
FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

REPORT ON FINANCIAL STATEMENTS
(With Supplemental Material)

FOR THE YEAR ENDED DECEMBER 31, 2019

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

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BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

June 16, 2020

Board of Commissioners
Fort Bend County Emergency Services District No. 4
Fort Bend 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 County Emergency Services District No. 4, as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 County Emergency Services District No. 4, as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and change in net pension liability (asset) and related ratios, and employer contributions information on pages 3 through 6 and 25 through 28 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 an opinion on the financial statements that collectively comprise Fort Bend County 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 relates 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 COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2019

Our discussion and analysis of the financial performance of Fort Bend County Emergency Services District No. 4 (the “District”) provides an overview of the District's financial activities for the year ended December 31, 2019. Please read it in conjunction with the District’s financial statements, 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 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 \$31,209,261 as of December 31, 2019.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2019

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Net Position	
	2019	2018
Current and other assets	\$ 21 504 929	\$ 17 782 099
Capital assets	<u>11 632 423</u>	<u>12 095 434</u>
Total assets	<u>\$ 33 137 352</u>	<u>\$ 29 877 533</u>
Deferred outflows of resources	\$ 1 817	\$ -
Current liabilities	\$ 1 038 663	\$ 1 256 105
Long term liabilities	<u>847 328</u>	<u>1 011 342</u>
Total liabilities	<u>\$ 1 885 991</u>	<u>\$ 2 267 447</u>
Deferred inflows of resources	\$ 43 917	\$ -
Net position:		
Net investment in capital assets	\$ 10 587 474	\$ 9 988 645
Restricted	8 073 181	3 978 096
Unrestricted	<u>12 548 606</u>	<u>13 643 345</u>
Total net position	<u>\$ 31 209 261</u>	<u>\$ 27 610 086</u>

The following table provides a summary of the District's operations for the year ended December 31, 2019. The District increased its net position by \$3,599,175.

	Summary of Changes in Net Position	
	2019	2018
Revenues:		
Property taxes	\$ 8 301 953	\$ 7 507 924
Other revenues	<u>373 781</u>	<u>358 464</u>
Total revenues	<u>8 675 734</u>	<u>7 866 388</u>
Expenses for services	-	1 361 977
Interest expense	36 990	33 924
Depreciation	598 330	519 364
Operating expenses	<u>4 441 239</u>	<u>2 158 796</u>
Total expenses	<u>5 076 559</u>	<u>4 074 061</u>
Change in net position	3 599 175	3 792 327
Net position, beginning of period	<u>27 610 086</u>	<u>23 817 759</u>
Net position, end of period	<u>\$ 31 209 261</u>	<u>\$ 27 610 086</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2019

(Continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's fund balance as of December 31, 2019 was \$17,325,713.

The General Fund balance increased by \$3,643,517.

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 \$3,643,517 more than the budgeted amount.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2019

(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)

	2019	2018
Land	\$ 6 007 027	\$ 6 007 027
Buildings, net of depreciation	2 236 096	2 312 544
Machinery and Equipment, net of depreciation	255 190	325 614
Vehicles, net of depreciation	2 128 645	2 580 103
Construction in progress	1 005 465	870 146
Total Capital Assets	<u>\$ 11 632 423</u>	<u>\$ 12 095 434</u>

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2019 are summarized as follows:

Long term debt, beginning of year	\$ 1 236 643
Proceeds from long term debt	-
Retirements of principal	<u>(191 694)</u>
Long term debt, end of year	<u>\$ 1 044 949</u>

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 and or the Business Manager, P. O. Box 494, Fulshear, Texas 77441.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 6 916 146	\$ -	\$ 6 916 146
Cash and Cash Equivalents - Restricted	8 073 181	-	8 073 181
Taxes Receivable	3 318 890	-	3 318 890
Accounts Receivable - Other	124	-	124
Due from Tax Assessor	3 135 850	-	3 135 850
Prepaid Expenses	60 738	-	60 738
Capital Assets			
Land	-	6 007 027	6 007 027
Capital Assets Net of Accumulated Depreciation of \$5,333,187	-	4 619 931	4 619 931
Construction in progress	-	1 005 465	1 005 465
Total Assets	<u>\$ 21 504 929</u>	<u>\$ 11 632 423</u>	<u>\$ 33 137 352</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources			
Total Deferred Outflows of Resources	<u>1 817</u>	<u>-</u>	<u>1 817</u>
Total Assets and Deferred Outflows of Resources	<u>1 817</u>	<u>-</u>	<u>1 817</u>
	<u>\$ 21 506 746</u>	<u>\$ 11 632 423</u>	<u>\$ 33 139 169</u>
<u>LIABILITIES</u>			
Liabilities			
Accounts Payable	\$ 77 972	\$ -	\$ 77 972
Accrued Interest Payable	-	22 816	22 816
Retirement Plan Payable	49 870	-	49 870
Net Pension Liability	522 972	-	522 972
Payroll Liabilities	167 412	-	167 412
Long Term Liabilities			
Due within One Year	-	197 621	197 621
Due after One Year	-	847 328	847 328
Total Liabilities	<u>818 226</u>	<u>1 067 765</u>	<u>1 885 991</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources	43 917	-	43 917
Unavailable Tax Revenue	<u>3 318 890</u>	<u>(3 318 890)</u>	<u>-</u>
	<u>3 362 807</u>	<u>(3 318 890)</u>	<u>43 917</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund Balances			
Committed	8 073 181	(8 073 181)	-
Unassigned	<u>9 252 532</u>	<u>(9 252 532)</u>	<u>-</u>
Total Fund Balance	<u>17 325 713</u>	<u>(17 325 713)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 21 506 746</u>		
Net Position			
Net Investment in Capital Assets		10 587 474	10 587 474
Restricted		8 073 181	8 073 181
Unrestricted		<u>12 548 606</u>	<u>12 548 606</u>
Total Net Position		<u>31 209 261</u>	<u>31 209 261</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position		<u>\$ 11 632 423</u>	<u>\$ 33 139 169</u>

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Property Taxes	\$ 8 073 146	\$ 228 807	\$ 8 301 953
Other Income	37 375	-	37 375
Penalty and Interest on Property Taxes	36 649	-	36 649
Interest Earned on Temporary Investments	299 757	-	299 757
Total Revenues	<u>8 446 927</u>	<u>228 807</u>	<u>8 675 734</u>
Expenditures/Expenses			
Accounting	30 436	-	30 436
Administrative	142	-	142
Appraisal District Fees	59 850	-	59 850
Auditing Fees	13 853	-	13 853
Contract Labor	3 000	-	3 000
Collection Fees	11 548	-	11 548
Communication	15 478	-	15 478
Dues and Subscriptions	9 808	-	9 808
Equipment Testing, Repairs and Maintenance	173 759	-	173 759
Facility Maintenance	135 372	-	135 372
Foam	1 722	-	1 722
Fuel	36 230	-	36 230
Information Technology	84 670	-	84 670
Insurance	128 496	-	128 496
Office	13 287	-	13 287
Payroll and Related Expense	3 454 170	-	3 454 170
Physicals	22 579	-	22 579
Professional Services	89 239	-	89 239
Protective Gear	21 338	-	21 338
Station and Facility Expense	38 747	-	38 747
Staff Training	9 740	-	9 740
Travel	6 726	-	6 726
Uniforms	16 857	-	16 857
Utilities	64 192	-	64 192
Capital Outlay	135 319	(135 319)	-
Depreciation	-	598 330	598 330
Debt Service			
Capital Lease Principal	191 694	(191 694)	-
Capital Lease Interest	35 158	1 832	36 990
Total Expenditures/Expenses	<u>4 803 410</u>	<u>273 149</u>	<u>5 076 559</u>
Excess Revenues Over Expenditures	3 643 517	(44 342)	3 599 175
Fund Balance/Net Position			
Beginning of Year	13 682 196	13 927 890	27 610 086
End of Year	<u>\$ 17 325 713</u>	<u>\$ 13 883 548</u>	<u>\$ 31 209 261</u>

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

NOTE (1) CREATION OF DISTRICT

Fort Bend County Emergency Services District No. 4 ("District") 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 County 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 accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

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

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

a. Fund Types:

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

(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 commissioners or by an official or body to which the board of commissioners delegates the authority.
- **Unassigned fund balance** - amounts that are available for any purpose.

The District uses the following classifications for net position:

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

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

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

(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 implemented GASB Statement No. 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, 2019. 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 position.

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 Commissioners' 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, regardless of maturity date.

F. CAPITAL ASSETS

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

(Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. CAPITAL ASSETS (Continued)

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

H. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

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

I. COMPENSATED ABSENCES

Employees are granted paid time off benefits depending on tenure with the District. Generally, annual leave must be taken by December 31 of each year. Annual leave is accumulated 9 hours per pay period worked. Employees are allowed to carry over up to a maximum of 96 hours per year. Employees are entitled to their accrued leave upon termination. This amount is charged to expense and a corresponding liability is established when earned. For the year end December 31, 2019, the District recognized a liability of \$56,746 for accrued leave, which has been reported on the Statement of Net Position under payroll liabilities.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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, 2019	\$ 17 325 713
Conversion of property tax assessments to full accrual basis	3 318 890
Interest paid on long term debt is adjusted to accrual basis	(22 816)
Long-term debt obligations are not reported in the funds	(1 044 949)
Capital assets used in governmental activities are not financial and are not reported in the funds.	<u>11 632 423</u>
Adjustment to fund balance to arrive at net position	<u>13 883 548</u>
Total Net Position at December 31, 2019	<u>\$ 31 209 261</u>

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

Change in fund balance	\$ 3 643 517
Conversion of property tax assessments to full accrual basis	228 807
Interest paid on long term debt is adjusted to accrual basis	(1 832)
Principal payments on debt are reported as expenditures. None of the transactions, however, have any effect on net position.	191 694
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>(463 011)</u>
Change in net position of governmental activities	<u>\$ 3 599 175</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 (Continued)

NOTE (3) AD VALOREM TAX

During the year ended December 31, 2019, the District levied an ad valorem tax at the rate of \$.10 per \$100 of assessed valuation, which resulted in a tax levy of \$8,283,441 for 2019, on the taxable valuation of \$8,283,440,733 for the 2019 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 prior to the delinquent date, or as soon after September 1 as it took to set the tax rate. The lien date was January 1 subsequent to the delinquent date.

In the governmental funds, property taxes are initially recorded as receivables and unearned revenue at the time the tax levy is billed. Revenues recognized during the fiscal year ended December 31, 2019 include collections during the current period or within 60 days of year-end related to the 2019 and prior years' tax levies.

NOTE (4) DEPOSITS AND INVESTMENTS

During the year ended December 31, 2019, the contracted depository bank used by the District was NewFirst Bank. The largest cash, savings, and time deposit combined balance during the year ended December 31, 2019 was \$21,333,249 and occurred in April 2019. During the year all funds were adequately secured.

The District also has a money market account with Wallis State Bank. The largest balance during the year ended December 31, 2019 was \$243,016 and occurred in December 2019. These deposits were adequately secured by FDIC coverage.

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 holds investments at December 31, 2019, in accordance with the Board approved investment policy in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"). Texas CLASS is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended (the "Act"). Texas CLASS is created under an Amended and Restated Trust, dated May 1, 2001 (the "Agreement"), among certain Texas governmental entities investing in the pool (the "Participants"), Public Trust Advisors LLC ("Public Trust"), as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian. Texas CLASS is not SEC-registered and is not subject to regulatory oversight by the State of Texas. Under the Agreement, however, Texas CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, Texas CLASS has contracted with Public Trust to provide for the investment and management of the public funds of Texas CLASS. The fair value of the District's position in the pool is the same the value of pool shares. At December 31, 2019, the District had a balance of \$5,071,247 in Texas CLASS.

Local governments are subject to the Public Funds Investment Act as amended during the 1995 legislative session. The Act directs local governments to adopt a written investment policy that primarily emphasizes safety of principal and liquidity. Also addressed under the Act are the areas of investment diversification, yield, maturity, and quality of investment management, The District has complied with the Act's provisions during its fiscal year ended December 31, 2019.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019****(Continued)****NOTE (5) CAPITAL ASSETS**

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

	Balances at 12/31/18	Additions (Dispositions)	Depreciation	Balances at 12/31/19
Land	\$ 6 007 027	\$ -	\$ -	\$ 6 007 027
Buildings	2 981 461	-	-	2 981 461
Furniture and Fixtures	48 661	-	-	48 661
Machinery and Equipment	1 064 583	-	-	1 064 583
Vehicles	5 858 413	-	-	5 858 413
Accumulated Depreciation	(4 734 857)	-	(598 330)	(5 333 187)
Capital Assets	5 218 261	-	(598 330)	4 619 931
Construction in progress	870 146	135 319	-	1 005 465
Totals, net	<u>\$ 12 095 434</u>	<u>\$ 135 319</u>	<u>\$ (598 330)</u>	<u>\$ 11 632 423</u>

Construction in progress relates to the architect fees and other professional fees related to the construction of a new station within the District. At December 31, 2019, the District has not entered into a contract for the construction of the new station.

NOTE (6) COMMITTED / RESTRICTED FUNDS

The Board of Commissioners has committed / restricted \$450,000 for the purpose of contingencies or emergencies. During the year ended December 31, 2019, the Board has committed an additional \$7,623,181 for the purpose of future capital projects that include a firefighting training center, communications, purchase of land for the construction of future station sites and various vehicles, apparatus and equipment.

NOTE (7) INSURANCE PROCEEDS

On July 10, 2019, the District experienced property damage to one of the vehicles following a road traffic accident. The District submitted an insurance claim to repair the vehicle.

On November 20, 2019, the District received \$20,046 in insurance proceeds relating to the vehicle damage claim. Those proceeds were deposited in the NewFirst checking account.

The District entered a contract for the repairs. The total cost of the repairs was \$20,046 and were completed during the year end. The insurance proceeds received are reported in equipment testing repairs and maintenance on the Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balance.

NOTE (8) REIMBURSEMENT FROM TEXAS DIVISION OF EMERGENCY MANAGEMENT

During the year ended December 31, 2019 the District received \$17,475 from the Texas Division of Emergency Management. This reimbursement was to cover the payroll costs related to the amounts paid to an employee of the District who was deployed to California to assist in fighting the California wildfires that occurred in 2018. This amount is reported in other income on the Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balance.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019
(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 April 1, 2014, the Board entered into a \$1,261,525 capital lease payable with Leasing 2 Inc. The proceeds were used to pay for the purchase of a new Spartan ERV rear mounted platform. Principal and interest payments of \$145,315 are due annually beginning April 2015 through April 2024. At January 1, 2019 the District owed \$796,215 on this lease. During the year ended December 31, 2019 the District made repayments of \$145,315. Of this amount \$21,159 was applied to interest. At the year end the total amount to be repaid was \$672,059.

On May 16, 2014, the Board entered into a \$699,683 capital lease payable with Community First National Bank. The proceeds were used to pay for the purchase a Spartan ERV custom pumper. Principal and interest payments of \$79,986 are due annually beginning May 16, 2014 through May 2018, beginning January 1, 2019 the principal and interest payments increase to \$81,538 through May 16, 2020. At January 1, 2019 the District owed \$440,428 on this lease. During the year ended December 31, 2019 the District made repayments of \$81,538. Of this amount \$14,000 was applied to interest. At the year end the total amount to be repaid was \$372,890.

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

Vehicles	\$ 2 161 208
Less accumulated depreciation	<u>(1 080 604)</u>
	<u>\$ 1 080 604</u>

Future maturities of the balances outstanding are as follows:

<u>Year Ending</u>	<u>Amount</u>
2020	\$ 226 853
2021	226 853
2022	226 853
2023	226 853
2024	<u>226 853</u>
Total minimum payments	1 134 265
Less amount representing interest	(89 316)
Less current maturities of present value of minimum lease payments	<u>(197 621)</u>
Present value of minimum lease payments - net of current maturities	<u>\$ 847 328</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 (Continued)

NOTE (10) OPERATING LEASES

On November 17, 2014, the District entered into a 39-month non-cancelable operating lease for a copier requiring rent payments of \$277 monthly (or \$3,324 annually). The lease term expired February 28, 2018. At that point, the District went to a month to month contract at the same terms and conditions as the original lease agreement.

On June 19, 2019, the District entered a 39-month non-cancelable operating lease for a copier requiring rent payments of \$243 monthly (or \$2,916 annually). Lease expense incurred under this agreement during the year ended December 31, 2019 was \$1,458.

Future maturities of the balances outstanding are as follows:

<u>Year Ending</u>	<u>Amount</u>
2020	\$ 2 916
2021	2 916
2022	1 458
	<u>\$ 7 290</u>

NOTE (11) RETIREMENT PLAN

Plan Description

During the year ended December 31, 2018, the District began contributing to the Texas County & District Retirement System (the "Plan") which is a statewide, agent multiple-employer, public employee retirement system. All full- and part-time non-temporary employees participate in the Plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Note that retirement plan information disclosed in this audit report was based on the GASB 68 Report for TCDRS furnished by Milliman to the District for the year ended December 31, 2018. This is due to the delayed issuance of the Milliman annual evaluation.

Employee membership data related to the Plan, as of December 31, 2018 was as follows:

Inactive employees entitled to but not yet receiving benefits	1
Active plan members	<u>20</u>
	<u>21</u>

Any participant whose years of continuous employment, when added to the participant's age equals or exceeds 75, may retire without a reduction in the monthly benefit.

By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.

Plan provisions include death benefits for the surviving spouse if the employee had 4 or more years of service. The Plan provides a monthly income for disabled participants who have 8 or more years of service. Benefits vest at 100% after eight years of service.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 (Continued)

NOTE (11) RETIREMENT PLAN (Continued)

Plan Description (continued)

Generally, plan participants earn TCDRS service time for every month a deposit is made into a TCDRS account. There are no automatic cost-of-living adjustments (COLAs). Each year, the District may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation. Benefit terms are established under the TCDDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act.

For the year ended December 31, 2018, the District's total payroll for all employees was \$643,612. Total covered payroll was \$498,028. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan and was calculated by the actuary based on contributions as reported to the Plan.

Contributions

Employees of the District are required to contribute 7% of covered compensation to the Plan. The contributions are deducted from the employee's wages or salary and remitted by the District to the Plan on a monthly basis. The District's contractually required contribution rate for the year ended December 31, 2018, was 8.36% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's contributions to the Plan for the year ended December 31, 2018 were \$41,625.

Pension Assets, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the District reported a liability of \$774,928 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2018, the District's proportion was 8%.

For the year ended December 31, 2018, the District recognized pension expense of \$816,553. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 43 917	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	1 817
Contributions subsequent to the measurement date	N/A	Employer determined
Total	<u>\$ 43 917</u>	<u>\$ 1 817</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)

NOTE (11) RETIREMENT PLAN (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	
2019	\$ (3 938)
2020	(3 938)
2021	(3 938)
2022	(3 937)
2023	(4 392)
Thereafter	(21 957)

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career including inflation.
Investment rate of return	8.0%, net of investment expenses, including inflation

In the 2018 actuarial valuation, assumed life expectancies were adjusted as a result of adopting 130% of the RP-2014 Healthy Annuitant Mortality Table of males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments was determined by adding expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by the Plan's investment consultant, Cliffwater, LLC. The numbers shown are based on January 2019 information for a 10-year time horizon.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)

NOTE (11) RETIREMENT PLAN (Continued)

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected
		Minus Inflation)
US Equities	10.50%	5.40%
Private Equity	18.00%	8.40%
Global Equities	2.50%	5.70%
International Equities - Developed	10.00%	5.40%
International Equities - Emerging	7.00%	5.90%
Investment - Grade Bonds	3.00%	1.60%
Strategic Credit	12.00%	4.39%
Direct Lending	11.00%	7.95%
Distressed Debt	2.00%	7.20%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	3.00%	5.35%
Private Real Estate Partnerships	6.00%	6.30%
Hedge Funds	<u>13.00%</u>	3.90%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive, and retired employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)

NOTE (11) RETIREMENT PLAN (Continued)

Changes in District's Net Pension Liability/(Asset)

Changes in the District's net pension liability/(asset) for the year ended December 31, 2018 was as follows:

	<u>Increase/(Decrease)</u>		
	<u>Total Pension</u>	<u>Plan Fiduciary</u>	<u>Net Pension</u>
	<u>Liability</u>	<u>Net Position</u>	<u>Liability/(Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances as of December 31, 2017	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	602 070	-	602 070
Interest on total pension liability	48 768	-	48 768
Effect of Plan changes	-	-	-
Effect of economic/demographic gains or losses	(48 309)	-	(48 309)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	(64)	64
Member contributions	-	34 862	(34 862)
Net investment income	-	854	(854)
Employer contributions	-	41 625	(41 625)
Other	-	2 280	(2 280)
Balances as of December 31, 2018	<u>\$ 602 529</u>	<u>\$ 79 557</u>	<u>\$ 522 972</u>

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's net pension liability calculated using the discount rate of 8.10%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.10%) or 1-percentage-point higher (9.10%) than the current rate:

	<u>Net Pension</u>	
	<u>Discount Rate</u>	<u>Liability/(Asset)</u>
1% Decrease	7.10%	\$ 622 395
Current Discount Rate	8.10%	\$ 522 972
1% Increase	9.10%	\$ 442 102

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

NOTE (11) RETIREMENT PLAN (Continued)

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Plan financial report.

Payable to the Plan

At December 31, 2019, the District reported a payable of \$32,802 for the outstanding amount of contributions due to the Plan for the year.

NOTE (12) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 16, 2020 (the date the financial statements were available to be issued) and noted that the coronavirus pandemic occurred subsequent to year end. The economic effects of this pandemic on the District are unknown at the date of this report. No additional subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

FORT BEND COUNTY 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, 2019**

	Actual	Original and Final Budget *	Variance Positive (Negative)
Revenues:			
Property Taxes	\$ 8 073 146	\$ 7 299 050	\$ 774 096
Other Income	37 375	-	37 375
Penalty and Interest on Property Taxes	36 649	-	36 649
Interest Earned on Temporary Investments	<u>299 757</u>	<u>-</u>	<u>299 757</u>
Total Revenues	<u>8 446 927</u>	<u>7 299 050</u>	<u>1 147 877</u>
Expenditures/Expenses			
Accounting	30 436	30 000	(436)
Administrative	142	500	358
Appraisal District Fees	59 850	60 050	200
Auditing Fees	13 853	18 000	4 147
Contract Labor	3 000	10 000	7 000
Collection Fees	11 548	10 000	(1 548)
Communication	15 478	44 000	28 522
Dues and Subscriptions	9 808	10 000	192
Emergency Management	-	25 000	25 000
Equipment Testing, Repairs and Maintenance	173 759	189 700	15 941
Facility Maintenance	135 372	276 000	140 628
Foam	1 722	7 500	5 778
Fuel	36 230	45 000	8 770
Information Technology	84 670	102 500	17 830
Insurance	128 496	82 500	(45 996)
Office	13 287	31 500	18 213
Payroll and Related Expense	3 454 170	4 874 399	1 420 229
Physicals	22 579	5 000	(17 579)
Professional Services	89 239	130 000	40 761
Protective Gear	21 338	109 000	87 662
Station and Facility Expense	38 747	46 600	7 853
Staff Training	9 740	125 000	115 260
Travel	6 726	17 500	10 774
Uniforms	16 857	40 000	23 143
Utilities	64 192	73 000	8 808
Capital Outlay	135 319	711 000	575 681
Debt Service			
Capital Lease Principal	191 694	191 400	(294)
Capital Lease Interest	<u>35 158</u>	<u>33 901</u>	<u>(1 257)</u>
Total Expenditures/Expenses	<u>4 803 410</u>	<u>7 299 050</u>	<u>2 495 640</u>
Excess (Deficiency) of Revenues over Expenditures	3 643 517	-	3 643 517
Fund Balance			
Beginning of the Year	<u>13 682 196</u>	<u>13 682 196</u>	<u>-</u>
End of the Year	<u>\$ 17 325 713</u>	<u>\$ 13 682 196</u>	<u>\$ 3 643 517</u>

See the Accompanying Independent Auditors' Report

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability				
Service cost	\$ 602 070	N/A	N/A	N/A
Interest on total pension liability	48 768	N/A	N/A	N/A
Effect of plan changes	-	N/A	N/A	N/A
Effect of assumption changes or inputs	-	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(48 309)	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>-</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in total pension liability	602 529	N/A	N/A	N/A
Total pension liability, beginning	<u>-</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total pension liability, ending	<u>\$ 602 529</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary Net Position				
Employer contributions	41 625	N/A	N/A	N/A
Member contributions	34 862	N/A	N/A	N/A
Investment income net of investment expenses	854	N/A	N/A	N/A
Benefit payments/refunds of contributions	-	N/A	N/A	N/A
Administrative expenses	(64)	N/A	N/A	N/A
Other	<u>2 280</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in fiduciary net position	79 557	N/A	N/A	N/A
Fiduciary net position, beginning	<u>-</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position, ending	<u>79 557</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability/(asset), ending	<u>\$ 522 972</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability/(asset)	13.20%	N/A	N/A	N/A
Pensionable covered payroll	\$ 498 028	N/A	N/A	N/A
Net pension liability/(asset) as a % of covered payroll	105.01%	N/A	N/A	N/A

See the Accompanying Independent Auditors' Report

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4**REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2009					
2010					
2011					
2012					
2013					
2014					
2015					
2016					
2017					
2018	\$ 41 386	\$ 41 625	\$ (239)	\$ 498 028	8.4%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**NOTE (1) VALUATION DATE**

Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

NOTE (2) METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/18 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.0%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2018 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later.

SUPPLEMENTARY INFORMATION

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

SUPPLEMENTARY INFORMATION ANALYSIS OF TAXES RECEIVABLE DECEMBER 31, 2019

Taxes Receivable - Beginning of Year	\$ 3 090 083
2019 Tax Roll	8 283 441
Adjustment to prior year taxes	<u>18 512</u>
Total to be Accounted for	11 392 036
Tax Collections Received from Tax Collector	<u>(8 073 146)</u>
Taxes Receivable - End of Year	<u>\$ 3 318 890</u>
Taxes Receivable - By Years	
2019	\$ 3 228 644
2018	32 309
2017	14 780
2016	11 002
2015	7 707
2014 - 1998	<u>24 448</u>
Taxes Receivable - End of Year	<u>\$ 3 318 890</u>

	<u>Assessed Valuation Summary</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Property Valuations					
Real Property	\$ 8 079 428 718	\$ 7 339 832 083	\$ 6 926 089 280	\$ 6 558 382 920	\$ 5 718 078 387
Personal Property	<u>204 012 015</u>	<u>142 768 129</u>	<u>137 130 079</u>	<u>131 179 478</u>	<u>112 646 460</u>
Total Property					
Valuations	<u>\$ 8 283 440 733</u>	<u>\$ 7 482 600 212</u>	<u>\$ 7 063 219 359</u>	<u>\$ 6 689 562 398</u>	<u>\$ 5 830 724 847</u>
Tax Rate per \$100 Valuation	<u>\$ 0.100000</u>	<u>\$ 0.100000</u>	<u>\$ 0.100000</u>	<u>\$ 0.100000</u>	<u>\$ 0.100000</u>
Tax Rolls	<u>\$ 8 283 441</u>	<u>\$ 7 482 600</u>	<u>\$ 7 063 219</u>	<u>\$ 6 689 562</u>	<u>\$ 5 830 725</u>
Percent of Taxes Collected to Taxes					
Levied	<u>61.0%</u>	<u>99.6%</u>	<u>99.8%</u>	<u>99.8%</u>	<u>99.9%</u>

See the Accompanying Independent Auditors' Report

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

SUPPLEMENTARY INFORMATION BOARD MEMBERS AND CONSULTANTS DECEMBER 31, 2019

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 12/31/19</u>	<u>Expense Reimburse- ments FYE 12/31/19</u>	<u>Title at Year End</u>
Board Members:				
D McJunkin	(Appointed) 01/01/18 - 12/31/19	\$ -	\$ -	President
E Krenek	(Appointed) 01/01/19 - 12/31/20	\$ -	\$ -	Vice President
B Warren	(Appointed) 01/01/18 - 12/31/19	\$ -	\$ -	Treasurer
K Stacy	(Appointed) 01/1/18 - 12/31/19	\$ -	\$ -	Secretary
T Kuykendall	(Appointed) 10/16/19 - 12/31/20	\$ -	\$ -	Assistant Treasurer / Secretary

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

**SUPPLEMENTARY INFORMATION
BOARD MEMBERS AND CONSULTANTS
DECEMBER 31, 2019
(Continued)**

<u>Names</u>	<u>Term of office (Appointed) or Date Hired</u>	<u>Fees of Office Paid* FYE 12/31/19</u>	<u>Title at Year End</u>
Consultants:			
Breedlove & Co., P.C.	2006	\$ 13 853	Auditor
Smith, Murdaugh, Little & Bonham, L.L.P.	2016	\$ 12 123	Attorney
Radcliffe Bobbitt Adams Polley	2019	\$ 64 997	Attorney
Patsy Schultz	2006	\$ 109	Tax Collector
Carrie Surratt	2019	\$ 11 514	Tax Collector
Fort Bend County Appraisal District	2006	\$ 59 842	Appraisal District
LJA Engineering	2017	\$ 1 330	Engineer
Brown Reynolds Watford Architects, Inc.	2017	\$ 184 168	Architect
Municipal Accounts & Consulting, L.P.	2017	\$ 30 436	Bookkeeper

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