Office and Computers	30,564	35,278	(4,714)
Pagers and Radios	15,800	20,787	(4,987)
Salaries and Benefits	4,939,041	5,537,233	(598,192)
Tax Assessor/Collector Fees		16,223	(16,223)
Telephones	33,192	32,433	759
Training	70,080	73,009	(2,929)
Uniforms	28,800	13,999	14,801
Utilities	74,100	89,950	(15,850)
Other	40,500	151,355	(110,855)
Capital Outlay	2,487,800	3,590,513	(1,102,713)
Debt Service: Principal Expense	427,108	427,108	
Debt Service: Interest Expense	195,689	325,145	(129,456)
TOTAL EXPENDITURES	$ 9,733,114	$ 11,881,792	$ (2,148,678)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (3,201,054)	$ (4,168,200)	$ (967,146)
OTHER FINANCING SOURCES(USES)			
Note Payable Retirement	$	$ (4,145,073)	$ (4,145,073)
Note Proceeds Refinance		4,274,529	4,274,529
TOTAL OTHER FINANCING SOURCES (U	$ -0-	$ 129,456	$ 129,456
NET CHANGE IN FUND BALANCE	$ (3,201,054)	$ (4,038,744)	$ (837,690)
FUND BALANCE - JANUARY 1, 2025	5,705,521	5,705,521	
FUND BALANCE - DECEMBER 31, 2025	$ 2,504,467	$ 1,666,777	$ (837,690)

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2025

	Year Ended December 31, 2024
Total Pension Liability	
Service cost	$ 310,332
Interest on total pension liability	23,585
Effect of economic/demographic (gains) or losses	197
Effect of assumptions changes or inputs	
Benefit payments/refunds of contributions	
Net change in total pension liability	$ 334,114
Total pension liability, beginning	
Total pension liability, ending (a)	$ 334,114
Fiduciary Net Position	
Employer contributions	$ 173,364
Member contributions	161,085
Investment income net of investment expenses	7,086
Benefit payments/refunds of contributions	0
Administrative expenses	(196)
Other	18,408
Net change in plan fiduciary net position	$ 359,747
Fiduciary net position, beginning	
Fiduciary net position, ending (b)	$ 359,747
Net Pension Liability/(Asset), Ending = (a) - (b)	$ (25,633)
Fiduciary net position as a percentage of the total pension liability	107.67%
Pensionable covered payroll	$ 2,301,218
Net pension liability as a percentage of covered employee payroll	-1.11%

Note : This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
DECEMBER 31, 2025

Fiscal Year Ending December 31	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a Percentage of Covered Payroll
2024	$ 172,821	$ 173,364	$ (543)	$ 2,301,218	7.5%
2025	$ 315,692	$ 315,692	$ -0-	$ 4,207,986	7.5%

(1) *TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.*

(2) *Payroll is calculated based on contributions as reported to TCDRS.*

A full 10-year schedule will be displayed as it becomes available.

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
NOTES TO SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2025

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19.9 years (based on contribution rate calculated in 12/31/24 valuation)
Asset Valuation Method	5-year, smoothed market
Inflation	2.50%
Salary Increases	4.7%, average over career including inflation, varies by age and service
Investment Rate of Return	7.50%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Change in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New Inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New Inflation, mortality and other assumptions were reflected 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015-2023: Not applicable prior to TCDRS participation. 2024: No changes in plan provisions were reflected in the Schedule.

- Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to the Schedule

See accompanying independent auditor’s report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
SCHEDULE OF CHANGES IN TOTAL POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Measurement Date 12/31/2024
Total OPEB Liability	
Service Cost	$ 4,651
Interest (on the Total OPEB Liability)	152
Economic/demographic gains or losses	
Changes of assumptions or other inputs	(455)
Benefit payments	
Net change in total OPEB liability	$ 4,348
Total OPEB liability, beginning	
Total OPEB liability, ending	$ 4,348
OPEB Covered-employee payroll	2,301,218
Net OPEB liability as a percentage of covered employee payroll	0.19%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
SCHEDULE OF DISTRICT CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2025

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	OPEB Covered Payroll[1]	Actual Contribution as a Percentage of Covered Payroll
2024	$ 1,427	$ 1,427	$ - 0 -	$ 2,301,218	0.06%

[1] *Payroll is calculated based on contributions as reported to TCDRS.*

All actuarial methods and assumptions used for this analysis were the same as those used in the December 31, 2024, funding valuation. Following are the key assumptions and methods used in this analysis.

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method	Straight-line method over expected working life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return	4.08%; 20-year Bond GO Index published by bondbuyer.com as of December 26, 2024
Cost-of-Living Adjustments	Does not apply
Retirement, Disability, Termination	Same as funding valuation
Mortality	Same as funding valuation, See Note 8

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5

SUPPLEMENTARY INFORMATION

REQUIRED BY HARRIS COUNTY

DECEMBER 31, 2025

HARRIS 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, 2025 (UNAUDITED)

Number of Emergency Responses Made Within the District	4,130
Number of Emergency Responses Made Outside of the District	40
Total Emergency Responses	4,170

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2025

Type of Coverage	From To	Amount of Coverage	Insurer/Name
POSITION SCHEDULE BOND	09/30/25		National Union Fire
Treasurer	09/30/26	$ 100,000	Insurance Company
PUBLIC EMPLOYEE BLANKET BOND	09/30/25		National Union Fire
Crime Limit	09/30/26	$ 100,000	Insurance Corporation
GENERAL LIABILITY	09/30/25		National Union Fire
General Aggregate	09/30/26	$ 3,000,000	Insurance Corporation
Per Occurrence		1,000,000	
MANAGEMENT LIABILITY	09/30/25		National Union Fire
General Aggregate	09/30/26	$ 3,000,000	Insurance Corporation
Per Occurrence		1,000,000	
EXCESS LIABILITY	09/30/25		National Union Fire
General Aggregate	09/30/26	$ 2,000,000	Insurance Corporation
Each Occurrence		1,000,000	
HIRED AND NON-OWNED	09/30/25		National Union Fire
AUTOMOBILE LIABILITY	09/30/26		Insurance Corporation
Combined Single Limit Per Accident		$ 1,000,000	
WORKERS COMPENSATION	10/01/25		Texas Mutual Insurance
Bodily Injury by Accident	10/01/26	$ 1,000,000	Company
Bodily Injury by Disease		1,000,000	
Disease Policy Limit		1,000,000	
PROPERTY LIABILITY	09/30/25		National Union Fire
Buildings	09/30/26	$ 8,675,130	Insurance Corporation
Content		490,465	
Fences		102,467	
Deductible		5,000	
ACCIDENT & SICKNESS POLICY	09/30/25		National Union Fire
AD&D	09/30/26	$ 100,000	Insurance Corporation
Medical		10,000	
Non-Covered Activity Rider		50,000	
PORTABLE EQUIPMENT	09/30/25	Blanket	National Union Fire
Deductible	09/30/26	$ 250	Insurance Corporation
		Guaranteed Replacement Costs	

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025

	Maintenance Taxes	
TAXES RECEIVABLE - JANUARY 1, 2025	$ 516,003	
Adjustments to Beginning Balance	2,576	$ 518,579
Original 2025 Tax Levy	$ 1,026,448	
Adjustment to 2025 Tax Levy	10,727	1,037,175
TOTAL TO BE ACCOUNTED FOR		$ 1,555,754
TAX COLLECTIONS:		
Prior Years	$ 462,864	
Current Year	451,214	914,078
TAXES RECEIVABLE - DECEMBER 31, 2025		$ 641,676
TAXES RECEIVABLE BY YEAR:		
2025		$ 585,961
2024		25,246
2023		12,265
2022		3,829
2021		2,595
2020		1,919
2019		1,356
2018		968
2017		1,312
2016		881
2015		733
2014		521
2013		430
2012		430
2011		512
2010		504
2009		632
2008		268
2007		193
2006		201
2005		205
2004		715
TOTAL		$ 641,676

See accompanying independent auditor’s report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024	2023	2022
PROPERTY VALUATIONS	$ 3,457,242,888	$ 3,052,696,036	$ 2,790,283,731	$ 2,451,748,485
TAX RATES PER $100 VALUATION	$ 0.03000	$ 0.03000	$ 0.03000	$ 0.01766
ADJUSTED TAX LEVY*	$ 1,037,175	$ 915,839	$ 837,269	$ 427,130
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	43.50 %	97.24 %	98.54 %	99.10 %

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

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

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 906,729	$ 835,249	$ 427,663
Sales Tax Receipts	4,991,058	5,833,912	3,967,508
Service Billing Revenues	1,563,225	1,346,097	932,888
Penalty and Interest	23,953	21,645	16,575
Investment Revenues	115,526	398,566	431,906
Miscellaneous Revenues	113,101	20,333	13,161
TOTAL REVENUES	$ 7,713,592	$ 8,455,802	$ 5,789,701
EXPENDITURES			
Appraisal District Fees	$ 7,372	$ 7,738	$ 3,337
Billings and Collections	137,589	131,868	95,599
Biohazard Removal	12,450	10,305	9,814
Building Maintenance and Supplies	240,173	216,643	136,970
Commissioner Fees	25,897	23,948	32,018
Contract Labor	36,000	18,000	18,000
Dispatch Fees	99,800	83,050	70,200
Dues and Fees	111,112	61,951	78,045
Insurance	336,918	220,363	161,576
Equipment Maintenance	49,741	40,824	20,756
Fleet Maintenance	78,510	136,493	132,006
Fuel	89,225	80,345	70,063
Legal and Accounting Fees	81,734	77,249	116,292
Legal - Delinquent Tax Collections	5,819	5,329	3,440
Medical Supplies	256,419	207,537	207,715
Office and Computers	35,278	29,990	51,912
Pagers and Radios	20,787	16,608	13,905
Salaries and Benefits	5,537,233	4,479,970	3,890,803
Tax Assessor/Collector Fees	16,223	21,905	11,506
Telephones	32,433	29,011	23,710
Training	73,009	56,591	65,304
Uniforms	13,999	12,093	23,704
Utilities	89,950	56,336	60,885
Other	151,355	36,635	44,060
Capital Outlay/Debt Service	4,342,766	6,291,809	2,308,142
TOTAL EXPENDITURES	$ 11,881,792	$ 12,352,591	$ 7,649,762
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (4,168,200)	$ (3,896,789)	$ (1,860,061)
OTHER FINANCING SOURCES (USES)			
Note Proceeds	$ 4,274,529	$	$ 5,000,000
Note Payable Retirement	(4,145,073)		
TOTAL OTHER FINANCING SOURCES (USES)	$ 129,456	$ - 0 -	$ 5,000,000
NET CHANGE IN FUND BALANCE	$ (4,038,744)	$ (3,896,789)	$ 3,139,939
BEGINNING FUND BALANCE	5,705,521	9,602,310	6,462,371
ENDING FUND BALANCE	$ 1,666,777	$ 5,705,521	$ 9,602,310

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
$ 368,896	$ 343,702	11.8 %	9.9 %	7.4 %	7.3 %	7.7 %
3,636,620	3,223,136	64.6	69.0	68.5	72.3	72.3
917,782	862,511	20.3	15.9	16.1	18.2	19.3
12,882	12,116	0.3	0.3	0.3	0.3	0.3
89,223	7,209	1.5	4.7	7.5	1.8	0.2
7,135	10,482	1.5	0.2	0.2	0.1	0.2
$ 5,032,538	$ 4,459,156	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 2,785	$ 2,513	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
83,376	86,340	1.8	1.6	1.7	1.7	1.9
8,160	6,143	0.2	0.1	0.2	0.2	0.1
87,475	67,630	3.1	2.6	2.4	1.7	1.5
11,100	11,200	0.3	0.3	0.6	0.2	0.3
18,200	16,365	0.5	0.2	0.3	0.4	0.4
57,816	48,319	1.3	1.0	1.2	1.1	1.1
62,792	57,487	1.4	0.7	1.3	1.2	1.3
158,396	180,118	4.4	2.6	2.8	3.1	4.0
21,129	7,774	0.6	0.5	0.4	0.4	0.2
99,141	116,513	1.0	1.6	2.3	2.0	2.6
75,635	46,225	1.2	1.0	1.2	1.5	1.0
120,285	78,667	1.1	0.9	2.0	2.4	1.8
3,385	2,986	0.1	0.1	0.1	0.1	0.1
147,734	159,368	3.3	2.5	3.6	2.9	3.6
31,386	40,575	0.5	0.4	0.9	0.6	0.9
19,586	15,833	0.3	0.2	0.2	0.4	0.4
3,369,924	2,372,279	71.8	53.0	67.2	67.0	53.2
8,496	9,208	0.2	0.3	0.2	0.2	0.2
19,772	32,753	0.4	0.3	0.4	0.4	0.7
85,095	31,664	0.9	0.7	1.1	1.7	0.7
28,138	17,824	0.2	0.1	0.4	0.6	0.4
54,746	38,194	1.2	0.7	1.1	1.1	0.9
44,644	42,456	2.0	0.4	0.8	0.9	1.0
700,134	1,078,183	56.3	74.4	39.9	13.9	24.2
$ 5,319,330	$ 4,566,617	154.2 %	146.3 %	132.4 %	105.8 %	102.6 %
$ (286,792)	$ (107,461)	(54.2) %	(46.3) %	(32.4) %	(5.8) %	(2.6) %
$	$					
$ - 0 -	$ - 0 -					
$ (286,792)	$ (107,461)					
6,749,163	6,856,624					
$ 6,462,371	$ 6,749,163					

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2025

District Mailing Address	-	Harris County Emergency Services District No. 5 P.O. Box 1604 Crosby, Texas 77532
District Telephone Number	-	(281) 328-6810

Commissioners	Term of Office (Appointed or Elected)	Fees of Office for the year ended December 31, 2025	Expense Reimbursements for the year ended December 31, 2025	Title
Sharon A. Cotton	06/01/22 05/31/26 (Elected)	$ 7,293	$ -0-	President
Luther Brady, Jr.	06/01/22 05/31/26 (Elected)	$ 4,420	$ -0-	Vice President
Larry Hall	06/01/24 05/31/28 (Elected)	$ 3,978	$ -0-	Secretary
James Blaha*	06/01/24 05/31/28 (Elected)	$ 8,398	$ -0-	Treasurer/ Investment Officer
Brent Burley	10/27/22 05/31/26 (Appointed)	$ 3,757	$ -0-	Assistant Treasurer/ Secretary

The limit on fees of office that a Commissioner may receive during a year is 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.

*As of December 31, 2025, Director Blaha was overpaid $1,198, which will be withheld from the 2026 director fee reimbursements.

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 5
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2025

Consultants:	Date Hired		Fees for the year ended December 31, 2025*	Title
Smith Murdaugh, Little & Bonham LLP	7/23/24	$	39,630	Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	11/23/05	$	24,500	Auditor
Linebarger Goggan Blair & Sampson, LLP		$	5,819	Delinquent Tax Attorney
Sales Tax Assurance, LLC	7/31/14	$	6,444	Sales Tax Consultant
Harris County Tax Assessor/Collector	Legislative Action	$	16,223	Tax Assessor/ Collector

* Accrual basis

See accompanying independent auditor's report.