

## Bowers, Luisa

---

**From:** Brandi Crone <admin@fsfd.org>  
**Sent:** Thursday, May 08, 2014 11:45 AM  
**To:** Bowers, Luisa  
**Subject:** Re: FBCESD#4 - 2013 Electronic Audit  
**Attachments:** 2013 Audit Report.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Good Morning Luisa,

The electronic copy you requested is attached. Please let me know if you need anything else.

Kind Regards,  
Brandi

Brandi Crone  
Business Manager  
Fort Bend County ESD#4  
Office: 281-533-0095  
Fulshear Simonton Fire Department  
Non-Emergency: 281-346-2800

---

**From:** <Bowers>, Luisa <[Luisa.Bowers@fortbendcountytexas.gov](mailto:Luisa.Bowers@fortbendcountytexas.gov)>  
**Date:** Thursday, May 8, 2014 at 9:45 AM  
**To:** FBCESD#4 <[admin@fsfd.org](mailto:admin@fsfd.org)>  
**Subject:** FBCESD#4 - 2013 Electronic Audit

Good morning Brandi. I received a hard copy of the 2013 Audit for ESD #4. Can you please send an electronic copy?  
Thank you!

**Luisa Bowers**  
Administrative Assistant  
Office of the County Judge  
Fort Bend County  
281-341-8606  
281-341-8609 fax

---

FORT BEND EMERGENCY SERVICES DISTRICT NO. 4

---

REPORT ON FINANCIAL STATEMENTS  
*(With Supplemental Material)*

FOR THE YEAR ENDED DECEMBER 31, 2013

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



## **TABLE OF CONTENTS**

Independent Auditors' Report .....	1-2
Management Discussion & Analysis .....	3-6

### **FINANCIAL STATEMENTS**

Statement of Net Position and Governmental Funds Balance Sheet .....	7
Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balance .....	8
Notes to the Financial Statements .....	9-18

### **REQUIRED SUPPLEMENTARY INFORMATION**

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund ..	21
---	----

### **SUPPLEMENTARY INFORMATION**

Analysis of Taxes Receivable .....	25
Board Members and Consultants .....	26-27



# BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

17014 Seven Pines Drive  
Spring, Texas 77379  
(281) 379-1065  
(281) 379-6322 (fax)

RICHARD W. BREEDLOVE, CPA  
President

## INDEPENDENT AUDITORS' REPORT

March 15, 2014

Board of Commissioners  
Fort Bend Emergency Services District No. 4  
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fort Bend Emergency Services District No. 4, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinion

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 Emergency Services District No. 4, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise Fort Bend Emergency Services District No. 4's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Breallone & Co., P.C.*

## **FORT BEND EMERGENCY SERVICES DISTRICT NO. 4**

### **MANAGEMENT DISCUSSION & ANALYSIS DECEMBER 31, 2013**

Our discussion and analysis of the financial performance of Fort Bend Emergency Services District No. 4 (the "District") provides an overview of the District's financial activities for the year ended December 31, 2013. Please read it in conjunction with the District's financial statements, included in this annual report.

#### **USING 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 both (1) the Statement of Net Position and Governmental Fund Balance Sheet, and (2) the Statement of Activities and Governmental Fund 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 provides 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 of 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.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$7,605,693 as of December 31, 2013.



# FORT BEND EMERGENCY SERVICES DISTRICT NO. 4

## MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2013

(Continued)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

#### Summary of Net Position

	2013	2012
Current and other assets	\$ 4 701 396	\$ 4 233 544
Capital assets	<u>5 689 856</u>	<u>5 700 765</u>
Total assets	<u>\$ 10 391 252</u>	<u>\$ 9 934 309</u>
Current liabilities	\$ 668 942	\$ 542 983
Long term liabilities	<u>2 566 617</u>	<u>2 981 969</u>
Total liabilities	<u>\$ 3 235 559</u>	<u>\$ 3 524 952</u>
Net position:		
Net investment in capital assets	\$ 2 604 640	\$ 2 276 913
Restricted	450 000	150 000
Unrestricted	<u>4 551 053</u>	<u>3 982 444</u>
Total net position	<u>\$ 7 605 693</u>	<u>\$ 6 409 357</u>

The following table provides a summary of the District's operations for the year ended December 31, 2013. The District increased its net position by \$1,196,336.

#### Summary of Changes in Net Position

	2013	2012
Revenues:		
Property taxes	\$ 3 208 983	\$ 2 704 192
Other revenues	<u>208 258</u>	<u>174 701</u>
Total revenues	<u>3 417 241</u>	<u>2 878 893</u>
Expenses for services	1 310 857	875 045
Operating expenses	<u>910 048</u>	<u>729 327</u>
Total expenses	<u>2 220 905</u>	<u>1 604 372</u>
Change in net position	1 196 336	1 274 521
Net position, beginning of period	<u>6 409 357</u>	<u>5 134 836</u>
Net position, end of period	<u>\$ 7 605 693</u>	<u>\$ 6 409 357</u>

## **FORT BEND EMERGENCY SERVICES DISTRICT NO. 4**

### **MANAGEMENT DISCUSSION & ANALYSIS**

**DECEMBER 31, 2013**

**(Continued)**

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

The District's fund balance as of December 31, 2013 was \$3,858,847.

The General Fund balance increased by \$1,175,289, primarily due to receiving proceeds from incurring debt and an increase in tax revenue.

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The 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.

#### **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 the basic 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.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Commissioners did not amend the budget during the fiscal year. Actual excess revenues were \$1,175,306 greater than the budgeted excess revenues.

# FORT BEND EMERGENCY SERVICES DISTRICT NO. 4

## MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2013

(Continued)

### CAPITAL ASSETS AND RELATED DEBT

#### Capital Assets

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

#### Capital Assets (Net of Accumulated Depreciation)

	2013	2012
Land	\$ 983 571	\$ 656 654
Buildings, net of depreciation	2 694 830	2 771 278
Furniture and Fixtures, net of depreciation	11 571	21 304
Machinery and Equipment, net of depreciation	339 094	350 734
Vehicles, net of depreciation	1 660 790	1 900 795
Total Capital Assets	<u>\$ 5 689 856</u>	<u>\$ 5 700 765</u>

#### Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2013 are summarized as follows:

Long term debt, beginning of year	\$ 3 423 852
Proceeds from long term debt	275 000
Retirements of principal	( 613 636)
Long term debt, end of year	<u>\$ 3 085 216</u>

During the year ended December 31, 2013, the District entered into a \$275,000 capital lease with Community Leasing Partners for the purchase of 2.0 Acres of Land located in Fort Bend County. The total purchase price of the land was \$325,000. The District made a down payment of \$50,000 to secure the purchase of the land. Interest rates are based upon 3.19% and principal and interest payments of \$96,981 are due annually. The note is secured by emergency service vehicles.

On April 8, 2013 the District fully repaid the note payable with Kansas State Bank of Manhattan. The total amount repaid was \$176,118.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the President of the Board, Mr. S Evans, P. O. Box 494, Fulshear, Texas 77441.

**FORT BEND EMERGENCY SERVICES DISTRICT NO. 4**

**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2013**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 2 731 955	\$ -	\$ 2 731 955
Cash and Cash Equivalents - Restricted	450 000	-	450 000
Taxes Receivable	1 230 272	-	1 230 272
Due from Tax Assessor	739 169	-	739 169
Capital Assets			
Land	-	983 571	983 571
Capital Assets Net of Accumulated Depreciation of \$1,779,219	-	4 706 285	4 706 285
Total Assets	<u>\$ 5 151 396</u>	<u>\$ 5 689 856</u>	<u>\$ 10 841 252</u>
<b><u>LIABILITIES</u></b>			
Liabilities			
Accounts Payable	\$ 62 277	\$ -	\$ 62 277
Accrued Interest Payable	-	88 066	88 066
Long Term Liabilities			
Due within One Year	-	518 599	518 599
Due after One Year	-	2 566 617	2 566 617
Total Liabilities	<u>62 277</u>	<u>3 173 282</u>	<u>3 235 559</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable Revenue	<u>1 230 272</u>	<u>(1 230 272)</u>	<u>-</u>
<b><u>FUND BALANCE/NET POSITION</u></b>			
Fund Balances			
Committed	450 000	( 450 000)	-
Unassigned	<u>3 408 847</u>	<u>(3 408 847)</u>	<u>-</u>
Total Fund Balance	<u>3 858 847</u>	<u>(3 858 847)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 5 151 396</u>		
Net Position			
Net Investment in Capital Assets		2 604 640	2 604 640
Restricted		450 000	450 000
Unrestricted		<u>4 551 053</u>	<u>4 551 053</u>
Total Net Position		<u>\$ 7 605 693</u>	<u>\$ 7 605 693</u>

See the accompanying Notes to Financial Statements

**FORT BEND EMERGENCY SERVICES DISTRICT NO. 4**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Property Taxes	\$ 3 528 697	\$ (319 714)	\$ 3 208 983
Other Income Received	187 059	-	187 059
Penalty and Interest on Property Taxes	16 207	-	16 207
Interest Earned on Temporary Investments	4 992	-	4 992
Total Revenues	<u>3 736 955</u>	<u>(319 714)</u>	<u>3 417 241</u>
Expenditures/Expenses			
Fire Department Operating Funds	1 310 857	-	1 310 857
Auditing Fees	8 198	-	8 198
Appraisal District Fees	16 275	-	16 275
Collection Fees	35 448	-	35 448
Consulting Fees	2 235	-	2 235
Office Expenses	24 394	-	24 394
Insurance	11 657	-	11 657
Professional Services	120 651	-	120 651
Travel	6 199	-	6 199
Meals and Entertainment	662	-	662
Repairs and Maintenance	47 307	-	47 307
Supplies	2 594	-	2 594
Capital Outlay	489 135	(489 135)	-
Depreciation	-	500 044	500 044
Debt Service			
Capital Lease Principal	192 209	(192 209)	-
Capital Lease Interest	60 949	(5 860)	55 089
Note Principal	421 427	(421 427)	-
Note Interest	86 469	(7 174)	79 295
Total Expenditures/Expenses	<u>2 836 666</u>	<u>(615 761)</u>	<u>2 220 905</u>
Excess (Deficiency) of Revenues Over Expenditures	900 289	296 047	1 196 336
Other Financing Sources / Uses			
Notes Payable Proceeds	275 000	(275 000)	-
Change in Fund Balance/Net Position	1 175 289	21 047	1 196 336
Fund Balance/Net Position			
Beginning of Year	2 683 558	3 725 799	6 409 357
End of Year	<u>\$ 3 858 847</u>	<u>\$ 3 746 846</u>	<u>\$ 7 605 693</u>

See the accompanying Notes to Financial Statements

## FORT BEND EMERGENCY SERVICES DISTRICT NO. 4

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2013

#### NOTE (1) CREATION OF DISTRICT

Fort Bend Emergency Services District No. 4 is a conversion of Rural Fire Prevention District No. 1 created August 10, 1985, under the provisions of Article 2351a-6 of Vernon's Annotated Civil Statutes. In September 2003, Texas senate Bill 1021 converted all Rural Fire Prevention Districts to Emergency Service Districts. The Board agreed to call the new district Fort Bend Emergency Services District No. 4. The name change was effective January 1, 2004.

The District is a political subdivision of the State of Texas. The District operates under the direction of five commissioners and provides 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 generally accepted accounting principles (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 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 components 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.

The District uses the following fund types:

###### a. Governmental Funds

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

**FORT BEND EMERGENCY SERVICES DISTRICT NO. 4**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

(Continued)

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

**B. BASIS OF PRESENTATION (Continued)**

**b. Fund Balances**

Beginning with fiscal year 2011, 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.

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 directors or by an official or body to which the board of directors 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.

**FORT BEND EMERGENCY SERVICES DISTRICT NO. 4**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

(Continued)

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

**C. BASIS OF ACCOUNTING**

All Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded in the accounting period in which they become available and measurable. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the period in which the fund liability is incurred, if measurable. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

The District has adopted GASB 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." In compliance with GASB 34, the District has presented a Statement of Net Position and Statement of Activities for the year ended December 31, 2013. 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 tax revenues adjusted to reflect an accrual basis rather than a modified accrual basis of accounting. All fund balances are adjusted to reflect net assets.

**D. BUDGET**

The District annually adopts a budget for the General Fund in accordance with the accounting principles applicable to this fund. The Board of Commissioner's approval is required for revisions that alter the total expenditures. Reported budgeted amounts are as originally 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.



## FORT BEND EMERGENCY SERVICES DISTRICT NO. 4

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2013 (Continued)

#### NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 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 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 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 an original cost of \$1,000 or more and 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>
Buildings	39
Vehicles	10
Furniture and equipment	5

##### G. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

##### H. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

# FORT BEND EMERGENCY SERVICES DISTRICT NO. 4

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2013 (Continued)

### NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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, 2013	\$ 3 858 847
Conversion of property tax assessments to full accrual basis	1 230 272
Interest paid on long term debt is adjusted to accrual basis	( 88 066)
Long-term debt obligations are not reported in the funds	(3 085 216)
Capital assets used in governmental activities are not financial and are not reported in the funds.	<u>5 689 856</u>
Adjustment to fund balance to arrive at net position	<u>3 746 846</u>
Net Position at December 31, 2013	<u>\$ 7 605 693</u>

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

Change in fund balance	\$ 1 175 289
Conversion of property tax assessments to full accrual basis	( 319 714)
Interest paid on long term debt is adjusted to accrual basis	13 034
Governmental funds report proceeds from debt because they provide current financial resources to governmental funds.	( 275 000)
Principal payments on debt are reported as expenditures. None of the transactions, however, have any effect on net position.	613 636
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 depreciation exceeded capital outlay and conveyance of capital assets in the current period.	<u>( 10 909)</u>
Change in net position of governmental activities	<u>\$ 1 196 336</u>

# FORT BEND EMERGENCY SERVICES DISTRICT NO. 4

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(Continued)

### NOTE (3) AD VALOREM TAX

During the year ended December 31, 2013, the District levied an ad valorem tax at the rate of \$.079636 per \$100 of assessed valuation, which resulted in a tax levy of \$3,161,722 for 2013, on the taxable valuation of \$3,970,216,934 for the 2013 tax year. The ad valorem tax was due upon receipt and was considered delinquent if not paid by February 1, at which time penalties and interest were assessed. The levy date of the tax was September 1, or as soon after September 1 as it took to set the tax rate. The lien date was January 1.

### NOTE (4) DEPOSITS AND INVESTMENTS

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. The District did not have any temporary investments during the year ended December 31, 2013.

Deposits were with New First Bank in checking accounts, money market accounts, and certificates of deposit during the year. The deposits were secured by FDIC coverage and pledged securities. The balances in this bank were not adequately secured throughout the year.

The contracted depository bank used by the District was New First Bank. The largest cash, savings, and time deposit combined balance during the year ended December 31, 2013 was \$4,692,479 and occurred in February, 2013.

The District also has a money market account with Wallis State Bank. The largest balance during the year ended December 31, 2013 was \$242,358 and occurred in December, 2013. These deposits were secured by FDIC coverage. The balance at this bank was adequately insured throughout the year.

The District's deposits are categorized at year-end to give an indication of the level of risk assumed by the district at year-end. The categories are described as follows:

Insured	\$ 2 326 348
Collateralized:	
Collateral held by financial institution in the entity's name	689 704
Uninsured and uncollateralized	<u>165 903</u>
Total Deposits	<u>\$ 3 181 955</u>

# **FORT BEND EMERGENCY SERVICES DISTRICT NO. 4**

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2013 (Continued)

### NOTE (5) CAPITAL ASSETS

The changes in fixed assets for the year are as follows:

	Balances at 12/31/12	Additions (Dispositions)	Depreciation	Balances 12/31/13
Land	\$ 656 654	\$ 326 917	\$ -	\$ 983 571
Buildings	2 981 461	-	-	2 981 461
Furniture and Fixtures	48 661	-	-	48 661
Machinery and Equipment	558 331	125 020	-	683 351
Vehicles	2 734 833	37 198	-	2 772 031
Accumulated Depreciation	(1 279 175)	-	( 500 044)	(1 779 219)
Capital Assets	<u>5 044 111</u>	<u>162 218</u>	<u>( 500 044)</u>	<u>4 706 285</u>
Totals	<u>\$ 5 700 765</u>	<u>\$ 489 135</u>	<u>\$ ( 500 044)</u>	<u>\$ 5 689 856</u>

### NOTE (6) CONTRACTUAL AGREEMENTS

The District entered into a contract with the Fulshear-Simonton Volunteer Fire Department to provide fire protection services to the residents and commercial interests within the boundaries of the geographic district. The District agrees to pay the department's monthly submitted and approved bills, not to exceed the taxes collected, less their administrative expenses. For the year end December 31, 2013 the District paid the department \$1,269,088. At December 31, 2013, the District owed the department \$41,679 for expenses incurred in 2013.

On September 8, 2005, the District entered into a contract with the Fort Bend County Municipal Utility District No. 151 to provide fire protection services to the residents and commercial interests within the boundaries of the geographic district. Fort Bend County Municipal Utility District No. 151 agrees to pay the district \$8.50 per month for each residential unit within the Fort Bend County Municipal Utility District No. 151 connected to the public water supply system. For the year end December 31, 2013 the Fort Bend County Municipal Utility District No. 151 paid the District \$187,059.

### NOTE (7) COMMITTED / RESTRICTED FUNDS

The Board of Commissioners has committed / restricted \$450,000 for the purpose of contingencies or emergencies.

**FORT BEND EMERGENCY SERVICES DISTRICT NO. 4**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**  
**(Continued)**

**NOTE (8) NOTES PAYABLE**

On April 1, 2008, the District entered into a \$315,000 note payable with Kansas State Bank of Manhattan. Interest rates are based upon the 5 year treasury notes. The note is secured by land. Principal and interest payments of \$38,635 are due annually beginning January 15, 2011 through January 15, 2018. At January 1, 2013 the District owed \$202,198 on this note. During the year ended December 31, 2013 the District fully repaid the note. The total amount repaid was \$214,752 of this amount \$12,554 was applied to interest.

On March 25, 2011, the District refinanced the construction loan note with Capital One Bank for \$2,247,557. Interest rates are based upon the 9 year treasury notes. Principal and interest payments of \$293,144 are due annually beginning March 25, 2011 through March 27, 2019. At January 1, 2013 the District owed \$1,744,096 on this note. During the year ended December 31, 2013 the District made repayments of \$293,144 of this amount \$73,915 was applied to interest. At the year end the total amount to be repaid was \$1,524,866.

Future maturities of the balances outstanding are as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2014	\$ 228 520
December 31, 2015	238 205
December 31, 2016	248 300
December 31, 2017	258 823
December 31, 2018	269 792
Thereafter	<u>281 226</u>
Total Amount	<u>\$ 1 524 866</u>

**FORT BEND EMERGENCY SERVICES DISTRICT NO. 4**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

(Continued)

**NOTE (9) CAPITAL LEASES**

The District has entered into certain lease agreements with the option to purchase under which the related equipment will become the property of the District when all terms of the lease agreements are met.

On December 30, 2008 the Board entered into a capital lease payable with Kansas State Bank of Manhattan. Interest rates are based upon the 5 year treasury notes. The proceeds were used to pay for emergency service vehicles for the fire station. Principal and interest payments of \$44,770 are due annually beginning January 17, 2010 through January 17, 2016. At January 1, 2013 the District owed \$159,304 on this lease. During the year ended December 31, 2013 the District made repayments of \$44,770. Of this amount, \$7,726 was applied to interest. At the year end the total amount to be repaid was \$122,261.

On February 1, 2010 the Board entered into a capital lease payable with Republic First National Corporation. Interest rates are based upon the 10 year treasury notes. The proceeds were used to pay for heavy rescue truck for the fire station. Principal and interest payments of \$71,839 are due annually beginning February 1, 2011 through February 1, 2020. At January 1, 2013 the District owed \$466,760 on this lease. During the year ended December 31, 2013 the District made repayments of \$71,839. Of this amount, \$22,731 was applied to interest. At the year end the total amount to be repaid was \$417,652.

On February 25, 2011 the Board entered into a capital lease payable with Republic First National Corporation. Interest rates are based upon the 10 year treasury notes. The proceeds were used to pay for heavy rescue truck for the fire station. Principal and interest payments of \$26,773 are due annually beginning February, 2011 through February 1, 2020. At January 1, 2013 the District owed \$173,954 on this lease. During the year ended December 31, 2013 the District made repayments of \$26,774. Of this amount, \$8,473 was applied to interest. At the year end the total amount to be repaid was \$155,653.

On December 1, 2011 the Board entered into a capital lease payable with Wells Fargo Equipment Finance. Interest rates are based upon the 8 year treasury notes. The proceeds were used to pay for an emergency service vehicle and equipment for the fire station. Principal and interest payments of \$109,776 are due annually beginning December 2012 through December 1, 2019. At January 1, 2013 the District owed \$677,540 on this lease. During the year ended December 31, 2013 the District made repayments of \$109,776. Of this amount, \$22,020 was applied to interest. At the year end the total amount to be repaid was \$589,784.

On April 1, 2013, the Board entered into a \$275,000 capital lease payable with Community Leasing Partners. The proceeds were used to pay for the purchase of 2.0 Acres of Land located in Fort Bend County. Principal and interest payments of \$96,981 are due annually beginning January 2014 through January 2016. At the year end the total amount to be repaid was \$275,000. The note is secured by emergency service vehicles.

# FORT BEND EMERGENCY SERVICES DISTRICT NO. 4

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(Continued)

### NOTE (9) CAPITAL LEASES (CONTINUED)

The following is an analysis of the leased assets included in Capital Assets:

Land	\$ 326 917
Vehicles	1 766 002
Equipment	248 887
Less accumulated depreciation	<u>( 659 079)</u>
	<u>\$ 1 682 727</u>

Future maturities of the balances outstanding are as follows:

<u>Year Ending</u>	<u>Amount</u>
2014	\$ 350 139
2015	350 139
2016	350 139
2017	208 389
2018	208 389
Thereafter	<u>307 001</u>
Total minimum payments	1 774 196
Less amount representing interest	( 213 846)
Less current maturities of present value of minimum lease payments	<u>( 290 079)</u>
Present value of minimum lease payments - net of current maturities	<u>\$ 1 270 271</u>

### NOTE (10) SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 15, 2014 the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements other than the items mentioned above.

## **REQUIRED SUPPLEMENTARY INFORMATION**





**FORT BEND EMERGENCY SERVICES DISTRICT NO. 4**

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Actual	Original and Final Budget *	Variance Positive (Negative)
Revenues:			
Property Taxes	\$ 3 528 697	\$ 2 525 970	\$ 1 002 727
Other Income	187 059	585 000	( 397 941)
Penalty and Interest on Property Taxes	16 207	-	16 207
Interest Earned on Temporary Investments	4 992	-	4 992
Total Revenues	<u>3 736 955</u>	<u>3 110 970</u>	<u>625 985</u>
Expenditures/Expenses:			
Fire Department Operating Funds	1 310 857	1 999 000	688 143
Appraisal District Fees	16 275	12 500	( 3 775)
Collection Fees	35 448	22 500	( 12 948)
Consulting Fees	2 235	-	( 2 235)
Office Expenses	24 394	81 050	56 656
Insurance	11 657	11 000	( 657)
Professional Services	128 849	50 000	( 78 849)
Travel	6 199	-	( 6 199)
Meals and Entertainment	662	-	( 662)
Repairs and Maintenance	47 307	-	( 47 307)
Supplies	2 594	-	( 2 594)
Capital Lease Principal	192 209	185 073	( 7 136)
Capital Lease Interest	60 949	68 085	7 136
Note Principal	421 427	239 577	( 181 850)
Note Interest	86 469	92 202	5 733
Capital Outlay	489 135	350 000	( 139 135)
Total Expenditures/Expenses	<u>2 836 666</u>	<u>3 110 987</u>	<u>274 321</u>
Excess (Deficiency) of Revenues over Expenditures	900 289	( 17)	900 306
Notes Payable Proceeds	275 000	-	275 000
Change in Fund Balance	1 175 289	( 17)	1 175 306
Fund Balance			
Beginning of the Year	<u>2 683 558</u>	<u>2 683 558</u>	<u>-</u>
End of the Year	<u>\$ 3 858 847</u>	<u>\$ 2 683 541</u>	<u>\$ 1 175 306</u>

\* Budget was not amended during the year. Therefore, the original budget is the same as the final budget.



## **SUPPLEMENTARY INFORMATION**



# FORT BEND EMERGENCY SERVICES DISTRICT NO. 4

## SUPPLEMENTARY INFORMATION ANALYSIS OF TAXES RECEIVABLE DECEMBER 31, 2013

Taxes Receivable - Beginning of Year	\$ 1 549 986
2013 Tax Roll	3 161 722
Adjustment to prior year taxes	<u>47 261</u>
Total to be Accounted for	4 758 969
Tax Collections Received from Tax Collector	<u>(3 528 697)</u>
Taxes Receivable - End of Year	<u>\$ 1 230 272</u>
Taxes Receivable - By Years	
2013	\$ 1 182 465
2012	13 220
2011	7 749
2010	6 093
2009	5 788
2008 - 1985	<u>14 957</u>
Taxes Receivable - End of Year	<u>\$ 1 230 272</u>

### Assessed Valuation Summary

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Property Valuations					
Real Property	\$ 3 900 976 246	\$ 3 241 373 015	\$ 2 735 089 540	\$ 2 371 104 926	\$ 2 026 152 161
Personal Property	<u>69 240 688</u>	<u>55 312 540</u>	<u>49 913 747</u>	<u>50 337 377</u>	<u>48 852 202</u>
Total Property Valuations	<u>\$ 3 970 216 934</u>	<u>\$ 3 296 685 555</u>	<u>\$ 2 785 003 287</u>	<u>\$ 2 421 442 303</u>	<u>\$ 2 075 004 363</u>
Tax Rate per \$100 Valuation	<u>\$ 0.079636</u>	<u>\$ 0.081030</u>	<u>\$ 0.078271</u>	<u>\$ 0.078040</u>	<u>\$ 0.082340</u>
Tax Rolls	<u>\$ 3 161 722</u>	<u>\$ 2 671 304</u>	<u>\$ 2 179 850</u>	<u>\$ 1 889 694</u>	<u>\$ 1 708 559</u>
Percent of Taxes Collected to Taxes Levied	<u>62.6%</u>	<u>99.5%</u>	<u>99.6%</u>	<u>99.7%</u>	<u>99.7%</u>

See the accompanying Independent Auditors' Report

# FORT BEND EMERGENCY SERVICES DISTRICT NO. 4

## SUPPLEMENTARY INFORMATION BOARD MEMBERS AND CONSULTANTS DECEMBER 31, 2013

District Mailing Address: Fort Bend County Emergency Services District No. 4  
PO Box 494  
Fulshear Texas, 77441

District Telephone Number: 281-533-0095

<u>Names</u>	<u>Term of office (Appointed) or Date Hired</u>	<u>Fees of Office Paid* FYE 12/31/13</u>	<u>Expense Reimburse- ments FYE 12/31/13</u>	<u>Title at Year End</u>
Board Members:				
S Evans	(Appointed) 01/01/13 - 12/31/14	\$ -	\$ -	President
J Minton	(Appointed) 01/01/13 - 12/31/14	\$ -	\$ -	Secretary
R McCormack	(Appointed) 01/01/12 - 12/31/13	\$ -	\$ -	Vice President
P Speer	(Appointed) 01/01/12 - 12/31/13	\$ -	\$ -	Treasurer
M Lavengco	(Appointed) 01/01/12 - 12/31/13	\$ -	\$ -	

**FORT BEND EMERGENCY SERVICES DISTRICT NO. 4****SUPPLEMENTARY INFORMATION  
BOARD MEMBERS AND CONSULTANTS  
DECEMBER 31, 2013  
(Continued)**

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

<u>Names</u>	<u>Term of office (Appointed) or Date Hired</u>	<u>Fees of Office Paid* FYE 12/31/13</u>	<u>Expense Reimburse- ments FYE 12/31/13</u>	<u>Title at Year End</u>
Consultants:				
Allen Scopel	2008	\$ 2 235	\$ -	Consultant
Breedlove & Co., P.C.	2006	\$ 8 198	\$ -	Auditor
Levin & Atwood L.L.P.	2008	\$ 1 165	\$ -	Attorney
Crady Jewett & McCulley L.L.P.	2012	\$ 12 693	\$ -	Litigation Attorney
Coveler & Katz	2012	\$ 10 085	\$ -	Annexation Attorney
Patsy Schultz	2006	\$ 35 448	\$ -	Tax Collector
Fort Bend County Appraisal District	2006	\$ 16 275	\$ -	Appraisal District





# BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

17014 Seven Pines Drive  
Spring, Texas 77379  
(281) 379-1065  
(281) 379-6322 (fax)

RICHARD W. BREEDLOVE, CPA  
President

March 15, 2014

The Board of Commissioners  
Fort Bend County Emergency Services District No. 4  
Fort Bend, Texas

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fort Bend Emergency Services District No. 4 ("the District") as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the District's internal control to be a significant deficiency:

During the course of performing an audit, it is not unusual for the auditor to prepare various journal entries to present the government-wide financial statements on the accrual basis of accounting. Management's reliance upon the auditor to detect and make these necessary adjustments is considered to be a significant deficiency in internal control.

This communication is intended solely for the information and use of management and the Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Richard W. Breedlove



# BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

17014 Seven Pines Drive  
Spring, Texas 77379  
(281) 379-1065  
(281) 379-6322 (fax)

RICHARD W. BREEDLOVE, CPA  
President

March 15, 2014

The Board of Commissioners  
Fort Bend County Emergency Services District No. 4  
Fort Bend, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fort Bend County Emergency Services District No. 4 ("the District") for the year ended December 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 24, 2013. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements for the year ended December 31, 2013.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures will be corrected by the bookkeeper: taxes receivable and tax revenues, amounts due from the tax assessor, accounts payable and depreciation charge for the year.



*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 15, 2014.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We would like to bring to the Board's attention that throughout the year there were instances where funds held at the banks were in excess of the FDIC Coverage and pledged securities, and we advise that the District put procedures in place for obtaining additional coverage to prevent the risk of funds being uninsured and at risk.

*Other Information in Documents Containing Audited Financial Statements*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form and content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the Supplementary Information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

This information is intended solely for the use of the Board of Commissioners and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Richard W. Breedlove

