HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

T A B L E   O F   C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Harris County Emergency
Services District No. 80
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. 80 (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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, the schedule of changes in Proprietary Share of Net Pension Liability and Contributions to Texas Emergency Services and Retirements System 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.

Board of Commissioners
Harris County Emergency Services District No. 80

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 any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

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

April 27, 2026

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025

Management's discussion and analysis of Harris County Emergency Services District No. 80'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 Fund 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, costs of assessing and collecting taxes, and general expenditures.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $25,418,762 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 for firefighting and emergency services.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 14,718,415	$ 13,915,589	$ 802,826
Capital Assets and Right-of-Use Assets	16,623,888	15,057,028	1,566,860
Total Assets	$ 31,342,303	$ 28,972,617	$ 2,369,686
Deferred Outflows of Resources	$ 32,340	$ 85,821	$ (53,481)
Debt Payable	$ 3,288,555	$ 3,487,523	$ 198,968
Other Liabilities	736,742	1,312,661	575,919
Total Liabilities	$ 4,025,297	$ 4,800,184	$ 774,887
Deferred Inflows of Resources	$ 1,930,584	$ 1,909,355	$ (21,229)
Net Position:			
Net Investment in Capital Assets	$ 13,335,333	$ 11,569,505	$ 1,765,828
Unrestricted	12,083,429	10,779,394	1,304,035
Total Net Position	$ 25,418,762	$ 22,348,899	$ 3,069,863

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	$ 1,657,490	$ 1,513,756	$ 143,734
Sales Tax Receipts	4,997,233	5,685,700	(688,467)
Other Revenues	548,254	566,238	(17,984)
Total Revenues	$ 7,202,977	$ 7,765,694	$ (562,717)
Expenses for Services	4,133,114	4,682,359	549,245
Change in Net Position	$ 3,069,863	$ 3,083,335	$ (13,472)
Net Position, Beginning of Year	22,348,899	19,265,564	3,083,335
Net Position, End of Year	$ 25,418,762	$ 22,348,899	$ 3,069,863

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance as of December 31, 2025, was $12,636,046, an increase of $1,032,555 from the prior year. This decrease was primarily due to exceeding operating expenditures and capital outlay exceeding operating revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners amended the budget during the current fiscal year to increase expected revenues by $70,000 and increase expected expenditures by $260,748. Actual revenues were $980,903 more than budgeted and actual expenditures were $642,900 more than budgeted and unbudgeted capital lease proceeds which resulted in a positive budget to actual variance of $946,331. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of December 31, 2025, total $16,078,893 (net of accumulated depreciation) and include land, buildings, vehicles and equipment. Significant capital asset events during the current fiscal year included the following:

Completed Projects/Purchases		
Maintenance Facility	$	4,650,303
Property at 19510 Dallas Rd		543,721
70-Motorola Radios		608,328
Security Cameras-Stations 1-5		241,307
Stair Stepper		7,636
2025 Spartan Trailer-Fire Prevention		14,255
Firesled Multipurpose Trainer		52,709
2-Outboard Motors for Inflatable Boats		10,008
2-2025 Chevy Silverado 2500HD		154,670
2024 Chevy Tahoe PPE Wildfire Equipment		66,618
2024 International CV515 Chasis		77,709
2024 Ford F450		63,050
2-2024 Chevy Tahoe		112,300
Digital Fire Extinguisher Training System		22,854
24 Lockers		16,459
Gym Equipment		13,662
Total Completed Projects/Purchases	$	6,655,589
Construction In Progress		
Station 3 Engineering	$	112,000
Station 5 Engineering		336,190
Total Construction In Progress	$	448,190

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	$ 528,782	$ 528,782	$
Construction in Progress	448,190	4,245,021	(3,796,831)
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	9,907,870	4,773,962	5,133,908
Firefighting Equipment	5,117,990	5,457,238	(339,248)
Maintenance Equipment	8,513	10,718	(2,205)
Office Equipment and Furnishings	67,548	41,307	26,241
Total Net Capital Assets	$ 16,078,893	$ 15,057,028	$ 1,021,865

Additional information on the District's capital assets can be found in Note 6 of this report.

RIGHT-OF-USE ASSETS

Right-of-use assets consisted of firefighting equipment which totaled $608,328, had current year amortization expense of $63,333, and had an accumulated amortization balance of $63,333 as of December 31, 2025.

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of $3,288,555. The changes in the debt position of the District during the fiscal year ended December 31, 2025, are summarized as follows:

Lease Payable, January 1, 2025	$
Add: Proceeds	608,328
Lease Payable, December 31, 2025	$ 608,328
Loan Payable, January 1, 2025	$ 3,487,523
Less: Principal Paid	807,296
Loan Payable, December 31, 2025	$ 2,680,227

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Emergency Services District No. 80, c/o Coveler & Peeler, P.C., 820 Gessner, Suite 1710, Houston, TX 77024-8261.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2025

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	$ 1,262,781	$	$ 1,262,781
Due from Harris County Tax Assessor/Collector	551,373		551,373
Investments	10,223,234		10,223,234
Receivables:			
Property Taxes	1,132,184		1,132,184
Sales Tax Receipts	1,481,171		1,481,171
Penalty and Interest on Delinquent Taxes		67,672	67,672
Land		528,782	528,782
Construction in Progress		448,190	448,190
Right-of-Use Assets (Net of Accumulated Amortization)		544,995	544,995
Capital Assets (Net of Accumulated Depreciation)		15,101,921	15,101,921
TOTAL ASSETS	$ 14,650,743	$ 16,691,560	$ 31,342,303
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Plan Charges	$ -0-	$ 32,340	$ 32,340
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 14,650,743	$ 16,723,900	$ 31,374,643

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2025

	General Fund	Adjustments	Statement of Net Position
LIABILITIES			
Accounts Payable	$ 162,400	$	$ 162,400
Accrued Interest Payable		87,637	87,637
Net Pension Liability		486,705	486,705
Long-Term Liabilities:			
Lease Payable Within One Year		109,081	109,081
Lease Payable After One Year		499,247	499,247
Loan Payable Within One Year		848,905	848,905
Loan Payable After One Year		1,831,322	1,831,322
TOTAL LIABILITIES	$ 162,400	$ 3,862,897	$ 4,025,297
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 1,852,297	$ (118,618)	$ 1,733,679
Deferred Pension Plan Charges		196,905	196,905
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 1,852,297	$ 78,287	$ 1,930,584
FUND BALANCE			
Unassigned	$ 12,636,046	$(12,636,046)	$ -0-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 14,650,743		
NET POSITION			
Net Investment in Capital Assets		$ 13,335,333	$ 13,335,333
Unrestricted		12,083,429	12,083,429
TOTAL NET POSITION		$ 25,418,762	$ 25,418,762

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Fund Balance - Governmental Fund		$ 12,636,046
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and right-of-use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		16,623,888
Portions of the change in net pension liability that are not immediately recognized as pension expense are recorded as deferred outflows and/or deferred inflows of resources.		(164,565)
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.		186,290
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	$ (87,637)	
Net Pension Liability	(486,705)	
Lease Payable Within One Year	(109,081)	
Lease Payable After One Year	(499,247)	
Loan Payable Within One Year	(848,905)	
Loan Payable After One Year	(1,831,322)	(3,862,897)
Total Net Position - Governmental Activities		$ 25,418,762

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
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	$ 1,641,069	$ 16,421	$ 1,657,490
Sales Tax Receipts	4,997,233		4,997,233
Penalty and Interest	50,587	8,077	58,664
Investment Revenues	451,677		451,677
Miscellaneous Revenues	37,913		37,913
TOTAL REVENUES	$ 7,178,479	$ 24,498	$ 7,202,977
EXPENDITURES/EXPENSES			
Service Operations:			
District Services - Crosby Volunteer Fire Department	$ 1,765,435	$	$ 1,765,435
Accounting and Auditing Fees	38,345		38,345
Appraisal District Fees	16,345		16,345
Dispatch Fees	115,850		115,850
Insurance	73,365		73,365
Legal Fees-General	35,112		35,112
Legal Fees-Delinquent Tax Collections	11,941		11,941
Maintenance and Repairs	442,324		442,324
Salaries & Benefits	52,553		52,553
Sales Tax Consultant	25,973		25,973
Support Expense - TESRS	55,110	(238,590)	(183,480)
Tax Assessor/Collector Fees	21,812		21,812
Depreciation/Amortization		1,291,898	1,291,898
Other	109,795		109,795
Capital Outlay	3,003,249	(2,858,758)	144,491
Debt Service:			
Loan Principal	807,296	(807,296)	
Lease Interest		13,837	13,837
Loan Interest	179,747	(22,229)	157,518
TOTAL EXPENDITURES/EXPENSES	$ 6,754,252	$ (2,621,138)	$ 4,133,114
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 424,227	$ (424,227)	$ -0-
OTHER FINANCING SOURCES (USES)			
Lease Proceeds	$ 608,328	$ (608,328)	$ -0-
NET CHANGE IN FUND BALANCE	$ 1,032,555	$ (1,032,555)	$
CHANGE IN NET POSITION		3,069,863	3,069,863
FUND BALANCE/NET POSITION - JANUARY 1, 2025	11,603,491	10,745,408	22,348,899
FUND BALANCE/NET POSITION - DECEMBER 31, 2025	$ 12,636,046	$ 12,782,716	$ 25,418,762

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

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
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	$ 1,032,555
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.	16,421
Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.	8,077
The changes in net pension liability as well as deferred outflows of resources are recorded as Support Expense - TESRS in the government-wide financial statements.	238,590
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.	(1,291,898)
Governmental funds report capital asset purchases 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.	2,858,758
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.	807,296
Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on long-term debt through fiscal year-end.	8,392
Governmental funds report note proceeds as other financing sources. However, the issuance of debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(608,328)
Change in Net Position - Governmental Activities	$ 3,069,863

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

NOTE 1. CREATION OF DISTRICT

Harris County Rural Fire Prevention District No. 8 was created May 2, 1998, under Chapter 794 of the Health and Safety Code. Effective September 1, 2003, Texas Legislature Senate Bill 1021 converted all rural fire prevention districts to emergency services districts and mandated a name change to Harris County Emergency Services District No. 80 (the "District"). In accordance with Senate Bill 1021, the District now operates under Chapter 775 of the Health and Safety Code. The District was established to provide operating and capital funds for the contracting of fire protection services to the residents 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The District has one governmental fund; therefore, it 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, costs of assessing and collecting taxes and general expenditures.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible 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 collectible 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 revenues include the 2024 tax levy collections during the period October 1, 2025, 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 meet the District's planned expenditures in the 2026 fiscal year.

Capital Assets and Right-of-Use Assets

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

Personal tangible assets (computers, office machines, office furniture, etc.) are capitalized if they have an original cost of $500 or more (including installation costs and professional fees) and a useful life of at least two years. All other capital assets are capitalized if they have an original

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Right-of-Use Assets (Continued)

cost of $5,000 or more (including installation costs and professional fees) and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings and Improvements	5-45
Firefighting Equipment	5-20
Maintenance Equipment	15
Office Equipment and Furnishings	5-20

In accordance with GASB Statement No. 87, at December 31, 2025, the District recorded equipment as right-to-use assets (see Note 11). The right-to-use assets are being amortized over the estimated useful life using the straight-line method of amortization.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was 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 the employees. The Internal Revenue Service has determined that fees of office received by Commissioners are wages subject to federal income tax withholding for payroll tax purposes only. The District is legally obligated to contribute for the Department as a non-employer contributing entity for the Department's participants in a defined benefit plan. See Note 13.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

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

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

During the year ended December 31, 2025, the District levied an ad valorem maintenance tax at the rate of $0.020368 per $100 of assessed valuation, which resulted in a tax levy of $765,878 on the adjusted taxable valuation of $3,760,180,578 for the 2025 tax year.

During the year ended December 31, 2025, the District levied an ad valorem debt service tax at the rate of $0.025738 per $100 of assessed valuation, which resulted in a tax levy of $967,801 on the adjusted taxable valuation of $3,760,180,578 for the 2025 tax year.

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

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 $1,262,781 and the bank balance was $1,515,101. Of the bank balance, $750,000 was covered by federal depository insurance and the balance was covered by collateral pledged in the name of the District and held in a third-party depository.

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

	Cash
GENERAL FUND	$ 1,262,781

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

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

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

Fund and Investment Type	Fair Value	Maturities in Years Less Than 1
GENERAL FUND		
TexPool	$ 10,223,234	$ 10,223,234

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 investments in TexPool was rated AAAm by Standard and Poor's.

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 TexPool 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.

NOTE 5. FIRE PROTECTION SERVICES

The District has contracted with Crosby Volunteer Fire Department (the "Department") to provide fire protection and suppression services to the residents of the District. The term of the current agreement is from January 1, 2025, through December 31, 2025. Under the terms of the agreement, the Department agrees to provide fire protection and suppression services to the residents and commercial interests within the geographic area of the District and those requesting mutual aid. The District entered into a new contract with the Department, effective January 1, 2026 through December 31, 2026.

The Department agrees to submit annually, due each November, both an operating budget and a capital improvements budget for approval by the District. The District agrees to pay to the Department monthly amounts as invoiced, which agree to the Department's approved budget. The District will not be obligated to pay more than the funds it received less its own administrative costs and operating expenditures. During the current fiscal year, the District paid $1,765,435 to the Department.

It is the agreement and intent of the District and the Department that the District be a lien holder (subordinate to a bona fide first lien holder) on those assets of the Department purchased in whole or in part with District funds or where title to any such asset is not otherwise in the District's name. The purpose of such lien holder status is to provide that in the event any such asset is sold, traded, assigned or conveyed to another person or entity for any reason or is damaged or subject to other casualty, the District will be reimbursed for its monetary contribution of District funds. If such asset was purchased wholly with District funds, the District's interest in the asset proceeds shall be for the entire amount. If such asset was purchased in part with District funds, the District's interest in the asset proceeds shall be based upon the prorata portion of the purchase price paid for with District funds.

NOTE 6. 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	$ 528,782	$	$	$ 528,782
Construction in Progress	4,245,021	2,250,430	6,047,261	448,190
Total Capital Assets Not Being Depreciated	$ 4,773,803	$ 2,250,430	$ 6,047,261	$ 976,972
Capital Assets Subject to Depreciation				
Buildings and Improvements	$ 7,968,585	$ 5,435,331	$	$ 13,403,916
Firefighting Equipment	11,233,453	574,173		11,807,626
Maintenance Equipment	47,967			47,967
Office Equipment and Furnishings	172,450	37,757		210,207
Total Capital Assets Subject to Depreciation	$ 19,422,455	$ 6,047,261	$ - 0 -	$ 25,469,716
Less Accumulated Depreciation				
Buildings and Improvements	$ 3,194,623	$ 301,423	$	$ 3,496,046
Firefighting Equipment	5,776,215	913,421		6,689,636
Maintenance Equipment	37,249	2,205		39,454
Office Equipment and Furnishings	131,143	11,516		142,659
Total Accumulated Depreciation	$ 9,139,230	$ 1,228,565	$ - 0 -	$ 10,367,795
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 10,283,225	$ 4,818,696	$ - 0 -	$ 15,101,921
Total Capital Assets, Net of Accumulated Depreciation	$ 15,057,028	$ 7,069,126	$ 6,047,261	$ 16,078,893

NOTE 7. RISK MANAGEMENT

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

NOTE 8. FIREFIGHTING SERVICE AGREEMENT-HARRIS COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 70

On May 2, 2001, the District entered into an agreement for firefighting services with Harris County Water Control and Improvement District No. 70 (“WCID No. 70”). WCID No. 70 agreed to lease to the District a tract of land on which the District built Fire Station No. 3 to serve the residents of WCID No. 70 and the District as a whole. The District is responsible for all improvements, repairs, maintenance, utilities, insurance and all ad valorem and other taxes applicable to the fire station during the term of this agreement. The term of the agreement is through January 1, 2036, unless terminated earlier by mutual agreement between the District and WCID No. 70. Upon termination of the agreement, the District shall have the following options: (1) to remove at its sole cost all buildings and improvements built or placed upon the land by the District, thereby returning the land to its prior unimproved status; or (2) at the District’s request, for WCID No. 70 to purchase from the District at the fair market value then prevailing any or all buildings and improvements built or placed upon the land by the District.

NOTE 9. SALES AND USE TAX

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

On 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 (1.0%). On September 19, 2005, the Board set a local sales and use tax of one percent (1.0%) on all applicable sales and uses within the boundaries of the District, effective January 1, 2006. During the current fiscal year, the District recorded $4,997,233 in sales tax receipts of which $1,481,171 was recorded as receivable at December 31, 2025.

NOTE 10. LOAN PAYABLE

On November 28, 2023, the District entered into a loan with Capital One Public Funding, LLC, in the amount of $4,360,328 for the construction of a maintenance facility. The interest rate is 5.154%. The loan is secured by the levy of a debt service ad valorem tax. The District must provide to the bank an annual report. The first loan payment and related interest of $987,043.46 is due June 19, 2024 and annually thereafter each June 19 ending June 19, 2028.

NOTE 10. LOAN PAYABLE (Continued)

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

Loan Payable, January 1, 2025	$ 3,487,523
Less: Principal Paid	807,296
Loan Payable, December 31, 2025	$ 2,680,227
Due Within One Year	$ 848,905
Due After One Year	1,831,322
Loan Payable, December 31, 2025	$ 2,680,227

As of December 31, 2025, debt service requirements on the loan are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 848,905	$ 138,139	$ 987,044
2027	892,657	94,386	987,043
2028	938,665	48,379	987,044
	$ 2,680,227	$ 280,904	$ 2,961,131

NOTE 11. LEASE PAYABLE

On July 26, 2025, the District entered into an equipment lease-purchase agreement with Motorola Solutions, Inc. for the purchase of portable radios and related equipment in the amount of $608,328. Assets under this capital lease total $608,328 at December 31, 2025. Accumulated amortization/depreciation through December 31, 2025, totaled $63,333. Principal and interest payments of $142,307.99 will be due each August 1 beginning August 1, 2026 and ending February 1, 2030. The District's incremental borrowing rate is 5.33%.

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

Lease Payable, January 1, 2025	$
Add: Lease Proceeds	608,328
Lease Payable, December 31, 2025	$ 608,328
Due Within One Year	$ 109,081
Due After One Year	499,247
Lease Payable, December 31, 2025	$ 608,328

NOTE 11. LEASE PAYABLE (Continued)

The following is a schedule of future minimum lease payments under the lease as of December 31, 2025.

Fiscal Year	Principal	Interest	Total
2026	$ 109,081	$ 33,227	$ 142,308
2027	115,039	27,269	142,308
2028	121,322	20,986	142,308
2029	127,949	14,359	142,308
2030	134,937	7,371	142,308
	$ 608,328	$ 103,212	$ 711,540

In accordance with the requirements of GASB Statement No. 87, the District reclassified the two remaining lease related capital assets above to right-of-use assets. Right-of-use assets, current year amortization expense, and accumulated amortization is summarized below:

	January 1, 2025	Increases	Decreases	December 31, 2025
Right-of-use Assets Subject to Amortization				
Firefighting Equipment	$ - 0 -	$ 608,328	$ - 0 -	$ 608,328
Less Accumulated Amortization				
Firefighting Equipment	$ - 0 -	$ 63,333	$ - 0 -	$ 63,333
Total Right-of-use Assets, Net of Accumulated Amortization	$ - 0 -	$ 544,995	$ - 0 -	$ 544,995

NOTE 12. HELIPAD AGREEMENT

On December 18, 2014, the District executed the Interlocal Helipad Construction and Maintenance Agreement with Harris County ESD No. 5 (“ESD No. 5”), for the purpose of constructing and maintaining a helipad to be located at the District’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 for a total cost of $237,457.

The District will be responsible for operation and maintenance of the helipad after completion. The District will pay all invoices related to operation and maintenance and bill ESD No. 5 monthly for its 50% share of these costs.

In the event the District elects to sell or dispose of the site of its Station No. 1, upon which the helipad is constructed, ESD No. 5 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 13. PENSION PLAN

On August 29, 2016, the District agreed to participate in the Department's pension plan as a non-employer contributing entity. The Department provides retirement for their participating members through a non-traditional defined benefit pension plan in the statewide Texas Emergency Services Retirement System. (TESRS). TESRS administers a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Eligible participants include volunteer emergency service personnel who are members in good standing of a participating department. As of August 31, 2025, which is the most recent actuarial valuation report available, there were 244 contributing fire and/or emergency departments. TESRS in the aggregate issues an audited annual financial report (AAFR) on a fiscal year basis. The AAFR is available to the public from the TESRS web site at http://tesrs.org.

In order to provide the actuarial determined contributions for each subsequent biennium before the Legislative Budget Board in the summer of even-numbered years, the timing of the biennial actuarial valuations was changed to the odd-numbered years beginning with this August 31, 2025 actuarial valuation.

Plan Description

The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the 10th year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service. Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

At December 31, 2025, 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	6
Active employees	28

NOTE 13. PENSION PLAN (Continued)

Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2025, total contributions of $5,503,140 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated $1,292,763 for the fiscal year ending August 31, 2025.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. The total pension liability in the August 31, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: inflation 2.50%, salary increases not applicable, investment rate of return 7% net of pension plan investment expense, including inflation. Mortality rates were based on the PubS-2016 (public safety) total dataset mortality tables for employees (sex distinct), projected for mortality improvement generationally using projection scale MP-2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.58%) and by adding expected inflation (2.5%). In addition, the final 7% assumption was selected by rounding down.

The most recently completed biennial actuarial valuation as of August 31, 2025 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation. The contributions by the governing bodies of participating departments plus the annual actuarially determined contribution by the state will be adequate to pay the normal cost and to amortize the unfunded actuarial accrued liability by August 31, 2055, the end of the initial 30-year amortization period in the state law government the system. The expected contributions from the state are state appropriations equal to (1) the actuarially determined contribution in accordance with state law governing TESRS and (2) approximately $2 million each year to pay for part of the system's administrative expenses. The most recent actuarial valuation report dated August 31, 2025, reports the actuarial liabilities exceeded the actuarial assets by $52,073,196.

NOTE 13. PENSION PLAN (Continued)

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the system, nor are they allowed. The governing body of the departments are required to make contributions for each month a member performs emergency services for the department (this minimum contribution is $36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the system contribution that directly impacts future retiree annuities. The District has agreed to make monthly contributions of $55 per participating active member per month.

According to the state law governing the system, the state was required to contribute an amount necessary to make the system "actuarily sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

During the regular 2025 session of the Texas Legislature SB 2065 was passed and signed into law. It removed the statutory limit on the annual state contributions to the system, previously one-third of all contributions to the system by governing bodies of participating departments in a year. The state, beginning September 1, 2023, is required to contribute an actuarially determined amount. The amended state law provides for amortization of the August 31, 2024 unfunded actuarial accrued liability by August 31, 2055, a 30-year period. Actuarial gains and losses recognized in subsequent actuarial valuations are to be amortized over 15 years or the remainder of the initial 30-year period, whichever is the longer period.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to 15 years of credit for prior service per member. Prior service must have occurred before the department began participation in the system.

Pension Expense and Net Pension Liability

The District's proportionate share is calculated as the District's contributions relative to the total contributions made by other participants in the plan. The District's share of contributions as of were 1.001% of total contributions by all participants, an increase of 0.330% over the prior year. The District's' proportionate share of the collective net pension liability was $486,705. The District has made $55,040 in contributions on behalf of Provider members for the year ended December 31, 2025, of which $32,340 were contributions after the measurement date of August 31, 2025. The District has recognized deferred outflows of resources of $32,340 and deferred inflows of resources of $196,905.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	$ 1,677,576	$ 1,677,576	$ 1,641,069	$ (36,507)
Sales Tax Receipts	4,200,000	4,200,000	4,997,233	797,233
Penalty and Interest			50,587	50,587
Investment Revenues	250,000	320,000	451,677	131,677
Miscellaneous Revenues			37,913	37,913
TOTAL REVENUES	$ 6,127,576	$ 6,197,576	$ 7,178,479	$ 980,903
EXPENDITURES				
Services Operations:				
District Services - Crosby Volunteer Fire Department	$ 1,711,813	$ 1,711,286	$ 1,765,435	$ (54,149)
Accounting and Auditing Fees	43,000	43,000	38,345	4,655
Appraisal District Fees	13,000	13,000	16,345	(3,345)
Dispatch Fees	80,000	80,000	115,850	(35,850)
Insurance	100,000	100,000	73,365	26,635
Legal Fees-General	40,000	40,000	35,112	4,888
Legal Fees-Delinquent Tax Collections			11,941	(11,941)
Maintenance and Repairs	285,000	285,000	442,324	(157,324)
Salaries & Benefits	80,000	80,000	52,553	27,447
Sales Tax Consultant	35,000	35,000	25,973	9,027
Support Expense - TESRS			55,110	(55,110)
Tax Assessor/Collector Fees	20,000	20,000	21,812	(1,812)
Other	191,800	229,100	109,795	119,305
Capital Outlay	2,263,948	2,487,923	3,003,249	(515,326)
Debt Service:				
Loan Principal	807,296	807,296	807,296	
Loan Interest	179,747	179,747	179,747	
TOTAL EXPENDITURES	$ 5,850,604	$ 6,111,352	$ 6,754,252	$ (642,900)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 276,972	$ 86,224	$ 424,227	$ 338,003
OTHER FINANCING SOURCES(USES)				
Capital Lease Proceeds	$ -0-	$ -0-	$ 608,328	$ 608,328
NET CHANGE IN FUND BALANCE	$ 276,972	$ 86,224	$ 1,032,555	$ 946,331
FUND BALANCE - JANUARY 1, 2025	11,603,491	11,603,491	11,603,491	
FUND BALANCE - DECEMBER 31, 2025	$ 11,880,463	$ 11,689,715	$ 12,636,046	$ 946,331

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
SCHEDULE OF CHANGES IN PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS TO TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2025

Date of Actuarial Valuation	TESRS Net Pension Liability	District's Proportionate Share	Proportionate Share of Net Pension Liability	Nonemployer Contributing Entity's Contribution
August 31, 2017	$ 24,001,678	0.475%	$ 83,286	$ 23,058
August 31, 2018	$ 21,650,451	0.475%	$ 102,840	$ 24,163
August 31, 2019	$ 28,345,563	0.494%	$ 140,027	$ 14,433
August 30, 2020	$ 25,210,882	0.485%	$ 124,542	$ 22,605
August 30, 2021	$ 10,714,152	0.467%	$ 50,035	$ 251,079
August 30, 2022	$ 41,030,076	0.607%	$ 249,053	$ 29,535
August 30, 2023	$ 43,287,107	0.420%	$ 181,806	$ 20,020
August 30, 2024	$ 107,374,812	0.671%	$ 719,411	$ 34,650
August 30, 2025	$ 48,621,858	1.001%	$ 486,705	$ 55,040

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80

SUPPLEMENTARY INFORMATION

REQUIRED BY HARRIS COUNTY

DECEMBER 31, 2025

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
COMPUTATION OF NET LONG-TERM DEBT PER CAPITA
DECEMBER 31, 2025
(UNAUDITED)

Long-Term Debt at December 31, 2025	$ 3,288,555
Less: Amount in Debt Service Fund	-0-
Net Long-Term Debt at December 31, 2025	$ 3,288,555
Estimated District Population*	34,182
Net Long-Term Debt Per Capita at December 31, 2025	$ 96.21

*Based upon annual independent study

See accompanying independent auditor’s report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
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	1,392
Number of emergency responses made outside of the District	104
Total emergency responses	1,496

See accompanying independent auditor’s report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
SCHEDULE OF INSURANCE AND BONDING COVERAGE
DECEMBER 31, 2025

Type of Coverage	From To	Amount of Coverage	Insurer/Name
PUBLIC EMPLOYEE DISHONESTY	02/22/25		National Union Fire
BLANKET BOND	02/22/26		Insurance Corporation
Per Employee		$ 100,000	
POSITION SCHEDULE BOND	02/22/25		National Union Fire
Treasurer	02/22/26	$ 100,000	Insurance Corporation
CRIME	02/22/25		National Union Fire
Computer and Funds Transfer Fraud	02/22/26	$ 100,000	Insurance Corporation
Fraudulent Impersonation		100,000	
Identity Fraud Expense		100,000	
GENERAL LIABILITY/PROFESSIONAL	02/22/25		National Union Fire
HEALTH CARE LIABILITY	02/22/26		Insurance Corporation
General Aggregate		$ 3,000,000	
Products/Completed Operations Aggregate		3,000,000	
Each Occurrence or Medical Incident		1,000,000	
Personal and Advertising Injury		1,000,000	
Fire Damage Legal Liability		1,000,000	
Medical Expense		10,000	
EXCESS LIABILITY	02/22/25		National Union Fire
General Aggregate	02/22/26	$ 4,000,000	Insurance Corporation
Per Occurrence		2,000,000	
Abuse or Molestation Each Occurrence		2,000,000	
Abuse or Molestation Aggregate		2,000,000	
Cyber Liability Each Occurrence		1,000,000	
Cyber Liability Aggregate		2,000,000	
AUTOMOBILE	02/22/25		National Union Fire
Combined Single Limit	02/22/26	$ 1,000,000	Insurance Corporation
MANAGEMENT LIABILITY	02/22/25		National Union Fire
General Aggregate	02/22/26	$ 3,000,000	Insurance Corporation
Per Occurrence		1,000,000	
Defecse Expense for Injuctive Relief		100,000	
CYBER LIABILITY/PRIVACY CRISIS	02/22/25		National Union Fire
MANAGEMENT	02/22/26		Insurance Corporation
Cyber Liability Each Event Limit		$ 1,000,000	
Privacy Crisis Management Each Event Limit		50,000	
Cyber Extortion Each Event Limit		20,000	
Privacy Crisis Management and Cyber Extortion Expense Aggregate Limit		50,000	
WORKERS COMPENSATION	11/24/25		Texas Mutual Insurance
Bodily Injury by Accident	11/24/26	$ 1,000,000	Company
Bodily Injury by Disease		1,000,000	
Disease Policy Limit		1,000,000	
PROPERTY	02/22/25		National Union Fire
Buildings	02/22/26	$ 10,094,038	Insurance Corporation
Personal Property		323,023	
Deductible		1,000	

See accompanying independent auditor’s report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
STATEMENT OF ACTIVITIES
CROSBY VOLUNTEER FIRE DEPARTMENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

REVENUES		
Grants	$	30,657
Service and Operations		1,626,499
Contributions		11,357
TOTAL REVENUES	$	1,668,513
EXPENSES		
Operating Expenses	$	1,002,479
Stipend Expense		356,077
Payroll Taxes for Stipend		34,285
Stations Administration		287,952
TOTAL EXPENSES	$	1,680,793
NET ORDINARY INCOME	$	(12,280)
OTHER INCOME/(EXPENSE)		
Interest Received	$	95
CHANGE IN NET ASSETS	$	(12,185)
NET ASSETS - January 0, 1900		51,036
NET ASSETS - January 0, 1900	$	38,851

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JANUARY 1, 2025	$ 463,638		$ 519,435	
Adjustments to Beginning Balance	(1,917)	$ 461,721	6,322	$ 525,757
Original 2025 Tax Levy	$ 710,387		$ 897,680	
Adjustment to 2025 Tax Levy	55,491	765,878	70,121	967,801
TOTAL TO BE ACCOUNTED FOR		$ 1,227,599		$ 1,493,558
TAX COLLECTIONS:				
Prior Years	$ 369,955		$ 498,905	
Current Year	318,120	688,075	401,993	900,898
TAXES RECEIVABLE -				
DECEMBER 31, 2025		$ 539,524		$ 592,660
TAXES RECEIVABLE BY YEAR:				
2025		$ 447,758		$ 565,808
2024		18,683		26,852
2023		22,007		
2022		11,327		
2021		8,021		
2020		6,235		
2019		4,120		
2018		3,100		
2017		3,799		
2016		2,645		
2015		1,888		
2014		1,393		
2013		1,377		
2012		1,096		
2011		1,078		
2010		1,043		
2009		1,282		
2008		514		
2007		462		
2006		389		
2005		325		
2004		982		
TOTAL TAXES RECEIVABLE BY YEAR		$ 539,524		$ 592,660

See accompanying independent's auditor report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024	2023	2022
TOTAL PROPERTY VALUATIONS	$ 3,760,180,578	$ 3,342,186,971	$ 3,072,321,971	$ 2,565,002,822
TAX RATE PER $100 VALUATION	$ 0.046106	$ 0.050000	$ 0.050000	$ 0.04776
ADJUSTED TAX LEVY*	$ 765,878	$ 1,653,085	$ 1,496,302	$ 1,225,093
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	41.54 %	98.87 %	98.53 %	99.08 %

* 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. 80
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 1,641,069	$ 1,496,398	$ 1,227,691
Sales Tax Receipts	4,997,233	5,685,700	4,019,901
Penalty and Interest	50,587	46,220	45,607
Investment Revenues	451,677	493,428	267,374
Grant Revenue		20,520	
Miscellaneous Revenues	37,913		
TOTAL REVENUES	$ 7,178,479	$ 7,742,266	$ 5,560,573
EXPENDITURES			
Services Operations:			
District Services - Crosby Volunteer Fire Department	$ 1,765,435	$ 2,016,358	$ 1,323,030
Accounting and Auditing Fees	38,345	37,280	42,755
Appraisal District Fees	16,345	12,792	9,513
Dispatch Fees	115,850	89,592	69,500
Insurance	73,365	245,918	65,041
Legal Fees-General	35,112	59,644	37,085
Legal Fees-Delinquent Tax Collections	11,941	11,915	9,771
Maintenance and Repairs	442,324	491,939	494,582
Salaries & Benefits	52,553	49,708	59,330
Sales Tax Consultant	25,973	14,131	11,107
Support Expense - TESRS	55,110	34,650	20,020
Tax Assessor/Collector Fees	21,812	21,868	22,536
Other	109,795	127,355	49,377
Capital Outlay	3,003,249	4,035,919	392,857
Debt Service:			
Loan Principal	807,296	872,805	2,812,207
Loan Interest	179,747	114,238	65,049
Debt Issuance Costs			18,090
TOTAL EXPENDITURES	$ 6,754,252	$ 8,236,112	$ 5,501,850
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 424,227	$ (493,846)	$ 58,723
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	$	$	$ 4,360,328
Capital Lease Proceeds	608,328		
TOTAL OTHER FINANCING SOURCES (USES)	$ 608,328	$ - 0 -	$ 4,360,328
NET CHANGE IN FUND BALANCE	$ 1,032,555	$ (493,846)	$ 4,419,051
BEGINNING FUND BALANCE	11,603,491	12,097,337	7,678,286
ENDING FUND BALANCE	$ 12,636,046	$ 11,603,491	$ 12,097,337

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
$ 1,107,940	$ 1,092,513	22.9 %	19.3 %	22.1 %	22.9 %	25.0 %
3,603,424	3,243,072	69.6	73.4	72.3	74.3	74.1
30,786	28,349	0.7	0.6	0.8	0.6	0.6
93,350	3,240	6.3	6.4	4.8	1.9	0.1
			0.3			
15,380	8,936	0.5			0.3	0.2
$ 4,850,880	$ 4,376,110	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 1,276,160	$ 1,337,182	24.6 %	26.0 %	23.8 %	26.3 %	30.6 %
34,580	31,475	0.5	0.5	0.8	0.7	0.7
8,559	8,029	0.2	0.2	0.2	0.2	0.2
65,846	65,000	1.6	1.2	1.2	1.4	1.5
57,923	50,572	1.0	3.2	1.2	1.2	1.2
26,700	23,229	0.5	0.8	0.7	0.5	0.5
9,762	9,003	0.2	0.2	0.2	0.2	0.2
238,073	130,106	6.2	6.4	8.9	4.9	3.0
55,958	55,511	0.7	0.6	1.1	1.1	1.3
18,791	17,561	0.4	0.2	0.2	0.4	0.4
29,535	251,079	0.8	0.3	0.3	0.6	5.7
22,531	25,856	0.3	0.3	0.4	0.5	0.6
130,112	64,716	1.5	1.6	0.9	2.7	1.5
668,210	2,121,520	41.9	52.0	7.0	13.8	48.5
338,862	323,363	11.2	11.3	50.6	7.0	7.4
148,018	163,517	2.5	1.4	1.1	3.0	3.7
				0.3		
$ 3,129,620	$ 4,677,719	94.1 %	106.2 %	98.9 %	64.5 %	107.0 %
$ 1,721,260	$ (301,609)	5.9 %	(6.2) %	1.1 %	35.5 %	(7.0) %
$	$					
$ - 0 -	$ - 0 -					
$ 1,721,260	$ (301,609)					
5,957,026	6,258,635					
$ 7,678,286	$ 5,957,026					

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2025

District Mailing Address	-	Harris County Emergency Services District No. 80 c/o Coveler & Peeler, P.C. 820 Gessner, Suite 1710 Houston, Texas 77024
District Telephone Number	-	(713) 984-8222

Commissioners	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2025	Expense Reimbursement for the year ended December 31, 2025	Title
Raymond St. Julian, Sr.	06/01/24 05/31/28 (Elected)	$ 4,641	$ 275	President
Derek Elkins	06/01/24 05/31/28 (Elected)	$ 6,851	$ 294	Vice President
Randy Foster	06/01/22 05/31/26 (Elected)	$ 5,967	$ 78	Secretary/ Treasurer
Buddy Brewer	06/01/22 05/31/26 (Elected)	$ 7,200	$ 311	Assistant Treasurer
Chuck Murray	06/01/24 05/31/28 (Elected)	$ 3,757	$ 280	Commissioner

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.

See accompanying independent auditor's report.

HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 80
BOARD OF COMMISSIONERS AND CONSULTANTS
DECEMBER 31, 2025

Consultants:	Date Hired	Fees for the year ended December 31, 2025*	Title
Coveler & Peeler, P.C.	08/14/98	$ 35,754	Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	05/21/01	$ 25,500	Auditor
Myrtle Cruz, Inc.	07/01/08	$ 14,923	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP	03/27/00	$ 11,941	Delinquent Tax Attorney
Mary Jarmon	09/24/18	$ -0-	Investment Officer
HdL Companies	01/28/13	$ 25,973	Sales Tax Consultant
Harris County Tax Assessor/Collector	Legislative Action	$ 21,812	Tax Assessor/ Collector

*Accrual Basis

See accompanying independent auditor's report.