
FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

REPORT ON FINANCIAL STATEMENTS
(With Supplemental Material)

FOR THE YEAR ENDED DECEMBER 31, 2025

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

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BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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President

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INDEPENDENT AUDITORS' REPORT

May 20, 2026

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

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fort Bend County Emergency Services District No. 9, 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, each major fund, and the aggregate remaining fund information of Fort Bend County Emergency Services District No. 9, as of December 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fort Bend County Emergency Services District No. 9, 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 opinion.

Responsibilities of Management 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.

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 Fort Bend County Emergency Services District No. 9'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.

Auditors' 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 auditors' 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 Fort Bend County Emergency Services District No. 9'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 Fort Bend County Emergency Services District No. 9's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison, on pages 5 through 10 and 21 through 22 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fort Bend County Emergency Services District No. 9's basic financial statements. The 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 information 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Brucellone & Co., P.C.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

MANAGEMENT DISCUSSION & ANALYSIS DECEMBER 31, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

Our discussion and analysis of the financial performance of Fort Bend County Emergency Services District No. 9 (the "District") provides an overview of the District's financial activities for the year ended December 31, 2025. Please read it in conjunction with the District's financial statements, included in this annual report.

This annual report consists of a series of financial statements. The basic financial statements include (1) combined fund financial statements and government-wide financial statements, and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine (1) the Statement of Net Position and Governmental Funds Balance Sheet, and (2) the Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balance. This report also includes other supplemental information in addition to these 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 portion of these statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of the government-wide financial statements is the Statement of Net Position. This statement is the District-wide statement of its financial position presenting information that includes all the District's assets and liabilities, 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 government-wide portion of the Statement of Activities reports how the District's net position changed during the current fiscal year. All current 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 property tax revenues, costs, general expenditures, and resources not accounted for in another fund.

Governmental Funds

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.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2025

(Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Governmental Funds (Continued)

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 adjustment column and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

The District maintains one individual governmental fund. Information is presented in the governmental fund's balance sheet and in the governmental fund's statement of revenues, expenditures, and changes in fund balance for the general fund which is considered to be a major fund.

The District adopts an annual un-appropriated budget for its general fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

Notes to the Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of government-wide and fund financial statements. The notes to the financial statements follow the financial statements in this annual report.

Other Information

In addition to basic financial statements, this Management Discussion and Analysis (“MD&A”), and accompanying notes, this report also contains certain Required Supplementary Information (“RSI”). The RSI that is required by GASB Statement No. 103, *Financial Reporting Model Improvements*, is the inclusion of a budgetary comparison schedule for the general fund. The RSI can be found after the notes to the financial statements within this report.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2025

(Continued)

FINANCIAL SUMMARY

The following table reflects condensed comparative analysis of government-wide changes in the District's net position:

Condensed Statement of Net Position
As of December 31,

	<u>2025</u>	<u>2024</u>	<u>Change \$</u>	<u>Change %</u>
Current and other assets	\$ 3 413 272	\$ 2 705 169	\$ 708 103	26.18 %
Capital assets and noncurrent assets	<u>881 374</u>	<u>252 875</u>	<u>628 499</u>	<u>248.54 %</u>
Total assets	<u>\$ 4 294 646</u>	<u>\$ 2 958 044</u>	<u>\$ 1 336 602</u>	<u>45.19 %</u>
Current liabilities	\$ 100 043	\$ 14 351	\$ 85 692	597.12 %
Long term liabilities	<u>657 714</u>	<u>-</u>	<u>657 714</u>	<u>100.00 %</u>
Total liabilities	<u>757 757</u>	<u>14 351</u>	<u>743 406</u>	<u>5180.17 %</u>
Deferred inflows of resources	<u>\$ 1 728 113</u>	<u>\$ -</u>	<u>\$ 1 728 113</u>	<u>100.00 %</u>
Net position:				
Net investment in capital assets	\$ 167 920	\$ 252 875	\$ (84 955)	(33.60)%
Unrestricted	<u>1 640 856</u>	<u>2 690 818</u>	<u>(1 049 962)</u>	<u>(39.02)%</u>
Total net position	<u>\$ 1 808 776</u>	<u>\$ 2 943 693</u>	<u>\$ (1 134 917)</u>	<u>(38.55)%</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2025

(Continued)

FINANCIAL SUMMARY (Continued)

The following table reflects condensed comparative analysis of government-wide changes in the District's operations:

Condensed Statement of Revenues, Expenditures and Changes in Fund Balance
Fiscal Year Ended December 31,

	<u>2025</u>	<u>2024</u>	<u>Change \$</u>	<u>Change %</u>
Revenues:				
Property tax	\$ 1 650 455	\$ 1 652 940	\$ (2 485)	(0.15)%
Sales tax	80 299	-	80 299	100.00%
Other revenues	<u>88 360</u>	<u>76 070</u>	<u>12 290</u>	<u>16.16 %</u>
Total revenues	<u>1 819 114</u>	<u>1 729 010</u>	<u>90 104</u>	<u>5.21 %</u>
Operating expenses	1 208 951	888 330	320 621	36.09%
Interest	35 039	-	35 039	100.00%
Depreciation	<u>84 955</u>	<u>2 125</u>	<u>82 830</u>	<u>(3897.88)%</u>
Total expenses	<u>1 328 945</u>	<u>890 455</u>	<u>438 490</u>	<u>49.24 %</u>
Change in net position	<u>490 169</u>	<u>838 555</u>	<u>(348 386)</u>	<u>(41.55)%</u>
Net position, beginning of period	2 943 693	2 105 138	838 555	39.83 %
Prior period adjustment	<u>(1 625 086)</u>	<u>-</u>	<u>(1 625 086)</u>	<u>(100.00)%</u>
Net position, beginning of period - Restated	<u>1 318 607</u>	<u>2 105 138</u>	<u>(786 531)</u>	<u>(37.36)%</u>
Net position, end of period	<u>\$ 1 808 776</u>	<u>\$ 2 943 693</u>	<u>\$ (1 134 917)</u>	<u>(38.55)%</u>

DETAILED ANALYSES

Current assets increased by \$708,103. Cash and cash equivalents increased by \$622,549. In addition, Property taxes receivable increased \$376,883, penalty and interest receivable on delinquent taxes increased \$7,355, amounts due from the tax assessor decreased \$333,827, and sales tax receivable increased \$35,143.

Current liabilities increased by \$85,692. This was primarily due to recording accrued interest payable of \$35,039 and debt payment due within one year of \$55,740. Accounts payable decreased by \$5,087.

The District's net position was \$1,808,776. Of this amount \$1,640,856 is unrestricted and may be used to meet the District's ongoing emergency service operations. The remaining \$167,920 is represented by the District's net investment in capital assets.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2025

(Continued)

DETAILED ANALYSES (Continued)

The Statement of Activities presents the operating results of the District. The net position of these funds decreased by \$1,134,917, or by 38.55% from those of fiscal year 2024. In the narrative that follows, the detailed factors causing this change are discussed.

Compared with the prior fiscal year, total revenues increased \$90,104 from a combination of larger offsetting factors. Reasons for most of this change are listed below:

Property taxes decreased by \$2,485 from that of the prior fiscal year.

Sales tax revenue was a new source of revenue in this fiscal year. Collections began in December 2025 and \$80,299 was earned.

Other Income increased by \$12,290 from that of the prior year. Penalties and interest on delinquent property taxes increased \$1,709 and interest from temporary investments increased \$10,581.

Compared with the prior fiscal year, total expenses increased \$438,490 or 49.24%. This is also made up of a combination of offsetting factors, as detailed below:

Operating expenses increased by \$320,621 or 36.09%. The annual contract with the Needville Fire Department (“NFD”) increased by \$150,872. The district paid an additional \$115,000 to NFD to assist them in capital purchases, which increased by \$94,409 when compared to the prior year.

Other operating expenses increased largely due to an increase in appraisal district fees paid of \$11,177 due to rate increases. Election expenses increased by \$56,656, bookkeeping fees increased by \$8,906, and legal fees increased by \$5,533.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized below.

	Capital Assets As of December 31,			
	<u>2025</u>	<u>2024</u>	<u>Change \$</u>	<u>Change %</u>
Vehicles	\$ 968 454	\$ 255 000	\$ 713 454	279.79%
Accumulated Depreciation	<u>(87 080)</u>	<u>(2 125)</u>	<u>(84 955)</u>	<u>(3 997.88)%</u>
Total Capital Assets	<u>\$ 881 374</u>	<u>\$ 252 875</u>	<u>\$ 628 499</u>	<u>248.54 %</u>

Additional information on the District’s capital assets can be found in the notes to the financial statements per the table of contents.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2025

(Continued)

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY (Continued)

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2025 are summarized as follows:

Long term debt, beginning of year	\$ -
Proceeds from long term debt	713 454
Retirements of principal	<u>-</u>
Long term debt, end of year	<u>\$ 713 454</u>

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

Provision of emergency services (Fire and Emergency Medical Services/EMS) is critical but often faces challenges of underfunding. Rural areas, such as the region covered by the District, tend to be more sparsely populated, have more limited growth in new taxable property, and often have aging populations with a higher than average demand for EMS support. The District is continuing to experience very limited slow growth in permanent and predictable taxable property, property values which have been quite flat. The District also is subject to (state) constitutional limitation on its property tax rate and is currently at the maximum rate. The District has little to no control over the sales tax rate but will continue to work to fulfill its election promises with the use of this source of revenue to invest in the service provider and its resources and equipment.

The District, in coordination with its service provider, will continue to work to attempt to reduce District operating expenses significantly. The District has a long-range planning process to identify potential additional resources, make financial resource projections, and analyze potential service configurations. The District has also provided information to the citizens fully describing its economic challenges. The District's Board of Commissioners intends to continue this three-pronged approach of expense management, long range planning and the enlistment of community support.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2025

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1 810 719	\$ -	\$ 1 810 719
Property Taxes Receivable	1 468 916	-	1 468 916
Sales Tax Receivable	35 143	-	35 143
Due from Tax Assessor	91 139	-	91 139
Penalties and Interest Receivable on Delinquent Accounts	-	7 355	7 355
Capital Assets			
Vehicles (Net of Accumulated Depreciation of \$27,625)	-	227 375	227 375
Leased Vehicles (Net of Accumulated Depreciation of \$59,455)	-	653 999	653 999
Total Assets	<u>\$ 3 405 917</u>	<u>\$ 888 729</u>	<u>\$ 4 294 646</u>
<u>LIABILITIES</u>			
Accounts Payable and Accrued Liabilities	\$ 9 264	\$ 35 039	\$ 44 303
Long Term Liabilities			
Due within One Year	-	55 740	55 740
Due after One Year	-	657 714	657 714
Total Liabilities	<u>9 264</u>	<u>748 493</u>	<u>757 757</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Tax Revenue	<u>1 763 619</u>	<u>(35 506)</u>	<u>1 728 113</u>
Total Deferred Inflows of Resources	<u>1 763 619</u>	<u>(35 506)</u>	<u>1 728 113</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund Balances			
Unassigned	<u>1 633 034</u>	<u>(1 633 034)</u>	-
Total Fund Balance	<u>1 633 034</u>	<u>(1 633 034)</u>	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3 405 917</u>		
Net Position			
Net Investment in Capital Assets		167 920	167 920
Unrestricted		<u>1 640 856</u>	<u>1 640 856</u>
Total Net Position		<u>1 808 776</u>	<u>1 808 776</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position		<u>\$ 888 729</u>	<u>\$ 4 294 646</u>

See the Independent Auditors' Report and the Accompanying Notes to the Financial Statements

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Property Taxes	\$ 1 650 025	\$ 430	\$ 1 650 455
Sales Tax	80 299	-	80 299
Penalty and Interest on Property Taxes	15 032	7 355	22 387
Interest Earned on Temporary Investments	<u>65 973</u>	<u>-</u>	<u>65 973</u>
Total Revenues	<u>1 811 329</u>	<u>7 785</u>	<u>1 819 114</u>
Expenditures/Expenses			
Service Operations			
Appraisal District Fees	21 197	-	21 197
Audit Fees	10 258	-	10 258
Bookkeeping Fees	28 731	-	28 731
Commissioner Fees	12 300	-	12 300
Conference Dues	2 795	-	2 795
Election Fees	62 631	-	62 631
Emergency Services	948 492	-	948 492
Insurance	1 849	-	1 849
Legal Fees	94 556	-	94 556
Legal Notices	45	-	45
Other	5 296	-	5 296
Payroll Taxes	2 827	-	2 827
Postage	52	-	52
Printing and Office Supplies	3 177	-	3 177
Tax Collection Fees	3 280	-	3 280
Travel	9 065	-	9 065
Website	2 400	-	2 400
Capital Outlay	713 454	(713 454)	-
Debt Service			
Capital Lease Interest	-	35 039	35 039
Depreciation	-	84 955	84 955
Total Expenditures/Expenses	<u>1 922 405</u>	<u>(593 460)</u>	<u>1 328 945</u>
Changes in Fund Balance/Net Position before other items	(111 076)	601 245	490 169
Proceeds from Capital Lease	<u>713 454</u>	<u>(713 454)</u>	<u>-</u>
Changes in Fund Balance/Net Position	<u>602 378</u>	<u>(112 209)</u>	<u>490 169</u>
Fund Balance/Net Position			
Beginning of Year	1 598 785	1 344 908	2 943 693
Prior period adjustment	<u>(568 129)</u>	<u>(1 056 957)</u>	<u>(1 625 086)</u>
Beginning of Year - Restated	<u>1 030 656</u>	<u>287 951</u>	<u>1 318 607</u>
End of Year	<u>\$ 1 633 034</u>	<u>\$ 175 742</u>	<u>\$ 1 808 776</u>

See the Independent Auditors' Report and the Accompanying Notes to the Financial Statements

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025

NOTE (1) CREATION OF DISTRICT

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

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

B. BASIS OF PRESENTATION

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

a. Fund Types:

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

b. Fund Balances

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

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

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

The District uses the following classifications for net position:

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

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

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

C. BASIS OF ACCOUNTING

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

Property taxes considered available by the District and included in 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 the 2023 and prior tax levies. The 2025 tax levy has been fully deferred.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

The District has implemented GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*. In compliance with GASB Statement No. 34, the District has presented a Statement of Net Position and Statement of Activities for the year ended December 31, 2025. These statements are presented on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded in the period they are earned, and expenses are recorded in the period they are incurred. The “Adjustments” column on these statements represents accounts adjusted to reflect an accrual basis rather than a modified accrual basis of accounting. All fund balances are adjusted to reflect net position.

D. BUDGET

The District annually adopted a budget for the General Fund beginning in 2025 in accordance with the accounting principles applicable to this fund. The Board of Commissioners’ approval is required for revisions that alter the total expenditures. Reported budgeted amounts are as final adopted. Budgeted amounts lapse annually.

E. CASH EQUIVALENTS

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

F. CAPITAL ASSETS

Capital assets, which include land, furniture and fixtures, vehicles and construction in progress, are reported in the government-wide Statement of Net Assets. 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 expenditure in the governmental fund as 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.

Assets are capitalized if they have a useful life of at least one year. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Vehicles	10

G. USE OF ESTIMATES

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

I. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Total Fund Balance at December 31, 2025	<u>\$ 1 633 034</u>
Deferred inflows of resources related to property tax revenues for the 2025 and prior tax levies became part of recognized revenue in the governmental activities of the District.	42 861
Interest paid on long term debt is adjusted to accrual basis	(35 039)
Lease payable obligations are not due and payable in the current period and are not reported in the funds	(713 454)
Capital assets used in governmental activities are not financial and are not reported in the funds.	<u>881 374</u>
Adjustment to fund balance to arrive at net position	<u>175 742</u>
Total Net Position at December 31, 2025	<u><u>\$ 1 808 776</u></u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

Change in fund balance	\$	602 378
Conversion of property tax assessments to full accrual basis		430
Government fund report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		7 355
Interest paid on long term debt is adjusted to accrual basis		(35 039)
Governmental funds report proceeds from debt because they provide current financial resources to governmental funds.		(713 454)
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and conveyance of capital assets exceeded depreciation in the current period.		<u>628 499</u>
Change in net position of governmental activities	\$	<u>490 169</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(Continued)

NOTE (3) DEPOSITS AND INVESTMENTS

During the year ended December 31, 2025, the contracted depository bank used by the District was NewFirst Bank. The largest cash, savings and time deposit combined balance in the bank during the year ended December 31, 2025 was \$1,862,039 in February 2025. During the year the deposits were secured by FDIC coverage.

The District holds investments at December 31, 2025, in accordance with the Board approved investment policy, in TexPool State Treasury ("TexPool"). In following the Public Funds Collateral Act, TexPool invests the District's funds in obligations of the United States, obligations issued by a public agency that is payable from taxes, revenues, or a combination thereof that has been rated by a nationally recognized rating agency with a rating of not less than A, or any security in which a public entity may invest under the Public Funds Investment Act of 1987. Surety bonds and investment securities are used as collateral to secure both the amount of the deposits with TexPool plus any accrued interest. A separate financial report for TexPool is prepared in accordance with GASB Statement No. 31, *Accounting and financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from TexPool Participant Services, c/o Federated Hermes, 1001 Texas Ave., 14th Floor, Houston, Texas 77002. The District held investments in TexPool at December 31, 2025 with a total carrying value and market value of \$1,311,121.

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

Local governments are subject to the Public Funds Investment Act as amended during the 1995 legislative session. The Act directs local governments to adopt a written investment policy that primarily emphasizes safety of principal and liquidity. Also addressed under the Act are the areas of investment diversification, yield, maturity, and quality of investment management. The District has complied with the Act's provisions during its fiscal year ended December 31, 2025.

NOTE (4) AD VALOREM TAX

During the year ended December 31, 2025, the District levied an ad valorem tax at the rate of \$0.096725 per \$100 of assessed valuation, which resulted in a tax levy of \$1,728,113 for 2025, on the taxable valuation of \$1,786,625,295, for the 2025 tax year. The ad valorem tax was due upon receipt and will be considered delinquent if not paid by February 1, at which time penalties and interest will be assessed. The levy date of the tax was September 1 prior to the delinquent date, or as soon after September 1 as it took to set the tax rate. The lien date is January 1 subsequent to the delinquent date.

In the governmental funds, property taxes are initially recorded as receivables and unearned revenue at the time the tax levy is billed. Revenues recognized during the fiscal year ended December 31, 2025 include collections during the current period or within 60 days of year-end related to the 2025 and prior years' tax levies.

NOTE (5) SALES TAX REVENUES

During the year ended December 31, 2025, the residents of the District authorized the District to impose a 2% sales tax where eligible within the District. During the year ended December 31, 2025, the District earned \$80,299 in sales tax revenue and had a receivable balance of \$35,143 at year end.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE (6) CAPITAL ASSETS

The Changes in capital assets for the year are as follows:

	Beginning Balance <u>01/01/2025</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>12/31/2025</u>
Capital assets being depreciated:				
Vehicles	\$ 255 000	\$ -	\$ -	\$ 255 000
Lease assets:				
Vehicles	<u>-</u>	<u>713 454</u>	<u>-</u>	<u>713 454</u>
Total capital assets being depreciated	<u>255 000</u>	<u>713 454</u>	<u>-</u>	<u>968 454</u>
Less accumulated depreciation for:				
Vehicles	(2 125)	-	(25 500)	(27 625)
Lease assets:				
Vehicles	<u>-</u>	<u>-</u>	<u>(59 455)</u>	<u>(59 455)</u>
Total accumulated depreciation	<u>(2 125)</u>	<u>-</u>	<u>(84 955)</u>	<u>(87 080)</u>
Capital assets, net	<u>\$ 252 875</u>	<u>\$ 713 454</u>	<u>\$ (84 955)</u>	<u>\$ 881 374</u>

NOTE (7) LEASE LIABILITIES

On February 1, 2025 the District executed a lease purchase agreement for a new vehicle. Repayments on this lease purchase agreement will begin February 1, 2026 annually for ten years. The agreement also includes a purchase option for the District to purchase the equipment at \$1.00 after the ten-year term. The economic substance of the agreement is that the District is financing the acquisition of the equipment through the lease, and accordingly, the equipment is recorded in the District's assets and liabilities.

The following is a schedule by years of future minimum principal and interest payments required under the agreement as of December 31, 2025:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 55 740	\$ 38 341
2027	58 736	35 346
2028	61 892	32 189
2029	65 218	28 863
2030	68 723	25 358
Thereafter	<u>403 145</u>	<u>67 260</u>
Total minimum payments	<u>\$ 713 454</u>	<u>\$ 227 357</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(Continued)

NOTE (8) CONTRACTUAL AGREEMENTS

The District entered into a contract with the Needville Fire Department (“NFD”) on February 19, 2024, to provide fire protection services to the residents and commercial interests within the geographic boundaries of the district. The NFD is required to prepare an annual operating and capital budget for all revenues and expenses of the NFD for the District to review and approve. The District has the right to approve the monthly or quarterly monetary amounts to be paid to the NFD in accordance with the approved operating and capital budgets. For the year end December 31, 2025, the District paid the department \$948,492. The current contract is for a period of two (2) years commencing effective January 1, 2024. The contract has been extended for another two (2) years effective January 1, 2026. The contract can be cancelled by the District without cause upon 90 days’ written notice to the NFD.

NOTE (9) PRIOR PERIOD ADJUSTMENTS

The District made an accounting adjustment to accurately reflect unavailable tax revenue. The amount of property tax was \$1,625,086. As a result of this misstatement, property tax revenue reported in the prior year was overstated and unavailable property tax revenue was understated.

NOTE (10) SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 20, 2026 (the date the financial statements were available to be issued) and noted no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
 AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Variance between Original and Final budget	Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues					
Property Taxes	\$ 1 583 315	\$ 1 573 153	10 162	\$ 1 650 025	\$ 76 872
Sales Tax	-	-	-	80 299	80 299
Penalty and Interest on Property Taxes	15 000	15 000	-	15 032	32
Interest Earned on Temporary Investments	<u>35 254</u>	<u>35 254</u>	<u>-</u>	<u>65 973</u>	<u>30 719</u>
Total Revenues	<u>1 633 569</u>	<u>1 623 407</u>	<u>10 162</u>	<u>1 811 329</u>	<u>187 922</u>
Expenditures/Expenses					
Service Operations					
Appraisal District Fees	10 020	10 020	-	2 795	7 225
Audit Fees	10 894	10 894	-	28 731	(17 837)
Bookkeeping Fees	27 000	27 000	-	10 258	16 742
Commissioner Fees	14 400	14 400	-	62 631	(48 231)
Conference Dues	3 500	3 500	-	45	3 455
Election Fees	60 123	60 000	123	5 296	54 704
Emergency Services	1 801 773	1 801 773	-	2 400	1 799 373
Insurance	3 000	3 000	-	948 492	(945 492)
Legal Fees	60 000	60 000	-	21 197	38 803
Legal Notices	1 200	1 200	-	3 177	(1 977)
Other	500	500	-	9 065	(8 565)
Payroll Taxes	3 000	3 000	-	1 849	1 151
Postage	200	200	-	52	148
Printing and Office Supplies	2 600	2 600	-	2 827	(227)
Tax Collection Fees	5 000	5 000	-	12 300	(7 300)
Travel	14 000	14 000	-	94 556	(80 556)
Website	2 400	2 400	-	3 280	(880)
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>713 454</u>	<u>(713 454)</u>
Total Expenditures/Expenses	<u>2 019 610</u>	<u>2 019 487</u>	<u>123</u>	<u>1 922 405</u>	<u>97 082</u>
Changes in Fund Balance/Net Position before other items	(386 041)	(396 080)	10 039	(111 076)	(285 004)
Proceeds from Capital Lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>713 454</u>	<u>(713 454)</u>
Changes in Fund Balance/Net Position	<u>(386 041)</u>	<u>(396 080)</u>	<u>10 039</u>	<u>602 378</u>	<u>(998 458)</u>
Fund Balance/Net Position					
Beginning of Year	1 598 785	1 598 785	-	1 598 785	-
Prior period adjustment	<u>(568 129)</u>	<u>(568 129)</u>	<u>-</u>	<u>(568 129)</u>	<u>-</u>
Beginning of Year - Restated	<u>1 030 656</u>	<u>1 030 656</u>	<u>-</u>	<u>1 030 656</u>	<u>-</u>
End of Year	<u>\$ 644 615</u>	<u>\$ 634 576</u>	<u>\$ 10 039</u>	<u>\$ 1 633 034</u>	<u>\$ (998 458)</u>

See the Accompanying Independent Auditors' Report

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY INFORMATION

Significant variances between actual results compared to budgetary appropriations include the following:

Property tax revenue was budgeted at a 95% collection rate. This is to account for delinquent accounts.

Sales tax revenue was not budgeted for as the residents of the District had not authorized the District to impose the tax at the time the budget had been prepared.

Interest income is difficult to budget for as the income depends on the performance of the market. The District had more cash on hand during the year generating more interest income than expected.

Emergency services expenditures were lower than expected due to the commencement of the NFD's capital projects.

Capital outlay expenses are difficult to project. While the District has a good idea about the estimated amount they will spend on large capital items, they cannot predict the timing of the projects. The overage in capital outlay was offset by the proceeds from the new capital lease.

Significant variances between original budgetary appropriations compared to final budgetary appropriations include the following:

Property tax revenue was originally budgeted at a 96% collection rate. Throughout the year data suggested that the District would only achieve collections for the current year at 95%

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

SUPPLEMENTARY INFORMATION
ANALYSIS OF TAXES RECEIVABLE
DECEMBER 31, 2025

	<u>Maintenance Taxes</u>
Taxes Receivable - Beginning of Year	\$ 1 092 033
2025 Tax Roll	1 728 113
Adjustment to prior year taxes	<u>25 481</u>
Total to be Accounted for	2 845 627
Tax Collections Received from Tax Collector	<u>(1 376 711)</u>
Taxes Receivable - End of Year	<u>\$ 1 468 916</u>

Taxes Receivable - By Years	
2025	\$ 1 433 410
2024	22 586
2023	8 341
2022	<u>4 579</u>
Taxes Receivable - End of Year	<u>\$ 1 468 916</u>

	<u>Assessed Valuation Summary</u>			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Property Valuations				
Real Property	\$ 1 383 062 955	\$ 1 286 747 727	\$ 1 148 762 050	\$ 1 028 159 931
Personal Property	<u>403 562 340</u>	<u>431 737 826</u>	<u>489 543 988</u>	<u>-</u>
Total Property				
Valuations	<u>\$ 1 786 625 295</u>	<u>\$ 1 718 485 553</u>	<u>\$ 1 638 306 038</u>	<u>\$ 1 028 159 931</u>
Total Tax Rate per \$100 Valuation	<u>\$ 0.096725</u>	<u>\$ 0.094565</u>	<u>\$ 0.094000</u>	<u>\$ 0.100000</u>
Tax Rolls	<u>\$ 1 728 113</u>	<u>\$ 1 625 086</u>	<u>\$ 1 540 008</u>	<u>\$ 1 028 160</u>
Percent of Taxes Collected to Taxes Levied	<u>17.05 %</u>	<u>98.61 %</u>	<u>99.46 %</u>	<u>99.55 %</u>

See the Accompanying Independent Auditors' Report

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

SUPPLEMENTARY INFORMATION
 BOARD MEMBERS AND CONSULTANTS
 DECEMBER 31, 2025

District Mailing Address: Fort Bend County Emergency Services District No. 9
 PO Box 1329
 Needville Texas, 77461

District Telephone Number: 346-440-1319

<u>Names</u>	<u>Term of office (Appointed) or Date Hired</u>	<u>Fees of Office Paid* FYE 12/31/25</u>	<u>Expense Reimburse- ments FYE 12/31/25</u>	<u>Title at Year End</u>
Board Members:				
B Smolik	(Appointed) 01/01/25 - 12/31/26	\$ 3 150	\$ 1 385	President
K Thumann	(Appointed) 01/01/24 - 12/31/25	\$ 1 500	\$ 1 874	Vice President
J Norwood	(Appointed) 01/01/25 - 12/31/26	\$ 2 400	\$ 1 843	Treasurer
RJ Reiser	(Appointed) 01/01/25 - 12/31/26	\$ 2 550	\$ 427	Assistant Treasurer / Secretary
R Havron	(Appointed) 01/01/24 - 12/31/25	\$ 2 700	\$ 2 322	Secretary

* Fees of Office are the amounts actually paid to a commissioner during the District's fiscal year.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 9

SUPPLEMENTARY INFORMATION
 BOARD MEMBERS AND CONSULTANTS
 DECEMBER 31, 2025
 (Continued)

<u>Names</u>	<u>Term of office (Appointed) or Date Hired</u>	<u>Fees* FYE 12/31/25</u>	<u>Title at Year End</u>
Consultants:			
Breedlove & Co., P.C.	2022	\$ 10 258	Auditor
Polley Garza	2024	\$ 110 334	Attorney
Carmen P. Turner, MPA	2022	\$ 3 280	Tax Assessor Collector
Fort Bend Central Appraisal District	2022	\$ 21 197	Appraisal District
Artesian Financial Services, LLC	2022	\$ 32 211	Bookkeeper

* Fees are the amounts actually paid to a consultant during the District's fiscal year.

