
FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

REPORT ON FINANCIAL STATEMENTS
(With Supplemental Material)

FOR THE YEAR ENDED DECEMBER 31, 2023

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

TABLE OF CONTENTS

Independent Auditors' Report.....	1-3
Management Discussion & Analysis	5-8

FINANCIAL STATEMENTS

Statement of Net Position and Governmental Funds Balance Sheet.....	10-11
Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balance	12-13
Notes to Financial Statements.....	14-27

REQUIRED SUPPLEMENTARY INFORMATION

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund..	31
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios	32-33
Schedule of Employer Contributions.....	34

SUPPLEMENTARY INFORMATION

Analysis of Taxes Receivable	37
Board Members and Consultants	38-39

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

INDEPENDENT AUDITORS' REPORT

April 16, 2024

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

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fort Bend County Emergency Services District No. 4, as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fort Bend County Emergency Services District No. 4, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fort Bend County Emergency Services District No. 4, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fort Bend County Emergency Services District No. 4's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fort Bend County Emergency Services District No. 4's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fort Bend County Emergency Services District No. 4's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, change in net pension liability (asset) and related ratios, and employer contributions information on pages 5 through 8 and 31 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fort Bend County Emergency Services District No. 4's basic financial statements. The supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Brechner & Co., P.C.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2023

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, 2023. 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 \$56,033,085 as of December 31, 2023.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2023

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Net Position

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 43 148 777	\$ 37 488 517
Capital assets	<u>38 142 956</u>	<u>31 641 348</u>
Total assets	<u>\$ 81 291 733</u>	<u>\$ 69 129 865</u>
Deferred outflows of resources	<u>\$ 320 094</u>	<u>\$ 208 770</u>
Current liabilities	\$ 2 038 099	\$ 1 848 060
Long term liabilities	<u>23 472 457</u>	<u>19 292 387</u>
Total liabilities	<u>\$ 25 510 556</u>	<u>\$ 21 140 447</u>
Deferred inflows of resources	<u>\$ 68 186</u>	<u>\$ 253 704</u>
Net position:		
Net investment in capital assets	\$ 18 565 416	\$ 10 885 490
Restricted	1 771 688	1 771 688
Unrestricted	<u>35 695 981</u>	<u>35 287 306</u>
Total net position	<u>\$ 56 033 085</u>	<u>\$ 47 944 484</u>

The following table provides a summary of the District's operations for the year ended December 31, 2023. The District increased its net position by \$8,088,601.

Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues:		
Property taxes	\$ 15 352 668	\$ 12 588 225
Other revenues	<u>1 623 226</u>	<u>462 528</u>
Total revenues	<u>16 975 894</u>	<u>13 050 753</u>
Interest expense	633 882	354 253
Depreciation	1 257 250	1 022 700
Operating expenses	<u>6 996 161</u>	<u>5 408 363</u>
Total expenses	<u>8 887 293</u>	<u>6 785 316</u>
Change in net position	8 088 601	6 265 437
Net position, beginning of period	<u>47 944 484</u>	<u>41 679 047</u>
Net position, end of period	<u>\$ 56 033 085</u>	<u>\$ 47 944 484</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS DECEMBER 31, 2023 (Continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's fund balance as of December 31, 2023 was \$28,914,381.

The General Fund balance decreased by \$815,740.

The Debt Service Fund balance increased by \$49,885.

The Capital Projects Fund balance decreased by \$1,563,010.

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 three governmental fund types. The General Fund accounts for property tax revenues, costs, general expenditures, and resources not accounted for in another fund. The Debt Service Fund accounts for property tax revenues, costs, general expenditures, and resources that are restricted, committed or assigned to expenditures for principal and interest payments. The Capital Projects Fund accounts for all financial resources that are restricted, committed or assigned to expenditure for capital outlays.

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 amend the budget during the fiscal year. Actual excess revenues over expenditures were \$815,740 less than the budgeted amount.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS DECEMBER 31, 2023 (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)

	2023	2022
Land	\$ 8 054 108	\$ 8 501 282
Buildings, net of depreciation	17 861 024	18 217 000
Machinery and Equipment, net of depreciation	495 589	598 564
Vehicles, net of depreciation	2 669 980	3 111 067
Construction in progress	9 062 255	1 213 435
Total Capital Assets	<u>\$ 38 142 956</u>	<u>\$ 31 641 348</u>

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2023 are summarized as follows:

Long term debt, beginning of year	\$ 20 450 582
Long term debt held in escrow	5 371 857
Retirements of principal	<u>(1 158 195)</u>
Long term debt, end of year	<u>\$ 24 664 244</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.

This page intentionally left blank.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2023**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4 849 444	\$ 1 375 981	\$ 20 215 478
Cash and Cash Equivalents - Restricted	1 771 688	-	-
Taxes Receivable	12 286 366	1 638 779	-
Due from Tax Assessor	694 495	93 044	-
Internal receivables	1 026 748	-	-
Prepaid Expenses	8 873	-	-
Net Pension Asset	214 629	-	-
Capital Assets			
Land	-	-	-
Capital Assets Net of Accumulated Depreciation of \$8,985,480	-	-	-
Construction in Progress	-	-	-
Total Assets	<u>20 852 243</u>	<u>3 107 804</u>	<u>20 215 478</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources	320 094	-	-
Total Deferred Outflows of Resources	<u>320 094</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 21 172 337</u>	<u>\$ 3 107 804</u>	<u>\$ 20 215 478</u>
<u>LIABILITIES</u>			
Liabilities			
Accounts Payable	\$ 220 977	\$ -	\$ -
Accrued Interest Payable	-	-	-
Retirement Plan Payable	95 604	-	-
Payroll Liabilities	244 578	-	-
Internal Payables	-	437 100	589 648
Note Payable - Due within One Year	-	-	-
Long Term Liabilities			
Lease Liability - Due after One Year	-	-	-
Note Payable - Due after One Year	-	-	-
Total Liabilities	<u>561 159</u>	<u>437 100</u>	<u>589 648</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources	68 186	-	-
Unavailable Tax Revenue	<u>12 286 366</u>	<u>1 638 779</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>12 354 552</u>	<u>1 638 779</u>	<u>-</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund Balances			
Committed	1 771 688	-	-
Unassigned	<u>6 484 938</u>	<u>1 031 925</u>	<u>19 625 830</u>
Total Fund Balance	<u>8 256 626</u>	<u>1 031 925</u>	<u>19 625 830</u>
Total Liabilities and Fund Balances	<u>\$ 21 172 337</u>	<u>\$ 3 107 804</u>	<u>\$ 20 215 478</u>
Net Position			
Net Investment in Capital Assets			
Restricted			
Unrestricted			
Total Net Position			
Total Liabilities, Deferred Inflows of Resources, and Net Position			

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 26 440 903	\$ -	\$ 26 440 903
1 771 688	-	1 771 688
13 925 145	-	13 925 145
787 539	-	787 539
1 026 748	(1 026 748)	-
8 873	-	8 873
214 629	-	214 629
-	8 054 108	8 054 108
-	21 026 593	21 026 593
-	9 062 255	9 062 255
<u>44 175 525</u>	<u>37 116 208</u>	<u>81 291 733</u>

<u>320 094</u>	<u>-</u>	<u>320 094</u>
<u>320 094</u>	<u>-</u>	<u>320 094</u>
<u>\$ 44 495 619</u>	<u>\$ 37 116 208</u>	<u>\$ 81 611 827</u>

\$ 220 977	\$ -	\$ 220 977
-	285 153	285 153
95 604	-	95 604
244 578	-	244 578
1 026 748	(1 026 748)	-
-	1 191 787	1 191 787
-	5 371 857	5 371 857
-	18 100 600	18 100 600
<u>1 587 907</u>	<u>23 922 649</u>	<u>25 510 556</u>

68 186	-	68 186
13 925 145	(13 925 145)	-
<u>13 993 331</u>	<u>(13 925 145)</u>	<u>68 186</u>

1 771 688	(1 771 688)	-
27 142 693	(27 142 693)	-
<u>28 914 381</u>	<u>(28 914 381)</u>	<u>-</u>
<u>\$ 44 495 619</u>		

18 565 416	18 565 416
1 771 688	1 771 688
<u>35 695 981</u>	<u>35 695 981</u>
<u>56 033 085</u>	<u>56 033 085</u>
<u>\$ 37 116 208</u>	<u>\$ 81 611 827</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, 2023

	General Fund	Debt Service Fund	Capital Project Fund
Revenues			
Property Taxes	\$ 6 228 303	\$ 1 014 968	\$ -
Other Income	81 823	-	-
Penalty and Interest on Property Taxes	48 052	7 044	-
Interest Earned on Temporary Investments	301 910	82 356	1 100 916
Contributions	1 125	-	-
Proceeds from disposition of assets	447 174	-	-
Total Revenues	<u>7 108 387</u>	<u>1 104 368</u>	<u>1 100 916</u>
Expenditures/Expenses			
Accounting	103 732	-	-
Appraisal District Fees	102 999	-	-
Auditing Fees	16 543	-	-
Contract Labor	18 000	-	-
Collection Fees	18 691	-	-
Communication	35 048	-	-
Dues and Subscriptions	7 277	-	-
Emergency Management	1 582	-	-
Equipment Testing, Supplies, Repairs and Maintenance	232 860	-	-
Fuel	63 703	-	-
Information Technology	259 706	-	-
Insurance	313 341	-	-
Medical Supplies	12 531	-	-
Office	12 472	-	-
Payroll and Related Expense	5 016 491	-	-
Physicals	48 690	-	-
Professional Services	186 750	-	-
Protective Gear	86 492	-	-
Station and Facility Expense	190 208	-	-
Staff Training	57 171	-	-
Travel	17 235	-	-
Uniforms	52 418	-	-
Utilities	142 221	-	-
Capital Outlay	170 249	-	2 663 926
Depreciation	-	-	-
Debt Service			
Note Principal	625 595	-	532 600
Note Interest	132 122	521 883	-
Total Expenditures/Expenses	<u>7 924 127</u>	<u>521 883</u>	<u>3 196 526</u>
Excess Revenues Over Expenditures	(815 740)	582 485	(2 095 610)
Other Financing Sources / Uses			
Transfer Between Funds	-	(532 600)	532 600
Changes in Fund Balance/Net Position	(815 740)	49 885	(1 563 010)
Fund Balance/Net Position			
Beginning of Year	9 072 366	982 040	21 188 840
End of Year	<u>\$ 8 256 626</u>	<u>\$ 1 031 925</u>	<u>\$ 19 625 830</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 7 243 271	\$ 8 109 397	\$ 15 352 668
81 823	-	81 823
55 096	-	55 096
1 485 182	-	1 485 182
1 125	-	1 125
447 174	(447 174)	-
<u>9 313 671</u>	<u>7 662 223</u>	<u>16 975 894</u>
103 732	-	103 732
102 999	-	102 999
16 543	-	16 543
18 000	-	18 000
18 691	-	18 691
35 048	-	35 048
7 277	-	7 277
1 582	-	1 582
232 860	-	232 860
63 703	-	63 703
259 706	-	259 706
313 341	-	313 341
12 531	-	12 531
12 472	-	12 472
5 016 491	-	5 016 491
48 690	-	48 690
186 750	-	186 750
86 492	-	86 492
190 208	-	190 208
57 171	-	57 171
17 235	-	17 235
52 418	-	52 418
142 221	-	142 221
2 834 175	(2 834 175)	-
-	1 257 250	1 257 250
1 158 195	(1 158 195)	-
654 005	(20 123)	633 882
<u>11 642 536</u>	<u>(2 755 243)</u>	<u>8 887 293</u>
(2 328 865)	10 417 466	8 088 601
-	-	-
(2 328 865)	10 417 466	8 088 601
<u>31 243 246</u>	<u>16 701 238</u>	<u>47 944 484</u>
<u>\$ 28 914 381</u>	<u>\$ 27 118 704</u>	<u>\$ 56 033 085</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, 2023

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.

Debt Service Fund – To account for all financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Fund – To account for all financial resources that are restricted, committed or assigned to expenditure for capital outlays.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (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, 2023 (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 Statement No. 34, the District has presented a Statement of Net Position and Statement of Activities for the year ended December 31, 2023. 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.

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

(Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 120 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, 2023, the District recognized a liability of \$163,344 for accrued leave, which has been reported on the Statement of Net Position under payroll liabilities.

J. INTER-FUND TRANSACTIONS

Transfers from one fund to another fund are reported as inter-fund receivables and payables if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended. Transfers of residual equities are reported as additions to or deductions from the fund balance of the governmental fund types. Inter-fund transactions are eliminated in the Adjustments column for the Statement of Net Position and Statement of Activities.

K. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Long-term debt is reported net of the unamortized gain on refundings. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. LEASES

The District has adopted GASB Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. The District has a capital lease that is disclosed separately from other capital assets.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Continued)**

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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, 2023	<u>\$ 28 914 381</u>
Conversion of property tax assessments to full accrual basis	13 925 145
Interest paid on long term debt is adjusted to accrual basis	(285 153)
Long-term debt obligations not reported in the funds	(24 664 244)
Capital assets used in governmental activities are not financial and are not reported in the funds.	<u>38 142 956</u>
Adjustment to fund balance to arrive at net position	<u>27 118 704</u>
Total Net Position at December 31, 2023	<u>\$ 56 033 085</u>

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

Change in fund balance	\$ (2 328 865)
Conversion of property tax assessments to full accrual basis	8 109 397
Interest paid on long term debt is adjusted to accrual basis	20 123
Principal payments on debt are reported as expenditures. None of the transactions, however, have any effect on net position.	1 158 195
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>1 129 751</u>
Change in net position of governmental activities	<u>\$ 8 088 601</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (Continued)

NOTE (3) AD VALOREM TAX

During the year ended December 31, 2023, the District levied an ad valorem tax at the rate of \$.095673 per \$100 of assessed valuation, which resulted in a tax levy of \$15,169,776 for 2023, on the taxable valuation of \$15,855,859,078 for the 2023 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.

For the year ending December 31, 2023, the ad valorem tax rate of \$.095673 was split between the general fund and the debt service fund at the rate of \$.084373 and \$.0113, respectively.

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, 2023 include collections during the current period or within 60 days of year-end related to the 2023 and prior years' tax levies.

NOTE (4) DEPOSITS AND INVESTMENTS

During the year ended December 31, 2023, 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, 2023 was \$11,597,356 and occurred in February 2023. During the year all funds were adequately secured.

At year end the District had \$705,000 held in certificates of deposit with various institutions. These funds were adequately secured by FDIC.

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, 2023, 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, 2023, the District had a balance of \$26,113,569 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, 2023.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Continued)**

NOTE (5) CAPITAL ASSETS

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

	Balances at 12/31/22	Additions (Dispositions)	Depreciation	Balances at 12/31/23
Land	\$ 8 501 282	\$ (447 174)	\$ -	\$ 8 054 108
Buildings	19 411 071	195 623	-	19 606 694
Furniture and Fixtures	48 661	-	-	48 661
Machinery and Equipment	1 730 683	(59 305)	-	1 671 378
Vehicles	8 539 683	145 657	-	8 685 340
Accumulated Depreciation	(7 803 467)	75 237	(1 257 250)	(8 985 480)
Capital Assets	21 926 631	357 212	(1 257 250)	21 026 593
Construction in progress	1 213 435	7 848 820	-	9 062 255
Totals, net	\$ 31 641 348	\$ 7 758 858	\$ (1 257 250)	\$ 38 142 956

Construction in progress relates to the construction of three new stations within the District and three leased vehicles.

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, 2023, the Board has committed an additional \$1,321,688 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) NOTE PAYABLE

On April 30, 2022, the District entered into loan agreement with Capital One Public Funding LLC (the "Lender") for \$6,657,705. Interest is calculated on the outstanding principal at the applicable rate calculated on the per annum basis of a 360 day-year consisting of twelve 30-day months. The proceeds are being used in the construction of a fire station within the District. Ten principal and interest payments of \$757,717 are due annually beginning April 30, 2022 through April 30, 2030.

At January 1, 2023 the balance due on this note was \$5,450,582. On April 30, 2023, the District paid principal and interest of \$625,595 and \$132,122, respectively. The balance due at December 31, 2023 was \$4,824,987.

On July 29, 2023, the District entered into loan agreement with Truist Governmental Finance (the "Lender") for \$15,000,000. Interest is calculated on the outstanding principal at 3.46% on the per annum basis of a 360 day-year consisting of twelve 30-day months. The proceeds are being used in the construction of fire stations within the District. The District shall make total annual repayments of \$1,051,600, with a total of twenty annual principal payments and forty semi-annual interest payments.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (Continued)

NOTE (7) NOTE PAYABLE (Continued)

At January 1, 2023 the balance due on this note was \$15,000,000. On February 1, 2023, the District paid principal and interest of \$532,600 and \$521,883, respectively. The balance due at December 31, 2023 was \$14,467,400.

Future maturities of the balances outstanding are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
December 31, 2024	\$ 1 191 787	\$ 617 530
December 31, 2025	1 226 384	582 932
December 31, 2026	1 262 019	547 298
December 31, 2027	1 298 720	510 597
December 31, 2028	1 336 523	472 794
December 31, 2029 - 2033	4 962 241	1 811 491
December 31, 2034 - 2038	4 148 734	1 109 264
December 31, 2039 - 2042	3 865 979	340 119
Total Amount	<u>\$ 19 292 387</u>	<u>\$ 5 992 025</u>

NOTE (8) LEASE LIABILITIES

On November 14, 2023 the District executed a lease purchase agreement for 3 new vehicles which are currently under construction. The proceeds from the lease purchase agreement are being held in escrow until the District receives the vehicles. Repayments on this lease purchase agreement will begin January 15, 2025 annually for five years. The agreement also includes a purchase option for the District to purchase the equipment at \$1.00 after the five-year term. The economic substance of the agreement is that the District is financing the acquisition of the equipment through the lease, and accordingly, the equipment is recorded in the District's assets and liabilities.

The following is a schedule by years of future minimum principal and interest payments required under the agreement as of December 31, 2023:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1 159 628	\$ 322 698
2026	973 402	221 900
2027	1 024 681	170 621
2028	1 078 661	116 641
2029	1 135 485	59 817
	<u>\$ 5 371 857</u>	<u>\$ 891 677</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 (Continued)

NOTE (9) RETIREMENT PLAN

Plan Description

During the year ended December 31, 2018, the District began contributing to the Texas County & District Retirement System (the "Plan" or "TCDRS") 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 Statement No. 68 Report for TCDRS furnished by Milliman to the District for the year ended December 31, 2022. This is due to the delayed issuance of the Milliman annual evaluation.

Employee membership data related to the Plan, as of December 31, 2022 was as follows:

Inactive employees entitled to but not yet receiving benefits	35
Active plan members	<u>51</u>
	<u>86</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 TCDRS 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, 2022, the District's total payroll for all employees was \$2,713,893. Total covered payroll was \$2,721,387. 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, 2023** **(Continued)**

NOTE (9) 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, 2022, was 8.85% 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, 2022 were \$240,843.

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

At December 31, 2023, the District reported an asset of \$214,629 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset 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, 2022, the District's proportion was (7.89)%.

For the year ended December 31, 2023, the District recognized pension expense of \$229,281. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual results	\$ 57 828	\$ 101 363
Changes of assumptions	10 358	72 612
Net difference between projected and actual earnings	-	146 119
Contributions subsequent to the measurement date	N/A	<u>Employer determined</u>
Total	<u>\$ 68 186</u>	<u>\$ 320 094</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Continued)**

NOTE (9) 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>	
2023	\$ 51 352
2024	42 976
2025	46 366
2026	100 761
2027	23 836
Thereafter	(13 383)

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.5%, net of administrative and investment expenses, including inflation

In the 2022 actuarial valuation, assumed life expectancies were adjusted as a result of adopting 135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2017 - December 31, 2020, except where required to be different by GASB Statement No. 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 2023 information for a 10-year time horizon.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Continued)****NOTE (9) RETIREMENT PLAN (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return (Expected Minus Inflation)</u>
US Equities	11.50%	4.95%
Private Equity	25.00%	7.95%
Global Equities	2.50%	4.95%
International Equities - Developed	5.00%	4.95%
International Equities - Emerging	6.00%	4.95%
Investment - Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Hedge Funds	6.00%	2.90%
Cash Equivalents	2.00%	0.20%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. 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, 2023
(Continued)**

NOTE (9) 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, 2022 was as follows:

	<u>Increase/(Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances as of December 31, 2021	\$ 2 006 788	\$ 2 462 216	\$ (455 428)
Changes for the year:			
Service cost	404 613	-	404 613
Interest on total pension liability	182 684	-	182 684
Effect of Plan changes	-	-	-
Effect of economic/demographic gains or losses	(35 976)	-	(35 976)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(15 620)	(15 620)	-
Benefit payments	-	-	-
Administrative expenses	-	(1 616)	1 616
Member contributions	-	190 498	(190 498)
Net investment income	-	(179 791)	179 791
Employer contributions	-	240 843	(240 843)
Other	-	60 588	(60 588)
Balances as of December 31, 2022	<u>\$ 2 542 489</u>	<u>\$ 2 757 118</u>	<u>\$ (214 629)</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 7.60%, 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 (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability/(Asset)</u>
1% Decrease	6.60%	\$ 257 004
Current Discount Rate	7.60%	\$ (214 629)
1% Increase	8.60%	\$ (591 182)

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Continued)**

NOTE (9) 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, 2023, the District reported a payable of \$95,603 for the outstanding amount of contributions due to the Plan for the year.

NOTE (10) SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 16, 2024 (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, 2023**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property Taxes	\$ 14 502 658	\$ 14 502 658	\$ 6 228 303	\$ (8 274 355)
Other Income	-	-	81 823	81 823
Penalty and Interest on Property Taxes	-	-	48 052	48 052
Interest Earned on Temporary Investments	-	-	301 910	301 910
Contributions	-	-	1 125	1 125
Proceeds from disposition of assets	-	-	447 174	447 174
Total Revenues	<u>14 502 658</u>	<u>14 502 658</u>	<u>7 108 387</u>	<u>(7 394 271)</u>
Expenditures/Expenses				
Accounting	50 001	65 001	103 732	(38 731)
Appraisal District Fees	95 200	95 200	102 999	(7 799)
Auditing Fees	18 000	18 000	16 543	1 457
Contract Labor	32 000	30 000	18 000	12 000
Collection Fees	20 150	20 150	18 691	1 459
Communication	50 000	50 000	35 048	14 952
Dues and Subscriptions	3 000	3 000	7 277	(4 277)
Emergency Management	15 000	15 000	1 582	13 418
Equipment Testing, Repairs and Maintenance	268 200	283 700	232 860	50 840
Fuel	100 000	100 000	63 703	36 297
Information Technology	272 000	276 000	259 706	16 294
Insurance	275 000	275 000	313 341	(38 341)
Medical Supplies	32 000	32 000	12 531	19 469
Office	16 100	16 100	12 472	3 628
Payroll and Related Expense	7 624 290	7 541 790	5 016 491	2 525 299
Physicals	60 000	60 000	48 690	11 310
Professional Services	250 000	275 000	186 750	88 250
Protective Gear	77 000	92 000	86 492	5 508
Station and Facility Expense	167 500	172 500	190 208	(17 708)
Staff Training	130 000	120 000	57 171	62 829
Travel	16 000	16 000	17 235	(1 235)
Uniforms	50 000	65 000	52 418	12 582
Utilities	148 500	148 500	142 221	6 279
Capital Outlay	3 975 000	3 975 000	170 249	3 804 751
Debt Service				
Note Principal	132 122	625 595	625 595	-
Note Interest	<u>625 595</u>	<u>132 122</u>	<u>132 122</u>	<u>-</u>
Total Expenditures/Expenses	<u>14 502 658</u>	<u>14 502 658</u>	<u>7 924 127</u>	<u>6 578 531</u>
Changes in Fund Balance	-	-	(815 740)	(815 740)
Fund Balance				
Beginning of the Year	<u>9 072 366</u>	<u>9 072 366</u>	<u>9 072 366</u>	<u>-</u>
End of the Year	<u>\$ 9 072 366</u>	<u>\$ 9 072 366</u>	<u>\$ 8 256 626</u>	<u>\$ (815 740)</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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Pension Liability				
Service cost	\$ 404 613	\$ 345 993	\$ 306 971	\$ 196 293
Interest on total pension liability	182 684	141 699	103 790	64 705
Effect of assumption changes or inputs	-	(14 502)	116 181	-
Effect of economic/demographic (gains) or losses	(35 976)	26 823	30 881	113 223
Benefit payments/refunds of contributions	<u>(15 620)</u>	<u>(22 967)</u>	<u>(4 831)</u>	<u>-</u>
Net change in total pension liability	535 701	477 046	552 992	374 221
Total pension liability, beginning	<u>2 006 788</u>	<u>1 529 742</u>	<u>976 750</u>	<u>602 529</u>
Total pension liability, ending	<u>\$ 2 542 489</u>	<u>\$ 2 006 788</u>	<u>\$ 1 529 742</u>	<u>\$ 976 750</u>
Fiduciary Net Position				
Employer contributions	240 843	167 175	147 805	1 011 925
Member contributions	190 498	168 621	158 931	141 294
Investment income net of investment expenses	(179 791)	415 129	133 196	11 893
Benefit payments/refunds of contributions	(15 620)	(22 967)	(4 831)	-
Administrative expenses	(1 616)	(1 332)	(1 263)	(978)
Other	<u>60 588</u>	<u>9 338</u>	<u>9 061</u>	<u>39 662</u>
Net change in fiduciary net position	294 902	735 964	442 899	1 203 796
Fiduciary net position, beginning	<u>2 462 216</u>	<u>1 726 252</u>	<u>1 283 353</u>	<u>79 557</u>
Fiduciary net position, ending	<u>2 757 118</u>	<u>2 462 216</u>	<u>1 726 252</u>	<u>1 283 353</u>
 Net pension liability/(asset), ending	 <u>\$ (214 629)</u>	 <u>\$ (455 428)</u>	 <u>\$ (196 510)</u>	 <u>\$ (306 603)</u>
 Fiduciary net position as a % of total pension liability/(asset)	 108.44%	 122.69%	 112.85%	 131.39%
 Pensionable covered payroll	 \$ 2 721 387	 \$ 2 408 868	 \$ 2 270 438	 \$ 2 018 486
 Net pension liability/(asset) as a % of covered payroll	 -7.89%	 -18.91%	 -8.66%	 -15.19%

See the Accompanying Independent Auditors' Report

	<u>Year Ended December 31</u>				
<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 602 070	N/A	N/A	N/A	N/A	N/A
48 768	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
(48 309)	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
602 529	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
<u>\$ 602 529</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
41 625	N/A	N/A	N/A	N/A	N/A
34 862	N/A	N/A	N/A	N/A	N/A
854	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
(64)	N/A	N/A	N/A	N/A	N/A
2 280	N/A	N/A	N/A	N/A	N/A
79 557	N/A	N/A	N/A	N/A	N/A
-	N/A	N/A	N/A	N/A	N/A
79 557	N/A	N/A	N/A	N/A	N/A
<u>\$ 522 972</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
13.20%	N/A	N/A	N/A	N/A	N/A
\$ 498 028	N/A	N/A	N/A	N/A	N/A
105.01%	N/A	N/A	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
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%
2020	\$ 147 805	\$ 147 805	\$ -	\$ 2 270 438	6.5%
2021	\$ 167 175	\$ 167 175	\$ -	\$ 2 408 868	6.9%
2022	\$ 240 843	\$ 240 843	\$ -	\$ 2 721 387	8.9%

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

Remaining Amortization Period	17.7 years (based on contribution rate calculated in 12/31/22 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.5%, net of administrative and 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Plan Provisions Reflected in the Schedule	No changes in plan provisions are reflected in the Schedule of employer Contributions.

See the Accompanying Independent Auditors' Report

SUPPLEMENTARY INFORMATION

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

**SUPPLEMENTARY INFORMATION
ANALYSIS OF TAXES RECEIVABLE
DECEMBER 31, 2023**

	<u>Maintenance</u>	<u>Debt Service</u>
Taxes Receivable - Beginning of Year	\$ 5 001 084	\$ 814 664
2023 Tax Roll	13 378 064	1 791 712
Adjustment to prior year taxes	<u>135 521</u>	<u>47 371</u>
Total to be Accounted for	18 514 669	2 653 747
Tax Collections Received from Tax Collector	<u>(6 228 303)</u>	<u>(1 014 968)</u>
Taxes Receivable - End of Year	<u>\$ 12 286 366</u>	<u>\$ 1 638 779</u>
Taxes Receivable - By Years		
2023	\$ 12 134 711	\$ 1 625 191
2022	41 138	6 791
2021	15 601	1 229
2020	26 352	2 325
2019	26 351	-
2018 - 1998	<u>42 213</u>	<u>3 243</u>
Taxes Receivable - End of Year	<u>\$ 12 286 366</u>	<u>\$ 1 638 779</u>

	<u>Assessed Valuation Summary</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Property Valuations					
Real Property	\$ 15 479 864 617	\$ 12 612 634 226	\$ 10 203 072 430	\$ 9 092 955 178	\$ 8 079 428 718
Personal Property	<u>375 994 461</u>	<u>327 135 237</u>	<u>128 940 755</u>	<u>169 930 774</u>	<u>204 012 015</u>
Total Property Valuations	<u>\$ 15 855 859 078</u>	<u>\$ 12 939 769 463</u>	<u>\$ 10 332 013 185</u>	<u>\$ 9 262 885 952</u>	<u>\$ 8 283 440 733</u>
Tax Rate per \$100 Valuation					
Debt service tax rates	\$ 0.011300	\$ 0.013738	\$ 0.007301	\$ 0.008107	\$ -
Maintenance tax rates	<u>0.084373</u>	<u>0.083220</u>	<u>0.092699</u>	<u>0.091893</u>	<u>0.100000</u>
Total Tax Rater per \$100 Valuation	<u>\$ 0.095673</u>	<u>\$ 0.096958</u>	<u>\$ 0.100000</u>	<u>\$ 0.100000</u>	<u>\$ 0.100000</u>
Tax Rolls	<u>\$ 15 169 776</u>	<u>\$ 12 546 142</u>	<u>\$ 10 332 013</u>	<u>\$ 9 262 886</u>	<u>\$ 8 283 441</u>
Percent of Taxes Collected to Taxes Levied	<u>9.3%</u>	<u>99.6%</u>	<u>99.8%</u>	<u>99.7%</u>	<u>99.7%</u>

See the Accompanying Independent Auditors' Report

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

SUPPLEMENTARY INFORMATION BOARD MEMBERS AND CONSULTANTS DECEMBER 31, 2023

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 12/31/23</u>	<u>Expense Reimburse- ments FYE 12/31/23</u>	<u>Title at Year End</u>
Board Members:				
E Krenek	(Appointed) 01/01/23 - 12/31/24	\$ 2 763	\$ -	President
T Kuykendall	(Appointed) 01/01/23 - 12/31/24	\$ 3 205	\$ -	Vice President
K Stacy	(Appointed) 01/01/22 - 12/31/23	\$ 2 834	\$ 300	Treasurer
R Pechukas	(Appointed) 01/01/22 - 12/31/23	\$ 3 055	\$ -	Secretary
D McJunkin	(Appointed) 01/01/22 - 12/31/23	\$ 2 005	\$ 300	Assistant Treasurer / Secretary

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

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

**SUPPLEMENTARY INFORMATION
BOARD MEMBERS AND CONSULTANTS
DECEMBER 31, 2023
(Continued)**

<u>Names</u>	<u>Term of office (Appointed) or Date Hired</u>	<u>Fees of Office Paid* FYE 12/31/23</u>	<u>Title at Year End</u>
Consultants:			
Breedlove & Co., P.C.	2006	\$ 16 543	Auditor
Radcliffe Adams Barner	2019	\$ 113 639	Attorney
Carrie Surratt	2019	\$ 18 617	Tax Collector
Fort Bend County Appraisal District	2006	\$ 73 379	Appraisal District
LJA Engineering	2017	\$ 550	Engineer
Brown Reynolds Watford Architects, Inc.	2017	\$ 3 300	Architect
Martinez Architects, L.P.	2020	\$ 48 842	Architect
PGAL, Inc.	2022	\$ 1 832	Architect
Municipal Accounts & Consulting, L.P.	2017	\$ 92 119	Bookkeeper

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