
FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

REPORT ON FINANCIAL STATEMENTS

(With Supplemental Material)

FOR THE YEAR ENDED DECEMBER 31, 2024

BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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JILL A. HENZE, CPA
President

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CEO

INDEPENDENT AUDITORS' REPORT

April 15, 2025

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, 2024 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, 2024, 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.

Breallone & Co., P.C.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2024

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, 2024. 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 Funds Balance Sheet, and (2) the Statement of Activities and Governmental 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 \$63,224,187 as of December 31, 2024.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2024

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 44 795 365	\$ 43 148 777
Capital assets	<u>43 026 510</u>	<u>38 142 956</u>
Total assets	<u>\$ 87 821 875</u>	<u>\$ 81 291 733</u>
Deferred outflows of resources	<u>\$ 383 694</u>	<u>\$ 320 094</u>
Current liabilities	\$ 2 499 380	\$ 2 038 099
Long term liabilities	<u>22 424 777</u>	<u>23 472 457</u>
Total liabilities	<u>\$ 24 924 157</u>	<u>\$ 25 510 556</u>
Deferred inflows of resources	<u>\$ 57 225</u>	<u>\$ 68 186</u>
Net position:		
Net investment in capital assets	\$ 24 111 294	\$ 18 565 416
Restricted	1 771 688	1 771 688
Unrestricted	<u>37 341 205</u>	<u>35 695 981</u>
Total net position	<u>\$ 63 224 187</u>	<u>\$ 56 033 085</u>

The following table provides a summary of the District's operations for the year ended December 31, 2024. The District increased its net position by \$7,191,102.

Summary of Changes in Net Position

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 18 124 575	\$ 15 352 668
Other revenues	<u>1 807 385</u>	<u>1 623 226</u>
Total revenues	<u>19 931 960</u>	<u>16 975 894</u>
Interest expense	908 723	633 882
Depreciation	1 372 723	1 257 250
Operating expenses	<u>10 459 412</u>	<u>6 996 161</u>
Total expenses	<u>12 740 858</u>	<u>8 887 293</u>
Change in net position	7 191 102	8 088 601
Net position, beginning of period	<u>56 033 085</u>	<u>47 944 484</u>
Net position, end of period	<u>\$ 63 224 187</u>	<u>\$ 56 033 085</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS DECEMBER 31, 2024 (Continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's fund balance as of December 31, 2024 was \$36,290,835.

The General Fund balance increased by \$10,628,567.

The Debt Service Fund balance increased by \$1,356,459

The Capital Projects Fund balance decreased by \$4,608,572.

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 \$10,626,656 more than the budgeted amount.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

MANAGEMENT DISCUSSION & ANALYSIS

DECEMBER 31, 2024

(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>2024</u>	<u>2023</u>
Land	\$ 8 043 367	\$ 8 054 108
Buildings, net of depreciation	25 179 425	17 861 024
Machinery and Equipment, net of depreciation	845 863	495 589
Vehicles, net of depreciation	2 676 832	2 669 980
Construction in progress	<u>6 281 023</u>	<u>9 062 255</u>
Total Capital Assets	<u>\$ 43 026 510</u>	<u>\$ 38 142 956</u>

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2024 are summarized as follows:

Long term debt, beginning of year	\$ 24 664 244
Proceeds from long term debt	297 840
Retirements of principal	<u>(1 251 355)</u>
Long term debt, end of year	<u>\$ 23 710 729</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, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 10 059 068	\$ 1 527 194	\$ 14 954 382
Cash and Cash Equivalents - Restricted	1 771 688	-	-
Taxes Receivable	6 852 727	1 341 188	-
Due from Tax Assessor	6 687 597	1 321 464	-
Internal receivables	460 274	-	62 876
Accrued Interest receivables	5 050	-	-
Prepaid Expenses	22 758	-	-
Net Pension Asset	252 249	-	-
Capital Assets			
Land	-	-	-
Capital Assets Net of Accumulated Depreciation of \$10,354,858	-	-	-
Construction in Progress	-	-	-
Total Assets	<u>26 111 411</u>	<u>4 189 846</u>	<u>15 017 258</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources	<u>383 694</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	383 694	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 26 495 105</u>	<u>\$ 4 189 846</u>	<u>\$ 15 017 258</u>
<u>LIABILITIES</u>			
Liabilities			
Accounts Payable	\$ 155 159	\$ -	\$ -
Accrued Interest Payable	-	-	-
Retirement Plan Payable	109 445	-	-
Payroll Liabilities	372 480	-	-
Internal Payables	62 876	460 274	-
Note Payable - Due within One Year	-	-	-
Long Term Liabilities			
Lease Liability - Due after One Year	-	-	-
Note Payable - Due after One Year	-	-	-
Total Liabilities	<u>699 960</u>	<u>460 274</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources	57 225	-	-
Unavailable Tax Revenue	<u>6 852 727</u>	<u>1 341 188</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>6 909 952</u>	<u>1 341 188</u>	<u>-</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund Balances			
Committed	1 771 688	-	-
Unassigned	<u>17 113 505</u>	<u>2 388 384</u>	<u>15 017 258</u>
Total Fund Balance	<u>18 885 193</u>	<u>2 388 384</u>	<u>15 017 258</u>
Total Liabilities and Fund Balances	<u>\$ 26 495 105</u>	<u>\$ 4 189 846</u>	<u>\$ 15 017 258</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>
\$ 26 540 644	\$ -	\$ 26 540 644
1 771 688	-	1 771 688
8 193 915	-	8 193 915
8 009 061	-	8 009 061
523 150	(523 150)	-
5 050	-	5 050
22 758	-	22 758
252 249	-	252 249
-	8 043 367	8 043 367
-	28 702 120	28 702 120
-	6 281 023	6 281 023
<u>45 318 515</u>	<u>42 503 360</u>	<u>87 821 875</u>
383 694	-	383 694
<u>383 694</u>	-	<u>383 694</u>
<u>\$ 45 702 209</u>	<u>\$ 42 503 360</u>	<u>\$ 88 205 569</u>
\$ 155 159	\$ -	\$ 155 159
-	576 344	576 344
109 445	-	109 445
372 480	-	372 480
523 150	(523 150)	-
-	1 285 952	1 285 952
-	5 371 857	5 371 857
-	17 052 920	17 052 920
<u>1 160 234</u>	<u>23 763 923</u>	<u>24 924 157</u>
57 225	-	57 225
<u>8 193 915</u>	<u>(8 193 915)</u>	<u>-</u>
<u>8 251 140</u>	<u>(8 193 915)</u>	<u>57 225</u>
1 771 688	(1 771 688)	-
<u>34 519 147</u>	<u>(34 519 147)</u>	<u>-</u>
<u>36 290 835</u>	<u>(36 290 835)</u>	<u>-</u>
<u>\$ 45 702 209</u>		
	24 111 294	24 111 294
	1 771 688	1 771 688
	<u>37 341 205</u>	<u>37 341 205</u>
	<u>63 224 187</u>	<u>63 224 187</u>
	<u>\$ 42 503 360</u>	<u>\$ 88 205 569</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, 2024**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund</u>
Revenues			
Property Taxes	\$ 20 800 047	\$ 3 055 759	\$ -
Other Income	83 310	-	-
Penalty and Interest on Property Taxes	56 673	7 785	-
Interest Earned on Temporary Investments	516 258	102 232	933 627
Proceeds from disposition of assets	118 241	-	-
Total Revenues	<u>21 574 529</u>	<u>3 165 776</u>	<u>933 627</u>
Expenditures/Expenses			
Accounting	75 437	-	-
Appraisal District Fees	104 009	-	-
Auditing Fees	17 577	-	-
Contract Labor	18 000	-	-
Collection Fees	20 224	-	-
Communication	22 703	-	-
Dues and Subscriptions	8 565	-	-
Election fees	84 397	-	-
Emergency Management	3 969	-	-
Equipment Testing, Supplies, Repairs and Maintenance	209 636	-	-
Foam and Fuel	71 733	-	-
Information Technology	211 403	-	-
Insurance	348 382	-	-
Medical Supplies	14 683	-	-
Office	14 569	-	-
Payroll and Related Expense	8 328 870	-	-
Physicals	60 765	-	-
Professional Services	131 861	-	-
Protective Gear	49 745	-	119 386
Station and Facility Expense	178 917	-	-
Staff Training	122 551	-	-
Travel	16 936	-	-
Uniforms	62 112	-	-
Utilities	162 982	-	-
Capital Outlay	605 936	-	5 661 082
Depreciation	-	-	-
Debt Service			
Note Principal	640 759	-	610 596
Note Interest	-	617 530	-
Lease Interest	-	-	-
Total Expenditures/Expenses	<u>11 586 721</u>	<u>617 530</u>	<u>6 391 064</u>
Excess Revenues Over Expenditures	9 987 808	2 548 246	(5 457 437)
Other Financing Sources / Uses			
Notes payable proceeds	-	-	297 837
Transfer Between Funds	640 759	(1 191 787)	551 028
Changes in Fund Balance/Net Position	10 628 567	1 356 459	(4 608 572)
Fund Balance/Net Position			
Beginning of Year	<u>8 256 626</u>	<u>1 031 925</u>	<u>19 625 830</u>
End of Year	<u>\$ 18 885 193</u>	<u>\$ 2 388 384</u>	<u>\$ 15 017 258</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 23 855 806	\$ (5 731 231)	\$ 18 124 575
83 310	-	83 310
64 458	-	64 458
1 552 117	-	1 552 117
<u>118 241</u>	<u>(10 741)</u>	<u>107 500</u>
<u>25 673 932</u>	<u>(5 741 972)</u>	<u>19 931 960</u>
75 437	-	75 437
104 009	-	104 009
17 577	-	17 577
18 000	-	18 000
20 224	-	20 224
22 703	-	22 703
8 565	-	8 565
84 397	-	84 397
3 969	-	3 969
209 636	-	209 636
71 733	-	71 733
211 403	-	211 403
348 382	-	348 382
14 683	-	14 683
14 569	-	14 569
8 328 870	-	8 328 870
60 765	-	60 765
131 861	-	131 861
169 131	-	169 131
178 917	-	178 917
122 551	-	122 551
16 936	-	16 936
62 112	-	62 112
162 982	-	162 982
6 267 018	(6 267 018)	-
-	1 372 723	1 372 723
1 251 355	(1 251 355)	-
617 530	(18 244)	599 286
-	309 437	309 437
<u>18 595 315</u>	<u>(5 854 457)</u>	<u>12 740 858</u>
7 078 617	112 485	7 191 102
297 837	(297 837)	-
-	-	-
<u>7 376 454</u>	<u>(185 352)</u>	<u>7 191 102</u>
<u>28 914 381</u>	<u>27 118 704</u>	<u>56 033 085</u>
<u>\$ 36 290 835</u>	<u>\$ 26 933 352</u>	<u>\$ 63 224 187</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, 2024

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, 2024
(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, 2024
(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, 2024. 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, 2024
(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, 2024, the District recognized a liability of \$224,170 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, 2024
(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, 2024	\$ 36 290 835
Conversion of property tax assessments to full accrual basis	8 193 915
Interest paid on long term debt is adjusted to accrual basis	(576 344)
Long-term debt obligations not reported in the funds	(23 710 729)
Capital assets used in governmental activities are not financial and are not reported in the funds.	<u>43 026 510</u>
Adjustment to fund balance to arrive at net position	<u>26 933 352</u>
Total Net Position at December 31, 2024	\$ <u>63 224 187</u>

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

Change in fund balance	\$ 7 376 454
Conversion of property tax assessments to full accrual basis	(5 731 231)
Interest paid on long term debt is adjusted to accrual basis	(291 193)
Governmental funds report proceeds from debt because they provide current financial resources to governmental funds.	(297 837)
Principal payments on debt are reported as expenditures. None of the transactions, however, have any effect on net position.	1 251 355
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and conveyance of capital assets exceeded depreciation in the current period.	<u>4 883 554</u>
Change in net position of governmental activities	\$ <u>7 191 102</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 (Continued)

NOTE (3) AD VALOREM TAX

During the year ended December 31, 2024, the District levied an ad valorem tax at the rate of \$.098689 per \$100 of assessed valuation, which resulted in a tax levy of \$18,072,759 for 2024, on the taxable valuation of \$18,312,840,320 for the 2024 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, 2024, the ad valorem tax rate of \$0.098689 was split between the general fund and the debt service fund at the rate of \$0.082404 and \$0.016285, 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, 2024 include collections during the current period or within 60 days of year-end related to the 2024 and prior years' tax levies.

NOTE (4) DEPOSITS AND INVESTMENTS

During the year ended December 31, 2024, 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, 2024 was \$13,885,543 and occurred in February 2024. 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, 2024, 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 as the value of pool shares. At December 31, 2024, the District had a balance of \$21,865,953 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, 2024.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024
(Continued)

NOTE (5) CAPITAL ASSETS

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

	Balances at 12/31/23	Additions (Dispositions)	Depreciation	Balances at 12/31/24
Land	\$ 8 054 108	\$ (10 741)	\$ -	\$ 8 043 367
Buildings	19 606 694	7 926 198	-	27 532 892
Furniture and Fixtures	48 661	-	-	48 661
Machinery and Equipment	1 671 378	472 032	-	2 143 410
Vehicles	8 685 340	646 675	-	9 332 015
Accumulated Depreciation	<u>(8 985 480)</u>	<u>3 345</u>	<u>(1 372 723)</u>	<u>(10 354 858)</u>
Capital Assets	<u>21 026 593</u>	<u>9 048 250</u>	<u>(1 372 723)</u>	<u>28 702 120</u>
Construction in progress	<u>9 062 255</u>	<u>(2 781 232)</u>	<u>-</u>	<u>6 281 023</u>
Totals, net	<u>\$ 38 142 956</u>	<u>\$ 6 256 277</u>	<u>\$ (1 372 723)</u>	<u>\$ 43 026 510</u>

Construction in progress relates to the construction of two new stations and a training center 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, 2024, the Board has committed an additional \$1,321,668 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, 2024 the balance due on this note was \$4,824,987. On April 30, 2024, the District paid principal and interest of \$640,759 and \$116,958, respectively. The balance due at December 31, 2024 was \$4,184,228.

On July 29, 2024, 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, 2024
(Continued)

NOTE (7) NOTE PAYABLE (Continued)

At January 1, 2024 the balance due on this note was \$14,467,400. On February 1, 2024, the District paid principal and interest of \$551,028 and \$500,572, respectively. The balance due at December 31, 2024 was \$13,916,372.

On July 15, 2024, the District entered into a loan agreement with Zoll Medical Corporation (the “Lender”) for \$297,840, to purchase medical equipment. Interest is calculated at 0%. The District shall make total annual repayments of \$59,568, with a total of five annual principal payments. The balance due at December 31, 2024 was \$238,272.

Future maturities of the balances outstanding are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
December 31, 2025	\$ 1 285 952	\$ 582 932
December 31, 2026	1 321 587	547 298
December 31, 2027	1 358 288	510 597
December 31, 2028	1 396 091	472 794
December 31, 2029	1 375 461	433 855
December 31, 2030 - 2034	4 361 260	1 654 955
December 31, 2035 - 2039	4 292 281	965 718
December 31, 2040 - 2042	<u>2 947 952</u>	<u>206 346</u>
Total Amount	<u>\$ 18 338 872</u>	<u>\$ 5 374 495</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, 2024:

<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	<u>1 135 485</u>	<u>59 817</u>
	<u>\$ 5 371 857</u>	<u>\$ 891 677</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024
(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, 2023. This is due to the delayed issuance of the Milliman annual evaluation.

Employee membership data related to the Plan, as of December 31, 2023 was as follows:

Inactive employees entitled to but not yet receiving benefits	37
Active plan members	<u>68</u>
	<u>105</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, 2023, the District’s total payroll for all employees was \$3,589,103. Total covered payroll was \$3,441,787. 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, 2024
(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, 2023, was 8.29% 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, 2023 were \$285,324.

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

At December 31, 2024, the District reported an asset of \$252,249 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2023, 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, 2023, the District's proportion was (7.33)%.

For the year ended December 31, 2024, the District recognized pension expense of \$384,585. At December 31, 2024, 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	\$ 48 939	\$ 269 765
Changes of assumptions	8 286	58 089
Net difference between projected and actual earnings	-	55 840
Contributions subsequent to the measurement date	N/A	Employer determined
Total	<u>\$ 57 225</u>	<u>\$ 383 694</u>

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024
(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>		
2024	\$	54 240
2025		57 630
2026		112 025
2027		35 099
2028		18 068
Thereafter		49 407

Actuarial Assumptions

The total pension liability in the December 31, 2023 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 2023 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, 2023 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 2024 information for a 10-year time horizon.

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024
(Continued)

NOTE (9) RETIREMENT PLAN (Continued)

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected Minus Inflation)
US Equities	11.50%	4.75%
Private Equity	25.00%	7.75%
Global Equities	2.50%	4.75%
International Equities - Developed	5.00%	4.75%
International Equities - Emerging	6.00%	4.75%
Investment - Grade Bonds	3.00%	2.35%
Strategic Credit	9.00%	3.65%
Direct Lending	16.00%	7.25%
Distressed Debt	4.00%	6.90%
REIT Equities	2.00%	4.10%
Master Limited Partnerships	2.00%	5.20%
Private Real Estate Partnerships	6.00%	5.70%
Hedge Funds	6.00%	3.25%
Cash Equivalents	<u>2.00%</u>	0.60%
	<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, 2024
(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, 2023 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, 2022	\$ 2 542 489	\$ 2 757 118	\$ (214 629)
Changes for the year:			
Service cost	384 089	-	384 089
Interest on total pension liability	221 962	-	221 962
Effect of Plan changes	-	-	-
Effect of economic/demographic gains or losses	215 628	-	215 628
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(12 289)	(12 289)	-
Benefit payments	-	-	-
Administrative expenses	-	(1 882)	1 882
Member contributions	-	240 925	(240 925)
Net investment income	-	308 096	(308 096)
Employer contributions	-	285 324	(285 324)
Other	-	26 836	(26 836)
Balances as of December 31, 2023	<u>\$ 3 351 879</u>	<u>\$ 3 604 128</u>	<u>\$ (252 249)</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:

	Net Pension	
	Discount Rate	Liability/(Asset)
1% Decrease	6.60%	\$ 376 817
Current Discount Rate	7.60%	\$ (252 249)
1% Increase	8.60%	\$ (755 683)

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024
(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, 2024, the District reported a payable of \$109,445 for the outstanding amount of contributions due to the Plan for the year.

NOTE (10) SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 15, 2025 (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, 2024

	Original			Variance
	Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Property Taxes	\$ 15 302 659	\$ 13 495 252	\$ 20 800 047	\$ 7 304 795
Other Income	-	100 000	83 310	(16 690)
Penalty and Interest on Property Taxes	-	-	56 673	56 673
Interest Earned on Temporary Investments	-	-	516 258	516 258
Proceeds from disposition of assets	-	-	118 241	118 241
<u>Total Revenues</u>	<u>15 302 659</u>	<u>13 595 252</u>	<u>21 574 529</u>	<u>7 979 277</u>
Expenditures/Expenses				
Accounting	100 000	100 000	75 437	24 563
Appraisal District Fees	118 500	118 500	104 009	14 491
Auditing Fees	18 000	18 000	17 577	423
Contract Labor	33 500	33 500	18 000	15 500
Collection Fees	20 150	20 150	20 224	(74)
Communication	30 000	30 000	22 703	7 297
Dues and Subscriptions	3 000	3 000	8 565	(5 565)
Election fees	-	100 000	84 397	15 603
Emergency Management	15 000	15 000	3 969	11 031
Equipment Testing, Repairs and Maintenance	317 000	317 000	209 636	107 364
Foam and Fuel	100 000	100 000	71 733	28 267
Information Technology	300 000	300 000	211 403	88 597
Insurance	275 000	275 000	348 382	(73 382)
Medical Supplies	31 500	91 500	14 683	76 817
Office	13 100	13 100	14 569	(1 469)
Payroll and Related Expense	9 254 684	9 254 684	8 328 870	925 814
Physicals	60 000	-	60 765	(60 765)
Professional Services	200 000	200 000	131 861	68 139
Protective Gear	80 000	80 000	49 745	30 255
Station and Facility Expense	170 000	170 000	178 917	(8 917)
Staff Training	243 384	243 384	122 551	120 833
Travel	20 000	20 000	16 936	3 064
Uniforms	50 000	50 000	62 112	(12 112)
Utilities	150 000	150 000	162 982	(12 982)
Capital Outlay	1 890 523	1 890 523	605 936	1 284 587
Debt Service				
Note Principal	1 191 788	-	640 759	(640 759)
Note Interest	617 530	-	-	-
<u>Total Expenditures/Expenses</u>	<u>15 302 659</u>	<u>13 593 341</u>	<u>11 586 721</u>	<u>2 006 620</u>
Other Financing Sources / Uses				
Transfer Between Funds	-	-	640 759	640 759
Changes in Fund Balance/Net Position	-	1 911	10 628 567	10 626 656
Fund Balance				
Beginning of the Year	8 256 626	8 256 626	8 256 626	-
End of the Year	<u>\$ 8 256 626</u>	<u>\$ 8 258 537</u>	<u>\$ 18 885 193</u>	<u>\$ 10 626 656</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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability				
Service cost	\$ 384 089	\$ 404 613	\$ 345 993	\$ 306 971
Interest on total pension liability	221 962	182 684	141 699	103 790
Effect of assumption changes or inputs	-	-	(14 502)	116 181
Effect of economic/demographic (gains) or losses	215 628	(35 976)	26 823	30 881
Benefit payments/refunds of contributions	<u>(12 289)</u>	<u>(15 620)</u>	<u>(22 967)</u>	<u>(4 831)</u>
Net change in total pension liability	809 390	535 701	477 046	552 992
Total pension liability, beginning	<u>2 542 489</u>	<u>2 006 788</u>	<u>1 529 742</u>	<u>976 750</u>
Total pension liability, ending	<u>\$ 3 351 879</u>	<u>\$ 2 542 489</u>	<u>\$ 2 006 788</u>	<u>\$ 1 529 742</u>
 Fiduciary Net Position				
Employer contributions	285 324	240 843	167 175	147 805
Member contributions	240 925	190 498	168 621	158 931
Investment income net of investment expenses	308 096	(179 791)	415 129	133 196
Benefit payments/refunds of contributions	(12 289)	(15 620)	(22 967)	(4 831)
Administrative expenses	(1 882)	(1 616)	(1 332)	(1 263)
Other	<u>26 836</u>	<u>60 588</u>	<u>9 338</u>	<u>9 061</u>
Net change in fiduciary net position	847 010	294 902	735 964	442 899
Fiduciary net position, beginning	<u>2 757 118</u>	<u>2 462 216</u>	<u>1 726 252</u>	<u>1 283 353</u>
Fiduciary net position, ending	<u>3 604 128</u>	<u>2 757 118</u>	<u>2 462 216</u>	<u>1 726 252</u>
 Net pension liability/(asset), ending	<u>\$ (252 249)</u>	<u>\$ (214 629)</u>	<u>\$ (455 428)</u>	<u>\$ (196 510)</u>
 Fiduciary net position as a % of total pension liability/(asset)	107.53%	108.44%	122.69%	112.85%
 Pensionable covered payroll	\$ 3 441 787	\$ 2 721 387	\$ 2 408 868	\$ 2 270 438
 Net pension liability/(asset) as a % of covered payroll	-7.33%	-7.89%	-18.91%	-8.66%

See the Accompanying Independent Auditors' Report

<u>Year Ended December 31</u>					
<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 196 293	\$ 602 070	N/A	N/A	N/A	N/A
64 705	48 768	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A
113 223	(48 309)	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A
374 221	602 529	N/A	N/A	N/A	N/A
602 529	-	N/A	N/A	N/A	N/A
<u>\$ 976 750</u>	<u>\$ 602 529</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
1 011 925	41 625	N/A	N/A	N/A	N/A
141 294	34 862	N/A	N/A	N/A	N/A
11 893	854	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A
(978)	(64)	N/A	N/A	N/A	N/A
39 662	2 280	N/A	N/A	N/A	N/A
1 203 796	79 557	N/A	N/A	N/A	N/A
79 557	-	N/A	N/A	N/A	N/A
<u>1 283 353</u>	<u>79 557</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ (306 603)</u>	<u>\$ 522 972</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
131.39%	13.20%	N/A	N/A	N/A	N/A
\$ 2 018 486	\$ 498 028	N/A	N/A	N/A	N/A
-15.19%	105.01%	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
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%
2023	\$ 285 324	\$ 285 324	\$ -	\$ 3 441 787	8.3%

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	18.8 years (based on contribution rate calculated in 12/31/23 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, 2024

	<u>Maintenance</u>	<u>Debt Service</u>
Taxes Receivable - Beginning of Year	\$ 12 286 366	\$ 1 638 779
2024 Tax Roll	15 090 513	2 982 246
Adjustment to prior year taxes	<u>275 894</u>	<u>(224 078)</u>
Total to be Accounted for	27 652 773	4 396 947
Tax Collections Received from Tax Collector	<u>(20 800 047)</u>	<u>(3 055 759)</u>
Taxes Receivable - End of Year	<u>\$ 6 852 726</u>	<u>\$ 1 341 188</u>
Taxes Receivable - By Years		
2024	\$ 6 699 556	\$ 1 323 992
2023	64 596	8 651
2022	20 818	3 437
2021	11 806	930
2020	14 166	1 250
2019 - 1998	<u>41 784</u>	<u>2 928</u>
Taxes Receivable - End of Year	<u>\$ 6 852 726</u>	<u>\$ 1 341 188</u>

	<u>Assessed Valuation Summary</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Property Valuations					
Real Property	\$ 17 949 493 265	\$ 15 479 864 617	\$ 12 612 634 226	\$ 10 203 072 430	\$ 9 092 955 178
Personal Property	<u>363 347 055</u>	<u>375 994 461</u>	<u>327 135 237</u>	<u>128 940 755</u>	<u>169 930 774</u>
Total Property					
Valuations	<u>\$ 18 312 840 320</u>	<u>\$ 15 855 859 078</u>	<u>\$ 12 939 769 463</u>	<u>\$ 10 332 013 185</u>	<u>\$ 9 262 885 952</u>
Tax Rate per \$100 Valuation					
Debt service tax rates	\$ 0.016285	\$ 0.011300	\$ 0.013738	\$ 0.007301	\$ 0.008107
Maintenance tax rates	<u>0.082404</u>	<u>0.084373</u>	<u>0.083220</u>	<u>0.092699</u>	<u>0.091893</u>
Total Tax Rater per \$100					
Valuation	<u>\$ 0.098689</u>	<u>\$ 0.095673</u>	<u>\$ 0.096958</u>	<u>\$ 0.100000</u>	<u>\$ 0.100000</u>
Tax Rolls	<u>\$ 18 072 759</u>	<u>\$ 15 169 776</u>	<u>\$ 12 546 142</u>	<u>\$ 10 332 013</u>	<u>\$ 9 262 886</u>
Percent of Taxes Collected to Taxes Levied	<u>55.6%</u>	<u>99.5%</u>	<u>99.8%</u>	<u>99.9%</u>	<u>99.9%</u>

See the Accompanying Independent Auditors' Report

FORT BEND COUNTY EMERGENCY SERVICES DISTRICT NO. 4

SUPPLEMENTARY INFORMATION
BOARD MEMBERS AND CONSULTANTS
DECEMBER 31, 2024

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 12/31/24</u>	<u>Expense Reimburse- ments FYE 12/31/24</u>	<u>Title at Year End</u>
Board Members:				
E Krenek	(Appointed) 01/01/23 - 12/31/24	\$ 5 967	\$ -	President
T Kuykendall	(Appointed) 01/01/23 - 12/31/24	\$ 7 072	\$ -	Vice President
D Melanson	(Appointed) 01/01/24 - 12/31/25	\$ 4 862	\$ -	Treasurer
R Pechukas	(Appointed) 01/01/24 - 12/31/25	\$ 7 293	\$ -	Secretary
D Dishaw	(Appointed) 01/01/24 - 12/31/25	\$ 4 862	\$ -	Assistant 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, 2024
 (Continued)

<u>Names</u>	<u>Term of office (Appointed) or Date Hired</u>	<u>Fees of Office Paid* FYE 12/31/24</u>	<u>Title at Year End</u>
Consultants:			
Breedlove & Co., P.C.	2006	\$ 17 577	Auditor
Radcliffe Adams Barner	2019	\$ 122 965	Attorney
Carrie Surratt	2019	\$ 18 617	Tax Collector
Fort Bend County Appraisal District	2006	\$ 133 629	Appraisal District
LJA Engineering	2017	\$ 600	Engineer
Martinez Architects, L.P.	2020	\$ 552 541	Architect
PGAL, Inc.	2022	\$ 425 940	Architect
Municipal Accounts & Consulting, L.P.	2017	\$ 84 701	Bookkeeper

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