
FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

REPORT ON FINANCIAL STATEMENTS
(With Supplemental Material)

FOR THE YEAR ENDED DECEMBER 31, 2020

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

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BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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JILL A. HENZE, CPA
President

NICOLE BREEDLOVE HUNT, CPA
CEO

INDEPENDENT AUDITORS' REPORT

June 15, 2021

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, 2020 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, 2020, 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, 2020

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, 2020. 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 \$36,833,838 as of December 31, 2020.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2020

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Net Position

	2020	2019
Current and other assets	\$ 21 971 069	\$ 21 504 929
Capital assets	<u>15 753 135</u>	<u>11 632 423</u>
Total assets	<u>\$ 37 724 204</u>	<u>\$ 33 137 352</u>
Deferred outflows of resources	<u>\$ 135 512</u>	<u>\$ 1 817</u>
Current liabilities	\$ 986 353	\$ 1 038 663
Long term liabilities	<u>-</u>	<u>847 328</u>
Total liabilities	<u>\$ 986 353</u>	<u>\$ 1 885 991</u>
Deferred inflows of resources	<u>\$ 39 525</u>	<u>\$ 43 917</u>
Net position:		
Net investment in capital assets	\$ 15 753 135	\$ 10 587 474
Restricted	1 961 688	8 073 181
Unrestricted	<u>19 119 015</u>	<u>12 548 606</u>
Total net position	<u>\$ 36 833 838</u>	<u>\$ 31 209 261</u>

The following table provides a summary of the District's operations for the year ended December 31, 2020. The District increased its net position by \$5,624,577.

Summary of Changes in Net Position

	2020	2019
Revenues:		
Property taxes	\$ 9 258 716	\$ 8 301 953
Other revenues	<u>291 756</u>	<u>373 781</u>
Total revenues	<u>9 550 472</u>	<u>8 675 734</u>
Interest expense	8 011	36 990
Depreciation	627 516	598 330
Operating expenses	<u>3 290 368</u>	<u>4 441 239</u>
Total expenses	<u>3 925 895</u>	<u>5 076 559</u>
Change in net position	5 624 577	3 599 175
Net position, beginning of period	<u>31 209 261</u>	<u>27 610 086</u>
Net position, end of period	<u>\$ 36 833 838</u>	<u>\$ 31 209 261</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2020

(Continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's fund balance as of December 31, 2020 was \$17,343,598.

The General Fund balance increased by \$17,885.

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 \$9,731,055 more than the budgeted amount.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2020

(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)

	2020	2019
Land	\$ 6 130 341	\$ 6 007 027
Buildings, net of depreciation	2 159 648	2 236 096
Machinery and Equipment, net of depreciation	614 579	255 190
Vehicles, net of depreciation	1 667 686	2 128 645
Construction in progress	5 180 881	1 005 465
Total Capital Assets	<u>\$ 15 753 135</u>	<u>\$ 11 632 423</u>

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2020 are summarized as follows:

Long term debt, beginning of year	\$ 1 044 949
Proceeds from long term debt	-
Retirements of principal	<u>(1 044 949)</u>
Long term debt, end of year	<u>\$ -</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, 2020**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 11 997 275	\$ -	\$ 11 997 275
Cash and Cash Equivalents - Restricted	1 961 688	-	1 961 688
Taxes Receivable	3 737 105	-	3 737 105
Accounts Receivable - Other	30	-	30
Due from Tax Assessor	3 947 871	-	3 947 871
Deposits	10 000	-	10 000
Prepaid Expenses	10 497	-	10 497
Net Pension Asset	306 603	-	306 603
Capital Assets			
Land	-	6 130 341	6 130 341
Capital Assets Net of Accumulated Depreciation of \$5,960,703	-	4 441 913	4 441 913
Construction in progress	-	5 180 881	5 180 881
Total Assets	<u>\$ 21 971 069</u>	<u>\$ 15 753 135</u>	<u>\$ 37 724 204</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources	135 512	-	135 512
Total Deferred Outflows of Resources	<u>135 512</u>	<u>-</u>	<u>135 512</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 22 106 581</u>	<u>\$ 15 753 135</u>	<u>\$ 37 859 716</u>
<u>LIABILITIES</u>			
Liabilities			
Accounts Payable	\$ 547 199	\$ -	\$ 547 199
Retirement Plan Payable	57 584	-	57 584
Retainage Payable	198 102	-	198 102
Payroll Liabilities	183 468	-	183 468
Total Liabilities	<u>986 353</u>	<u>-</u>	<u>986 353</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources	39 525	-	39 525
Unavailable Tax Revenue	3 737 105	(3 737 105)	-
Total Deferred Inflows of Resources	<u>3 776 630</u>	<u>(3 737 105)</u>	<u>39 525</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund Balances			
Committed	1 961 688	(1 961 688)	-
Unassigned	15 381 910	(15 381 910)	-
Total Fund Balance	<u>17 343 598</u>	<u>(17 343 598)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 22 106 581</u>		
Net Position			
Net Investment in Capital Assets		15 753 135	15 753 135
Restricted		1 961 688	1 961 688
Unrestricted		19 119 015	19 119 015
Total Net Position		<u>36 833 838</u>	<u>36 833 838</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position		<u>\$ 15 753 135</u>	<u>\$ 37 859 716</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, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Property Taxes	\$ 8 840 501	\$ 418 215	\$ 9 258 716
Other Income	32 780	-	32 780
Penalty and Interest on Property Taxes	32 819	-	32 819
Interest Earned on Temporary Investments	102 843	-	102 843
Donations In Kind	123 314	-	123 314
Total Revenues	<u>9 132 257</u>	<u>418 215</u>	<u>9 550 472</u>
Expenditures/Expenses			
Accounting	36 395	-	36 395
Administrative	10	-	10
Appraisal District Fees	50 628	-	50 628
Auditing Fees	14 751	-	14 751
Contract Labor	18 000	-	18 000
Collection Fees	12 716	-	12 716
Communication	10 493	-	10 493
Dues and Subscriptions	7 397	-	7 397
Equipment Testing, Repairs and Maintenance	174 505	-	174 505
Foam	875	-	875
Fuel	30 480	-	30 480
Information Technology	98 294	-	98 294
Insurance	121 056	-	121 056
Medical Supplies	32 573	-	32 573
Office	8 783	-	8 783
Payroll and Related Expense	2 320 706	-	2 320 706
Physicals	5 685	-	5 685
Professional Services	83 132	-	83 132
Protective Gear	64 247	-	64 247
Station and Facility Expense	88 813	-	88 813
Staff Training	28 763	-	28 763
Travel	9 049	-	9 049
Uniforms	9 429	-	9 429
Utilities	63 588	-	63 588
Capital Outlay	4 748 228	(4 748 228)	-
Depreciation	-	627 516	627 516
Debt Service			
Capital Lease Principal	1 044 949	(1 044 949)	-
Capital Lease Interest	30 827	(22 816)	8 011
Total Expenditures/Expenses	<u>9 114 372</u>	<u>(5 188 477)</u>	<u>3 925 895</u>
Excess Revenues Over Expenditures	17 885	5 606 692	5 624 577
Fund Balance/Net Position			
Beginning of Year	<u>17 325 713</u>	<u>13 883 548</u>	<u>31 209 261</u>
End of Year	<u>\$ 17 343 598</u>	<u>\$ 19 490 240</u>	<u>\$ 36 833 838</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, 2020

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, 2020

(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, 2020 (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, 2020. 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, 2020
(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, 2020, the District recognized a liability of \$71,179 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, 2020

(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, 2020	\$ 17 343 598
Conversion of property tax assessments to full accrual basis	3 737 105
Capital assets used in governmental activities are not financial and are not reported in the funds.	<u>15 753 135</u>
Adjustment to fund balance to arrive at net position	<u>19 490 240</u>
Total Net Position at December 31, 2020	\$ <u>36 833 838</u>

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

Change in fund balance	\$ 17 885
Conversion of property tax assessments to full accrual basis	418 215
Interest paid on long term debt is adjusted to accrual basis	22 816
Principal payments on debt are reported as expenditures. None of the transactions, however, have any effect on net position.	1 044 949
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and conveyance of capital assets exceeded depreciation in the current period.	<u>4 120 712</u>
Change in net position of governmental activities	\$ <u>5 624 577</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (3) AD VALOREM TAX

During the year ended December 31, 2020, the District levied an ad valorem tax at the rate of \$.10 per \$100 of assessed valuation, which resulted in a tax levy of \$9,262,886 for 2020, on the taxable valuation of \$9,262,885,952 for the 2020 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, 2020 include collections during the current period or within 60 days of year-end related to the 2020 and prior years' tax levies.

NOTE (4) DEPOSITS AND INVESTMENTS

During the year ended December 31, 2020, 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, 2020 was \$14,970,971 and occurred in February 2020. 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, 2020 was \$243,553 and occurred in March 2020. These deposits were adequately secured by FDIC coverage. This account was closed during the year.

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, 2020, 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, 2020, the District had a balance of \$5,282,752 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, 2020.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (5) CAPITAL ASSETS

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

	Balances at 12/31/19	Additions (Dispositions)	Depreciation	Balances at 12/31/20
Land	\$ 6 007 027	\$ 123 314	\$ -	\$ 6 130 341
Buildings	2 981 461	-	-	2 981 461
Furniture and Fixtures	48 661	-	-	48 661
Machinery and Equipment	1 064 583	449 498	-	1 514 081
Vehicles	5 858 413	-	-	5 858 413
Accumulated Depreciation	(5 333 187)	-	(627 516)	(5 960 703)
Capital Assets	4 619 931	449 498	(627 516)	4 441 913
Construction in progress	1 005 465	4 175 416	-	5 180 881
Totals, net	\$ 11 632 423	\$ 4 748 228	\$ (627 516)	\$ 15 753 135

Construction in progress relates to the construction of a new station within the District. At December 31, 2020, the construction of the new station was on going.

During the year ended December 31, 2020 the District was given a parcel of land from a developer to be used in the future as a site for a fire station. The land is recorded at the insured valuation as provided by the District's insurance provider and is reported on the Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balance as Donations in Kind and Capital Outlay.

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, 2020, the Board has committed an additional \$1,511,688 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) 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, 2020 the District owed \$672,059 on this lease. During the year ended December 31, 2020 the District made repayments of \$685,242. Of this amount \$13,183 was applied to interest. At the year end this lease had been fully repaid.

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, 2020 the principal and interest payments increase to \$81,538 through May 16, 2020. At January 1, 2020 the District owed \$372,890 on this lease. During the year ended December 31, 2020 the District made repayments of \$390,534. Of this amount \$17,644 was applied to interest. At the year end this lease had been fully repaid.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE (8) 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, 2020 was \$2,916.

Future maturities of the balances outstanding are as follows:

<u>Year Ending</u>	<u>Amount</u>
2021	\$ 2 916
2022	1 458
	<u>\$ 4 374</u>

NOTE (9) CONTINGENT LIABILITIES

On April 30, 2020, the District entered into a \$6,657,705 Escrow agreement with Capital One Public Funding LLC (the Lender), to finance the construction of a fire station within the District. Under the terms of the agreement the proceeds will be held in escrow with TMI Trust Company (Escrow agent). Requests for disbursements from the fund will be submitted by the District in writing with appropriate documentation for release of the escrowed funds for payment to the project contractor. At the year end, the District had not submitted any reimbursement requests or received any proceeds from this agreement.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 (Continued)

NOTE (10) 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, 2019. This is due to the delayed issuance of the Milliman annual evaluation.

Employee membership data related to the Plan, as of December 31, 2019 was as follows:

Inactive employees entitled to but not yet receiving benefits	10
Active plan members	45
	<u>55</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.

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, 2019, the District's total payroll for all employees was \$2,044,648. Total covered payroll was \$2,018,486. 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.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Continued)

NOTE (10) RETIREMENT PLAN (Continued)

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, 2019, was 50.1% 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, 2019 were \$1,011,925.

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

At December 31, 2019, the District reported a liability of \$32,802 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, 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, 2019, the District's proportion was 8%.

For the year ended December 31, 2019, the District recognized pension expense of \$808,871. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 39 525	\$ 100 643
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	34 869
Contributions subsequent to the measurement date	N/A	Employer determined
Total	<u>\$ 39 525</u>	<u>\$ 135 512</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE (10) 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>	
2020	\$ (17 019)
2021	(17 019)
2022	(17 020)
2023	(16 563)
2024	(8 188)
Thereafter	(20 178)

Actuarial Assumptions

The total pension liability in the December 31, 2019 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 2019 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, 2019 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 2020 information for a 10-year time horizon.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Continued)

NOTE (10) RETIREMENT PLAN (Continued)

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
US Equities	14.50%	5.20%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities - Developed	7.00%	5.20%
International Equities - Emerging	7.00%	5.70%
Investment - Grade Bonds	3.00%	-0.20%
Strategic Credit	12.00%	3.14%
Direct Lending	11.00%	7.16%
Distressed Debt	4.00%	6.90%
REIT Equities	3.00%	4.50%
Master Limited Partnerships	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%
	<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, 2020 (Continued)

NOTE (10) 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, 2019 was as follows:

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2018	\$ 602 529	\$ 79 557	\$ 522 972
Changes for the year:			
Service cost	196 293	-	196 293
Interest on total pension liability	64 705	-	64 705
Effect of Plan changes	-	-	-
Effect of economic/demographic gains or losses	113 223	-	113 223
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	(978)	978
Member contributions	-	141 294	(141 294)
Net investment income	-	11 893	(11 893)
Employer contributions	-	1 011 925	(1 011 925)
Other	-	39 662	(39 662)
Balances as of December 31, 2019	<u>\$ 976 750</u>	<u>\$ 1 283 353</u>	<u>\$ (306 603)</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:

	Discount Rate	Net Pension Liability/(Asset)
1% Decrease	7.10%	\$ (140 342)
Current Discount Rate	8.10%	\$ (306 603)
1% Increase	9.10%	\$ (441 598)

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

NOTE (10) 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, 2020, the District reported a payable of \$57,584 for the outstanding amount of contributions due to the Plan for the year.

NOTE (11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 15, 2021 (the date the financial statements were available to be issued) and noted no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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, 2020**

	Actual	Original and Final Budget *	Variance Positive (Negative)
Revenues:			
Property Taxes	\$ 8 840 501	\$ 7 873 245	\$ 967 256
Other Income	32 780	-	32 780
Penalty and Interest on Property Taxes	32 819	-	32 819
Interest Earned on Temporary Investments	102 843	-	102 843
Donations in Kind	123 314	-	123 314
Total Revenues	9 132 257	7 873 245	1 259 012
Expenditures/Expenses			
Accounting	36 395	40 000	3 605
Administrative	10	500	490
Appraisal District Fees	50 628	80 000	29 372
Auditing Fees	14 751	18 000	3 249
Contract Labor	18 000	18 000	-
Collection Fees	12 716	12 050	(666)
Communication	10 493	44 000	33 507
Dues and Subscriptions	7 397	5 000	(2 397)
Emergency Management	-	25 000	25 000
Equipment Testing, Repairs and Maintenance	174 505	202 700	28 195
Foam	875	-	(875)
Fuel	30 480	67 500	37 020
Information Technology	98 294	162 500	64 206
Insurance	121 056	110 000	(11 056)
Medical Supplies	32 573	60 000	27 427
Office	8 783	43 000	34 217
Payroll and Related Expense	2 320 706	3 820 000	1 499 294
Physicals	5 685	25 000	19 315
Professional Services	83 132	130 000	46 868
Protective Gear	64 247	85 000	20 753
Station and Facility Expense	88 813	224 200	135 387
Staff Training	28 763	115 000	86 237
Travel	9 049	17 500	8 451
Uniforms	9 429	50 000	40 571
Utilities	63 588	66 000	2 412
Capital Outlay	4 748 228	11 089 690	6 341 462
Debt Service			
Capital Lease Principal	1 044 949	1 046 543	1 594
Capital Lease Interest	30 827	29 232	(1 595)
Total Expenditures/Expenses	9 114 372	17 586 415	8 472 043
Excess (Deficiency) of Revenues over Expenditures	17 885	(9 713 170)	9 731 055
Fund Balance			
Beginning of the Year	17 325 713	17 325 713	-
End of the Year	\$ 17 343 598	\$ 7 612 543	\$ 9 731 055

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability				
Service cost	\$ 196 293	\$ 602 070	N/A	N/A
Interest on total pension liability	64 705	48 768	N/A	N/A
Effect of plan changes	-	-	N/A	N/A
Effect of assumption changes or inputs	-	-	N/A	N/A
Effect of economic/demographic (gains) or losses	113 223	(48 309)	N/A	N/A
Benefit payments/refunds of contributions	-	-	N/A	N/A
Net change in total pension liability	374 221	602 529	N/A	N/A
Total pension liability, beginning	602 529	-	N/A	N/A
Total pension liability, ending	<u>\$ 976 750</u>	<u>\$ 602 529</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary Net Position				
Employer contributions	1 011 925	41 625	N/A	N/A
Member contributions	141 294	34 862	N/A	N/A
Investment income net of investment expenses	11 893	854	N/A	N/A
Benefit payments/refunds of contributions	-	-	N/A	N/A
Administrative expenses	(978)	(64)	N/A	N/A
Other	39 662	2 280	N/A	N/A
Net change in fiduciary net position	1 203 796	79 557	N/A	N/A
Fiduciary net position, beginning	79 557	-	N/A	N/A
Fiduciary net position, ending	<u>1 283 353</u>	<u>79 557</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability/(asset), ending	<u>\$ (306 603)</u>	<u>\$ 522 972</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary net position as a % of total pension liability/(asset)	131.39%	13.20%	N/A	N/A
Pensionable covered payroll	\$ 2 018 486	\$ 498 028	N/A	N/A
Net pension liability/(asset) as a % of covered payroll	-15.19%	105.01%	N/A	N/A

[illegible]

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%
2019	\$ 167 736	\$ 1 011 925	\$ (844 189)	\$ 2 018 486	50.1%

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 12/31/19 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	130% of the RP-2014 Health Annuitant Mortality Tables for males and 110% of the RP-2014 Health Annuitant Mortality Tables for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Plan Provisions Reflected in the Schedule	No changes in plan provisions are reflected in the Schedule of employer Contributions.

SUPPLEMENTARY INFORMATION

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

SUPPLEMENTARY INFORMATION ANALYSIS OF TAXES RECEIVABLE DECEMBER 31, 2020

Taxes Receivable - Beginning of Year	\$ 3 318 890
2020 Tax Roll	9 262 886
Adjustment to prior year taxes	<u>(4 170)</u>
Total to be Accounted for	12 577 606
Tax Collections Received from Tax Collector	<u>(8 840 501)</u>
Taxes Receivable - End of Year	<u>\$ 3 737 105</u>
Taxes Receivable - By Years	
2020	\$ 3 638 188
2019	38 072
2018	15 469
2017	9 034
2016	7 896
2015 - 1998	<u>28 446</u>
Taxes Receivable - End of Year	<u>\$ 3 737 105</u>

	<u>Assessed Valuation Summary</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Property Valuations					
Real Property	\$ 9 092 955 178	\$ 8 079 428 718	\$ 7 339 832 083	\$ 6 926 089 280	\$ 6 558 382 920
Personal Property	<u>169 930 774</u>	<u>204 012 015</u>	<u>142 768 129</u>	<u>137 130 079</u>	<u>131 179 478</u>
Total Property					
Valuations	<u>\$ 9 262 885 952</u>	<u>\$ 8 283 440 733</u>	<u>\$ 7 482 600 212</u>	<u>\$ 7 063 219 359</u>	<u>\$ 6 689 562 398</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>\$ 9 262 886</u>	<u>\$ 8 283 441</u>	<u>\$ 7 482 600</u>	<u>\$ 7 063 219</u>	<u>\$ 6 689 562</u>
Percent of Taxes Collected to Taxes					
Levied	<u>60.7%</u>	<u>99.5%</u>	<u>99.8%</u>	<u>99.9%</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, 2020**

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 12/31/20</u>	<u>Expense Reimburse- ments FYE 12/31/20</u>	<u>Title at Year End</u>
Board Members:				
D McJunkin	(Appointed) 01/01/20 - 12/31/21	\$ -	\$ 520	President
E Krenek	(Appointed) 01/01/19 - 12/31/20	\$ -	\$ 101	Vice President
K Stacy	(Appointed) 01/01/20 - 12/31/21	\$ -	\$ 101	Treasurer
T Kuykendall	(Appointed) 01/1/20 - 12/31/21	\$ -	\$ 101	Secretary
R Pechukas	(Appointed) 10/16/19 - 12/31/20	\$ -	\$ 127	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, 2020
(Continued)

<u>Names</u>	<u>Term of office (Appointed) or Date Hired</u>	<u>Fees of Office Paid* FYE 12/31/20</u>	<u>Title at Year End</u>
Consultants:			
Breedlove & Co., P.C.	2006	\$ 14 751	Auditor
Radcliffe Bobbitt Adams Polley	2019	\$ 76 759	Attorney
Carrie Surratt	2019	\$ 12 621	Tax Collector
Fort Bend County Appraisal District	2006	\$ 50 628	Appraisal District
LJA Engineering	2017	\$ 4 198	Engineer
Brown Reynolds Watford Architects, Inc.	2017	\$ 126 284	Architect
Municipal Accounts & Consulting, L.P.	2017	\$ 36 395	Bookkeeper

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

BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

JILL A. HENZE, CPA
President

NICOLE BREEDLOVE HUNT, CPA
CEO

June 15, 2021

The Board of Commissioners
Fort Bend County Emergency Services District No. 4
Fort Bend County, 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 County Emergency Services District No. 4 ("the District") as of and for the year ended December 31, 2020, 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.

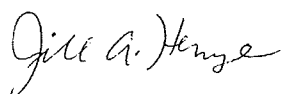
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination 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,



Jill A. Henze

BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

17014 Seven Pines Drive
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JILL A. HENZE, CPA
President

NICOLE BREEDLOVE HUNT, CPA
CEO

June 15, 2021

The Board of Commissioners
Fort Bend County Emergency Services District No. 4
Fort Bend County, 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, 2020. 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 October 2, 2020. 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 2020. 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. The most sensitive estimate affecting the financial statements was:

Management's estimate of the fair value measurement of the land donated to the district is based on the insured valuation as provided by the District's insurance provider. We evaluated the key factors and assumptions used to develop the fair market value of the land in determining that it is reasonable in relation to the financial statements taken as a whole.

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, depreciation and amounts related to the retirement plan.

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 June 15, 2021.

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 generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis and Budgetary Comparison, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other Supplementary Information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, 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 to the financial statements themselves.

Restriction on Use

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,



Jill A. Henze

