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FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

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REPORT ON FINANCIAL STATEMENTS  
*(With Supplemental Material)*

FOR THE YEAR ENDED DECEMBER 31, 2022

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

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# BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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President

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CEO

## INDEPENDENT AUDITORS' REPORT

April 18, 2023

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, 2022 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, 2022, 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 Auditor's 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 and 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 combining and individual nonmajor fund financial statements are 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.

*Brucellone & Co., P.C.*

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

### **MANAGEMENT DISCUSSION & ANALYSIS**

**DECEMBER 31, 2022**

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, 2022. 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 \$47,944,484 as of December 31, 2022.

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

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2022

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Net Position

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 37 488 517	\$ 18 346 295
Capital assets	<u>31 641 348</u>	<u>29 761 375</u>
Total assets	<u>\$ 69 129 865</u>	<u>\$ 48 107 670</u>
Deferred outflows of resources	<u>\$ 208 770</u>	<u>\$ 229 223</u>
Current liabilities	\$ 1 848 060	\$ 2 036 069
Long term liabilities	<u>19 292 387</u>	<u>4 586 644</u>
Total liabilities	<u>\$ 21 140 447</u>	<u>\$ 6 622 713</u>
Deferred inflows of resources	<u>\$ 253 704</u>	<u>\$ 35 133</u>
Net position:		
Net investment in capital assets	\$ 10 885 490	\$ 24 543 012
Restricted	1 771 688	1 771 688
Unrestricted	<u>35 287 306</u>	<u>15 364 347</u>
Total net position	<u>\$ 47 944 484</u>	<u>\$ 41 679 047</u>

The following table provides a summary of the District's operations for the year ended December 31, 2022. The District increased its net position by \$6,265,437.

Summary of Changes in Net Position

	<u>2022</u>	<u>2021</u>
Revenues:		
Property taxes	\$ 12 588 225	\$ 10 312 880
Other revenues	<u>462 528</u>	<u>172 404</u>
Total revenues	<u>13 050 753</u>	<u>10 485 284</u>
Interest expense	354 253	259 334
Depreciation	1 022 700	858 280
Operating expenses	<u>5 408 363</u>	<u>4 522 461</u>
Total expenses	<u>6 785 316</u>	<u>5 640 075</u>
Change in net position	6 265 437	4 845 209
Net position, beginning of period	<u>41 679 047</u>	<u>36 833 838</u>
Net position, end of period	<u>\$ 47 944 484</u>	<u>\$ 41 679 047</u>

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

### **MANAGEMENT DISCUSSION & ANALYSIS**

DECEMBER 31, 2022

(Continued)

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

The District's fund balance as of December 31, 2022 was \$31,243,246

The General Fund balance decreased by \$533,910.

The Debt Service Fund balance increased by \$982,040.

The Capital Projects Fund balance increased by \$21,188,840.

#### **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 not amend the budget during the fiscal year. Actual excess revenues over expenditures were \$533,910 less than the budgeted amount.



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

**MANAGEMENT DISCUSSION & ANALYSIS**

**DECEMBER 31, 2022**

(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)

	<u>2022</u>	<u>2021</u>
Land	\$ 8 501 282	\$ 7 021 514
Buildings, net of depreciation	18 217 000	2 083 249
Machinery and Equipment, net of depreciation	598 564	706 262
Vehicles, net of depreciation	3 111 067	3 577 443
Construction in progress	<u>1 213 435</u>	<u>16 379 207</u>
Total Capital Assets	<u>\$ 31 641 348</u>	<u>\$ 29 767 675</u>

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2022 are summarized as follows:

Long term debt, beginning of year	\$ 5 218 363
Proceeds from long term debt	15 843 008
Retirements of principal	<u>( 610 789)</u>
Long term debt, end of year	<u>\$ 20 450 582</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.

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

**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2022**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 2 036 599	\$ 553 350	\$ 21 294 275
Cash and Cash Equivalents - Restricted	1 771 688	-	-
Taxes Receivable	5 001 084	814 664	-
Accounts Receivable - Other	399	-	-
Due from Tax Assessor	4 526 982	746 901	-
Internal receivables	423 646	-	-
Prepaid Expenses	287 147	-	-
Net Pension Asset	455 428	-	-
Capital Assets			
Land	-	-	-
Capital Assets Net of Accumulated Depreciation of \$7,803,467	-	-	-
Construction in Progress	-	-	-
Total Assets	<u>\$ 14 502 973</u>	<u>\$ 2 114 915</u>	<u>\$ 21 294 275</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources	208 770	-	-
Total Deferred Outflows of Resources	208 770	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 14 711 743</u>	<u>\$ 2 114 915</u>	<u>\$ 21 294 275</u>
<u>LIABILITIES</u>			
Liabilities			
Accounts Payable	\$ 176 066	\$ -	\$ -
Accrued Interest Payable	-	-	-
Retirement Plan Payable	63 912	-	-
Retainage Payable	15 000	-	-
Payroll Liabilities	129 611	-	-
Internal Payables	-	318 211	105 435
Long Term Liabilities			
Due within One Year	-	-	-
Due after One Year	-	-	-
Total Liabilities	<u>384 589</u>	<u>318 211</u>	<u>105 435</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources	253 704	-	-
Unavailable Tax Revenue	5 001 084	814 664	-
Total Deferred Inflows of Resources	<u>5 254 788</u>	<u>814 664</u>	<u>-</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund Balances			
Committed	1 771 688	-	-
Unassigned	7 300 678	982 040	21 188 840
Total Fund Balance	<u>9 072 366</u>	<u>982 040</u>	<u>21 188 840</u>
Total Liabilities and Fund Balances	<u>\$ 14 711 743</u>	<u>\$ 2 114 915</u>	<u>\$ 21 294 275</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>
\$ 23 884 224	\$ -	\$ 23 884 224
1 771 688	-	1 771 688
5 815 748	-	5 815 748
399	-	399
5 273 883	-	5 273 883
423 646	( 423 646)	-
287 147	-	287 147
455 428	-	455 428
-	8 501 282	8 501 282
-	21 926 631	21 926 631
-	1 213 435	1 213 435
<u>\$ 37 912 163</u>	<u>\$ 31 217 702</u>	<u>\$ 69 129 865</u>
208 770	-	208 770
208 770	-	208 770
<u>\$ 38 120 933</u>	<u>\$ 31 217 702</u>	<u>\$ 69 338 635</u>
\$ 176 066	\$ -	\$ 176 066
-	305 276	305 276
63 912	-	63 912
15 000	-	15 000
129 611	-	129 611
423 646	( 423 646)	-
-	1 158 195	1 158 195
-	19 292 387	19 292 387
<u>808 235</u>	<u>20 332 212</u>	<u>21 140 447</u>
253 704	-	253 704
5 815 748	(5 815 748)	-
<u>6 069 452</u>	<u>(5 815 748)</u>	<u>253 704</u>
1 771 688	(1 771 688)	-
29 471 558	(29 471 558)	-
<u>31 243 246</u>	<u>(31 243 246)</u>	<u>-</u>
<u>\$ 38 120 933</u>		
	10 885 490	10 885 490
	1 771 688	1 771 688
	<u>35 287 306</u>	<u>35 287 306</u>
	<u>47 944 484</u>	<u>47 944 484</u>
	<u>\$ 31 217 702</u>	<u>\$ 69 338 635</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, 2022**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund</u>
<b>Revenues</b>			
Property Taxes	\$ 13 425 406	\$ 974 781	\$ -
Other Income	51 463	-	-
Penalty and Interest on Property Taxes	45 325	783	-
Interest Earned on Temporary Investments	45 600	6 476	311 721
Contributions	1 160	-	-
Total Revenues	<u>13 568 954</u>	<u>982 040</u>	<u>311 721</u>
<b>Expenditures/Expenses</b>			
Accounting	63 520	-	-
Appraisal District Fees	85 686	-	-
Auditing Fees	16 257	-	-
Contract Labor	18 000	-	-
Collection Fees	17 089	-	-
Communication	23 288	-	-
Dues and Subscriptions	7 437	-	-
Emergency Management	3 250	-	-
Equipment Testing, Repairs and Maintenance	179 529	-	-
Finance Fees	-	-	3 500
Fuel	73 892	-	-
Information Technology	278 870	-	-
Insurance	245 284	-	-
Medical Supplies	10 219	-	-
Office	7 730	-	-
Payroll and Related Expense	3 885 474	-	-
Physicals	40 931	-	-
Professional Services	177 856	-	-
Protective Gear	7 398	-	-
Station and Facility Expense	96 431	-	-
Staff Training	14 443	-	-
Travel	15 613	-	-
Uniforms	17 995	-	-
Utilities	118 671	-	-
Capital Outlay	1 778 063	-	1 124 610
Depreciation	-	-	-
<b>Debt Service</b>			
Note Principal	610 789	-	-
Note Interest	146 928	-	-
Total Expenditures/Expenses	<u>7 940 643</u>	<u>-</u>	<u>1 128 110</u>
Excess Revenues Over Expenditures	5 628 311	982 040	( 816 389)
<b>Other Financing Sources / Uses</b>			
Transfer Between Funds	(7 005 229)	-	7 005 229
Notes Payable Proceeds	843 008	-	15 000 000
Changes in Fund Balance/Net Position	( 533 910)	982 040	21 188 840
<b>Fund Balance/Net Position</b>			
Beginning of Year	9 606 276	-	-
End of Year	<u>\$ 9 072 366</u>	<u>\$ 982 040</u>	<u>\$ 21 188 840</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 14 400 187	\$ (1 811 962)	\$ 12 588 225
51 463	-	51 463
46 108	-	46 108
363 797	-	363 797
1 160	-	1 160
<u>14 862 715</u>	<u>(1 811 962)</u>	<u>13 050 753</u>
63 520	-	63 520
85 686	-	85 686
16 257	-	16 257
18 000	-	18 000
17 089	-	17 089
23 288	-	23 288
7 437	-	7 437
3 250	-	3 250
179 529	-	179 529
3 500	-	3 500
73 892	-	73 892
278 870	-	278 870
245 284	-	245 284
10 219	-	10 219
7 730	-	7 730
3 885 474	-	3 885 474
40 931	-	40 931
177 856	-	177 856
7 398	-	7 398
96 431	-	96 431
14 443	-	14 443
15 613	-	15 613
17 995	-	17 995
118 671	-	118 671
2 902 673	(2 902 673)	-
-	1 022 700	1 022 700
610 789	( 610 789)	-
146 928	207 325	354 253
<u>9 068 753</u>	<u>(2 283 437)</u>	<u>6 785 316</u>
5 793 962	471 475	6 265 437
-	-	-
<u>15 843 008</u>	<u>(15 843 008)</u>	<u>-</u>
21 636 970	(15 371 533)	6 265 437
9 606 276	32 072 771	41 679 047
<u>\$ 31 243 246</u>	<u>\$ 16 701 238</u>	<u>\$ 47 944 484</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, 2022

### 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, 2022  
(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, 2022  
(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, 2022. 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, 2022  
(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, 2022, the District recognized a liability of \$79,167 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.

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

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(Continued)

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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, 2022	\$ 31 243 246
Conversion of property tax assessments to full accrual basis	5 815 748
Interest paid on long term debt is adjusted to accrual basis	( 305 276)
Long-term debt obligations not reported in the funds	(20 450 582)
Capital assets used in governmental activities are not financial and are not reported in the funds.	<u>31 641 348</u>
Adjustment to fund balance to arrive at net position	<u>16 701 238</u>
Total Net Position at December 31, 2022	\$ <u>47 944 484</u>

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

Change in fund balance	\$ 21 636 970
Conversion of property tax assessments to full accrual basis	(1 811 962)
Interest paid on long term debt is adjusted to accrual basis	( 207 325)
Governmental funds report proceeds from debt because they provide current financial resources to governmental funds.	(15 843 008)
Principal payments on debt are reported as expenditures. None of the transactions, however, have any effect on net position.	610 789
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>1 879 973</u>
Change in net position of governmental activities	\$ <u>6 265 437</u>

## FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 (Continued)

#### NOTE (3) AD VALOREM TAX

During the year ended December 31, 2022, the District levied an ad valorem tax at the rate of \$.096958 per \$100 of assessed valuation, which resulted in a tax levy of \$12,546,142 for 2022, on the taxable valuation of \$12,939,769,463 for the 2022 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, 2022, the ad valorem tax rate of \$0.096958 was split between the general fund and the debt service fund at the rate of \$0.083220 and \$0.013738, 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, 2022 include collections during the current period or within 60 days of year-end related to the 2022 and prior years' tax levies.

#### NOTE (4) DEPOSITS AND INVESTMENTS

During the year ended December 31, 2022, 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, 2022 was \$15,085,857 and occurred in February 2022. During the year all funds were adequately secured.

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, 2022, 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, 2022, the District had a balance of \$22,931,426 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, 2022.

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

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(Continued)

NOTE (5) CAPITAL ASSETS

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

	Balances at 12/31/21	Additions (Dispositions)	Depreciation	Balances at 12/31/22
Land	\$ 7 021 514	\$ 1 479 768	\$ -	\$ 8 501 282
Buildings	2 981 461	16 429 610	-	19 411 071
Furniture and Fixtures	48 661	-	-	48 661
Machinery and Equipment	1 738 899	( 8 216)	-	1 730 683
Vehicles	8 416 916	122 767	-	8 539 683
Accumulated Depreciation	<u>(6 818 983)</u>	<u>38 216</u>	<u>(1 022 700)</u>	<u>(7 803 467)</u>
Capital Assets	<u>6 366 954</u>	<u>16 582 377</u>	<u>(1 022 700)</u>	<u>21 926 631</u>
Construction in progress	<u>16 372 907</u>	<u>(15 159 472)</u>	<u>-</u>	<u>1 213 435</u>
Totals, net	<u>\$ 29 761 375</u>	<u>\$ 2 902 673</u>	<u>\$ (1 022 700)</u>	<u>\$ 31 641 348</u>

Construction in progress relates to the construction of two new stations within the District. At December 31, 2022, the construction of the new stations was on going.

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, 2022, 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, 2021, 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, 2021 through April 30, 2030.

At January 1, 2022 the balance due on this note was \$5,218,363. During the year ended December 31, 2022, the District requested disbursement of funds from the escrow account in the amount of \$843,008 to pay contractor fees related to the construction of a fire station.

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

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(Continued)

NOTE (7) NOTE PAYABLE (Continued)

On April 30, 2022, the District paid principal and interest of \$610,789 and \$146,928, respectively. The balance due at December 31, 2022 was \$5,450,582.

On July 29, 2022, 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, beginning February 1, 2023.

Future maturities of the balances outstanding are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
December 31, 2023	\$ 1 158 195	\$ 654 005
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 - 2032	5 550 378	1 981 071
December 31, 2033 - 2037	4 009 988	1 248 010
December 31, 2038 - 2042	<u>4 753 111</u>	<u>504 587</u>
Total Amount	<u>\$ 20 450 582</u>	<u>\$ 6 646 030</u>

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

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(Continued)

NOTE (8) 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 68 Report for TCERS furnished by Milliman to the District for the year ended December 31, 2021. This is due to the delayed issuance of the Milliman annual evaluation.

Employee membership data related to the Plan, as of December 31, 2021 was as follows:

Inactive employees entitled to but not yet receiving benefits	22
Active plan members	<u>48</u>
	<u>70</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 TCERS service time for every month a deposit is made into a TCERS 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 TCERS 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, 2021, the District’s total payroll for all employees was \$2,345,854. Total covered payroll was \$2,408,868. 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, 2022  
 (Continued)

NOTE (8) 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, 2021, was 6.94% 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, 2021 were \$167,175.

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

At December 31, 2022, the District reported a liability of \$35,685 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, 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, 2021, the District's proportion was 50%.

For the year ended December 31, 2022, the District recognized pension expense of \$220,949. At December 31, 2022, 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	\$ 30 741	\$ 121 635
Changes of assumptions	12 430	87 135
Net difference between projected and actual earnings	210 533	-
Contributions subsequent to the measurement date	N/A	<u>Employer determined</u>
Total	<u>\$ 253 704</u>	<u>\$ 208 770</u>



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

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(Continued)

NOTE (8) 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>		
2022	\$	( 20 619)
2023		( 21 076)
2024		( 29 452)
2025		( 26 062)
2026		28 331
Thereafter		23 944

Actuarial Assumptions

The total pension liability in the December 31, 2021 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 2021 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, 2021 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 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 2022 information for a 10-year time horizon.

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

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(Continued)

NOTE (8) RETIREMENT PLAN (Continued)

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
US Equities	11.50%	3.80%
Private Equity	25.00%	6.80%
Global Equities	2.50%	4.10%
International Equities - Developed	5.00%	3.80%
International Equities - Emerging	6.00%	4.30%
Investment - Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	1.77%
Direct Lending	16.00%	6.25%
Distressed Debt	4.00%	4.50%
REIT Equities	2.00%	3.10%
Master Limited Partnerships	2.00%	3.85%
Private Real Estate Partnerships	6.00%	5.10%
Hedge Funds	6.00%	1.55%
Cash Equivalents	<u>2.00%</u>	-1.05%
	<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, 2022  
(Continued)

NOTE (8) 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, 2021 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, 2020	\$ 1 529 742	\$ 1 726 252	\$ ( 196 510)
Changes for the year:			
Service cost	345 993	-	345 993
Interest on total pension liability	141 699	-	141 699
Effect of Plan changes	-	-	-
Effect of economic/demographic gains or losses	26 823	-	26 823
Effect of assumptions changes or inputs	( 14 502)	-	( 14 502)
Refund of contributions	( 22 967)	( 22 967)	-
Benefit payments	-	-	-
Administrative expenses	-	( 1 332)	1 332
Member contributions	-	168 621	( 168 621)
Net investment income	-	415 129	( 415 129)
Employer contributions	-	167 175	( 167 175)
Other	-	9 338	( 9 338)
Balances as of December 31, 2021	<u>\$ 2 006 788</u>	<u>\$ 2 462 216</u>	<u>\$ ( 455 428)</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:

	Discount Rate	Net Pension Liability/(Asset)
1% Decrease	6.60%	\$ ( 91 228)
Current Discount Rate	7.60%	\$ ( 455 428)
1% Increase	8.60%	\$ ( 749 036)

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

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(Continued)

NOTE (8) 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, 2022, the District reported a payable of \$63,911 for the outstanding amount of contributions due to the Plan for the year.

NOTE (9) SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 18, 2023 (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, 2022

	Actual	Original and Final Budget *	Variance Positive (Negative)
Revenues:			
Property Taxes	\$ 13 425 406	\$ 9 528 762	\$ 3 896 644
Other Income	51 463	-	51 463
Penalty and Interest on Property Taxes	45 325	-	45 325
Interest Earned on Temporary Investments	45 600	-	45 600
Donations in Kind	1 160	-	1 160
Total Revenues	<u>13 568 954</u>	<u>9 528 762</u>	<u>4 040 192</u>
Expenditures/Expenses			
Accounting	63 520	50 001	( 13 519)
Appraisal District Fees	85 686	90 000	4 314
Auditing Fees	16 257	18 000	1 743
Contract Labor	18 000	18 000	-
Collection Fees	17 089	20 150	3 061
Communication	23 288	30 000	6 712
Dues and Subscriptions	7 437	3 000	( 4 437)
Emergency Management	3 250	15 000	11 750
Equipment Testing, Repairs and Maintenance	179 529	238 200	58 671
Fuel	73 892	62 500	( 11 392)
Information Technology	278 870	267 000	( 11 870)
Insurance	245 284	225 000	( 20 284)
Medical Supplies	10 219	75 000	64 781
Office	7 730	31 200	23 470
Payroll and Related Expense	3 885 474	6 440 186	2 554 712
Physicals	40 931	-	( 40 931)
Professional Services	177 856	250 000	72 144
Protective Gear	7 398	82 000	74 602
Station and Facility Expense	96 431	157 500	61 069
Staff Training	14 443	70 000	55 557
Travel	15 613	15 000	( 613)
Uniforms	17 995	44 808	26 813
Utilities	118 671	118 500	( 171)
Capital Outlay	1 778 063	-	(1 778 063)
Debt Service			
Note Principal	610 789	1 075 595	464 806
Note Interest	146 928	132 122	( 14 806)
Total Expenditures/Expenses	<u>7 940 643</u>	<u>9 528 762</u>	<u>1 588 119</u>
Excess (Deficiency) of Revenues over Expenditures	5 628 311	-	5 628 311
Notes Payable Proceeds	843 008	-	843 008
Transfer Between Funds	<u>(7 005 229)</u>	<u>-</u>	<u>(7 005 229)</u>
Changes in Fund Balance	( 533 910)	-	( 533 910)
Fund Balance			
Beginning of the Year	<u>9 606 276</u>	<u>9 606 276</u>	<u>-</u>
End of the Year	<u>\$ 9 072 366</u>	<u>\$ 9 606 276</u>	<u>\$ ( 533 910)</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability				
Service cost	\$ 345 993	\$ 306 971	\$ 196 293	\$ 602 070
Interest on total pension liability	141 699	103 790	64 705	48 768
Effect of assumption changes or inputs	( 14 502)	116 181	-	-
Effect of economic/demographic (gains) or losses	26 823	30 881	113 223	( 48 309)
Benefit payments/refunds of contributions	<u>( 22 967)</u>	<u>( 4 831)</u>	<u>-</u>	<u>-</u>
Net change in total pension liability	477 046	552 992	374 221	602 529
Total pension liability, beginning	<u>1 529 742</u>	<u>976 750</u>	<u>602 529</u>	<u>-</u>
Total pension liability, ending	<u>\$ 2 006 788</u>	<u>\$ 1 529 742</u>	<u>\$ 976 750</u>	<u>\$ 602 529</u>
 Fiduciary Net Position				
Employer contributions	167 175	147 805	1 011 925	41 625
Member contributions	168 621	158 931	141 294	34 862
Investment income net of investment expenses	415 129	133 196	11 893	854
Benefit payments/refunds of contributions	( 22 967)	( 4 831)	-	-
Administrative expenses	( 1 332)	( 1 263)	( 978)	( 64)
Other	<u>9 338</u>	<u>9 061</u>	<u>39 662</u>	<u>2 280</u>
Net change in fiduciary net position	735 964	442 899	1 203 796	79 557
Fiduciary net position, beginning	<u>1 726 252</u>	<u>1 283 353</u>	<u>79 557</u>	<u>-</u>
Fiduciary net position, ending	<u>2 462 216</u>	<u>1 726 252</u>	<u>1 283 353</u>	<u>79 557</u>
 Net pension liability/(asset), ending	<u>\$ ( 455 428)</u>	<u>\$ ( 196 510)</u>	<u>\$ ( 306 603)</u>	<u>\$ 522 972</u>
 Fiduciary net position as a % of total pension liability/(asset)	122.69%	112.85%	131.39%	13.20%
 Pensionable covered payroll	\$ 2 408 868	\$ 2 270 438	\$ 2 018 486	\$ 498 028
 Net pension liability/(asset) as a % of covered payroll	-18.91%	-8.66%	-15.19%	105.01%

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
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%
2020	\$ 147 805	\$ 147 805	\$ -	\$ 2 270 438	6.5%
2021	\$ 167 175	\$ 167 175	\$ -	\$ 2 408 868	6.9%

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	19.0 years (based on contribution rate calculated in 12/31/21 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, 2022

	Maintenance Taxes	Debt Services Taxes
Taxes Receivable - Beginning of Year	\$ 7 627 710	-
2022 Tax Roll	10 768 476	1 777 666
Adjustment to prior year taxes	<u>30 304</u>	<u>11 779</u>
Total to be Accounted for	18 426 490	1 789 445
Tax Collections Received from Tax Collector	<u>(13 425 406)</u>	<u>( 974 781)</u>
Taxes Receivable - End of Year	<u>\$ 5 001 084</u>	<u>\$ 814 664</u>
Taxes Receivable - By Years		
2022	\$ 4 891 843	\$ 807 548
2021	28 022	2 207
2020	17 743	1 565
2019	16 449	-
2018	14 711	-
2017 - 1998	<u>32 316</u>	<u>3 344</u>
Taxes Receivable - End of Year	<u>\$ 5 001 084</u>	<u>\$ 814 664</u>

	<u>Assessed Valuation Summary</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Property Valuations					
Real Property	\$ 12 612 634 226	\$ 10 203 072 430	\$ 9 092 955 178	\$ 8 079 428 718	\$ 7 339 832 083
Personal Property	<u>327 135 237</u>	<u>128 940 755</u>	<u>169 930 774</u>	<u>204 012 015</u>	<u>142 768 129</u>
Total Property Valuations	<u>\$ 12 939 769 463</u>	<u>\$ 10 332 013 185</u>	<u>\$ 9 262 885 952</u>	<u>\$ 8 283 440 733</u>	<u>\$ 7 482 600 212</u>
Tax Rate per \$100 Valuation					
Debt service tax rates	\$ 0.013738	\$ 0.007301	\$ 0.008107	\$ -	\$ -
Maintenance tax rates	<u>0.083220</u>	<u>0.092699</u>	<u>0.091893</u>	<u>0.100000</u>	<u>0.100000</u>
Total Tax Rater per \$100 Valuation	<u>\$ 0.096958</u>	<u>\$ 0.100000</u>	<u>\$ 0.100000</u>	<u>\$ 0.100000</u>	<u>\$ 0.100000</u>
Tax Rolls	<u>\$ 12 546 142</u>	<u>\$ 10 332 013</u>	<u>\$ 9 262 886</u>	<u>\$ 8 283 441</u>	<u>\$ 7 482 600</u>
Percent of Taxes Collected to Taxes Levied	<u>54.6%</u>	<u>99.7%</u>	<u>99.8%</u>	<u>99.8%</u>	<u>99.8%</u>

See the Accompanying Independent Auditors' Report

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

SUPPLEMENTARY INFORMATION  
BOARD MEMBERS AND CONSULTANTS  
DECEMBER 31, 2022

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 12/31/22</u>	<u>Expense Reimburse- ments FYE 12/31/22</u>	<u>Title at Year End</u>
Board Members:				
D McJunkin	(Appointed) 01/01/22 - 12/31/23	\$ -	\$ 115	President
E Krenek	(Appointed) 01/01/21 - 12/31/22	\$ -	\$ 250	Vice President
K Stacy	(Appointed) 01/01/22 - 12/31/23	\$ -	\$ 661	Treasurer
T Kuykendall	(Appointed) 01/01/21 - 12/31/22	\$ -	\$ 115	Secretary
R Pechukas	(Appointed) 01/01/22 - 12/31/23	\$ -	\$ 295	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, 2022  
 (Continued)

Names	Term of office (Appointed) or Date Hired	Fees of Office Paid* FYE 12/31/22	Title at Year End
Consultants:			
Breedlove & Co., P.C.	2006	\$ 16 257	Auditor
Radcliffe Bobbitt Adams Polley	2019	\$ 139 392	Attorney
Carrie Surratt	2019	\$ 17 030	Tax Collector
Fort Bend County Appraisal District	2006	\$ 85 686	Appraisal District
LJA Engineering	2017	\$ 719	Engineer
Brown Reynolds Watford Architects, Inc.	2017	\$ 6 941	Architect
Martinez Architects, L.P.	2020	\$ 59 537	Architect
PGAL, Inc.	2022	\$ 33 819	Architect
Municipal Accounts & Consulting, L.P.	2017	\$ 56 133	Bookkeeper

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