

**MONTGOMERY COUNTY EMERGENCY  
SERVICES DISTRICT NO. 4**

**MONTGOMERY COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2019**



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Montgomery County Emergency Services District No. 4 (the "District"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.





## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – All Combined Governmental Funds, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, and the Schedule of District Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The required supplementary information and the other supplementary information 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 supplementary 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

March 11, 2020



**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Management's discussion and analysis of Montgomery County Emergency Services District No. 4's (the "District") financial performance provides an overview of the District's financial activities for the year ended September 30, 2019. Please read it in conjunction with the District's financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The 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 Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the 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 financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities, and deferred inflows and outflows of resources 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 Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

**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 two governmental fund types. The General Fund accounts for resources not accounted for in another fund, property tax revenues, sales tax revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing debt.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**FUND FINANCIAL STATEMENTS (Continued)**

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 adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities 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 financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The budgetary comparison schedule is included as RSI for all combined governmental funds. The report also includes the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios and the Schedule of District Contributions.

**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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,162,123 as of September 30, 2019.

A portion of the District's net position reflects its net investment in capital assets (capital assets less any debt used to acquire those assets that are still outstanding). The District uses these assets to provide firefighting services. The following is a comparative analysis of government-wide changes in net position:

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	\$ 2,523,468	\$ 1,476,556	\$ 1,046,912
Capital Assets (Net of Accumulated Depreciation)	4,924,351	5,061,546	(137,195)
Total Assets	\$ 7,447,819	\$ 6,538,102	\$ 909,717
Deferred Outflows of Resources	\$ 78,865	\$ 137,146	\$ (58,281)
Long-Term Liabilities	\$ 3,938,567	\$ 3,831,668	\$ (106,899)
Other Liabilities	404,766	121,200	(283,566)
Total Liabilities	\$ 4,343,333	\$ 3,952,868	\$ (390,465)
Deferred Inflows of Resources	\$ 21,228	\$ 16,696	\$ (4,532)
Net Position:			
Net Investment in Capital Assets	\$ 1,525,774	\$ 1,229,878	\$ 295,896
Restricted	708,821	747,505	(38,684)
Unrestricted	927,528	728,301	199,227
Total Net Position	\$ 3,162,123	\$ 2,705,684	\$ 456,439

The following table provides a summary of the District's operations for the years ended September 30, 2019 and September 30, 2018.

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,863,287	\$ 1,725,291	\$ 137,996
Sales Tax Revenues	2,447,261	2,350,065	97,196
Other Revenues	187,423	124,150	63,273
Total Revenues	\$ 4,497,971	\$ 4,199,506	\$ 298,465
Expenses for Services	4,041,532	3,805,193	(236,339)
Change in Net Position	\$ 456,439	\$ 394,313	\$ 62,126
Net Position, Beginning of Year	2,705,684	2,311,371	394,313
Net Position, End of Year	\$ 3,162,123	\$ 2,705,684	\$ 456,439

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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

The District's combined fund balances as of September 30, 2019, were \$2,152,489, an increase of \$834,459 from the prior year.

The District's General Fund fund balance increased by \$866,306, primarily due to property tax and sales tax revenues which exceeded operating costs and note proceeds.

The District's Debt Service Fund fund balance decreased by \$31,847, primarily due to the structure of the District's outstanding debt.

**BUDGETARY HIGHLIGHTS**

The Board of Commissioners amended the budget during the current fiscal year, increasing expected property tax and sales tax revenues, adding other expected revenues, increasing expected costs of firefighting personnel and operations, maintenance and repairs, and capital outlay costs. Actual revenues were \$255,125 less than budgeted revenues primarily due to lower than expected sales tax revenues, property tax collections and miscellaneous revenues. Actual expenditures were \$81,472 less than budgeted expenditures primarily due to lower than expected capital outlay offset by higher than expected costs in most other categories and unbudgeted debt service payments.

**CAPITAL ASSETS**

Capital assets as of September 30, 2019, total \$4,924,351 (net of accumulated depreciation) and include buildings, vehicles, equipment and land. The current year additions included the purchase of rescue boats, new admin building, computers and software, rescue equipment, 2016 Ford Taurus, Humvee, and rebuild Brush Truck. Construction in progress at year-end includes engineering and feasibility costs related to Fire Station No. 61.

<u>Capital Assets At Year-End, Net of Accumulated Depreciation</u>			
	<u>2019</u>	<u>2018</u>	<u>Change Positive (Negative)</u>
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 287,300	\$ 287,300	\$
Construction in Progress	9,381		9,381
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	2,160,430	2,138,749	21,681
Machinery and Equipment	105,988	47,981	58,007
Office Equipment	1,769		1,769
Vehicles	<u>2,359,483</u>	<u>2,587,516</u>	<u>(228,033)</u>
Total Net Capital Assets	<u>\$ 4,924,351</u>	<u>\$ 5,061,546</u>	<u>\$ (137,195)</u>

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**LONG-TERM DEBT ACTIVITY**

As of September 30, 2019, the District had debt payable of \$3,938,567. The changes in the debt position of the District during the current year ended September 30, 2019, are summarized as follows:

Long-Term Debt Payable, October 1, 2018	\$ 3,831,668
Add: Note Proceeds	700,000
Less: Capital Lease Principal Paid	80,664
Less: Note Principal Paid	<u>512,437</u>
Long-Term Debt Payable, September 30, 2019	<u>\$ 3,938,567</u>

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Montgomery County Emergency Services District No. 4, 9430 State Highway 242 East, Conroe, TX 77385.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2019**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 2,057,071	\$ 12,715
Investments	35	
Receivables:		
Property Taxes	21,639	30,977
Penalty and Interest on Delinquent Taxes		
Sales Tax Revenues	370,445	
Other	1,231	
Due from Other Funds		720,658
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 2,450,421</b>	<b>\$ 764,350</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Pension Plan Charges	\$ - 0 -	\$ - 0 -
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,450,421</b>	<b>\$ 764,350</b>

The accompanying notes to the financial  
statements are an integral part of this report.



<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 2,069,786 35	\$	\$ 2,069,786 35
52,616		52,616
	29,355	29,355
370,445		370,445
1,231		1,231
720,658	(720,658)	
	287,300	287,300
	9,381	9,381
	4,627,670	4,627,670
<u>\$ 3,214,771</u>	<u>\$ 4,233,048</u>	<u>\$ 7,447,819</u>
<u>\$ - 0 -</u>	<u>\$ 78,865</u>	<u>\$ 78,865</u>
<u>\$ 3,214,771</u>	<u>\$ 4,311,913</u>	<u>\$ 7,526,684</u>

The accompanying notes to the financial statements are an integral part of this report.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2019**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 289,008	\$
Accrued Interest Payable		
Due to Other Funds	720,658	
Net Pension Liability		
Long-Term Liabilities:		
Capital Lease Payable, Due Within One Year		
Capital Lease Payable, Due After One Year		
Notes Payable, Due Within One Year		
Notes Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 1,009,666</b>	<b>\$ - 0 -</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 21,639	\$ 30,977
Pension Plan Income		
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 21,639</b>	<b>\$ 30,977</b>
 <b>FUND BALANCES</b>		
Restricted for Purchase of Fire-Fighting Equipment	\$ 539,990	\$
Restricted for Debt Service		733,373
Unassigned	879,126	
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,419,116</b>	<b>\$ 733,373</b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,450,421</b>	<b>\$ 764,350</b>
 <b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

The accompanying notes to the financial  
statements are an integral part of this report.

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 289,008	\$	\$ 289,008
	55,529	55,529
720,658	(720,658)	
	60,229	60,229
	83,304	83,304
	86,032	86,032
	617,780	617,780
	3,151,451	3,151,451
<u>\$ 1,009,666</u>	<u>\$ 3,333,667</u>	<u>\$ 4,343,333</u>
\$ 52,616	\$ (52,616)	\$
	21,228	21,228
<u>\$ 52,616</u>	<u>\$ (31,388)</u>	<u>\$ 21,228</u>
\$ 539,990	\$ (539,990)	\$
733,373	(733,373)	
879,126	(879,126)	
<u>\$ 2,152,489</u>	<u>\$ (2,152,489)</u>	<u>\$ - 0 -</u>
<u>\$ 3,214,771</u>		
	\$ 1,525,774	\$ 1,525,774
	708,821	708,821
	927,528	927,528
	<u>\$ 3,162,123</u>	<u>\$ 3,162,123</u>

The accompanying notes to the financial statements are an integral part of this report.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019**

Total Fund Balances - Governmental Funds \$ 2,152,489

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 4,924,351

Net pension assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.

Portions of the change in net pension liability that are not immediately recognized as pension expense are recorded as deferred outflows and inflows of resources. 57,637

Deferred inflows of resources related to property tax revenues and penalty and interest receivables on delinquent taxes for the 2018 and prior tax levies became part of recognized revenue in the governmental activities of the District. 81,971

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (55,529)	
Net Pension Liability	(60,229)	
Capital Lease Payable, Due Within One Year	(83,304)	
Capital Lease Payable, Due After One Year	(86,032)	
Notes Payable, Due Within One Year	(617,780)	
Notes Payable, Due After One Year	<u>(3,151,451)</u>	<u>(4,054,325)</u>

Total Net Position - Governmental Activities \$ 3,162,123

The accompanying notes to the financial statements are an integral part of this report.

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**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES</b>		
Property Taxes	\$ 1,264,205	\$ 595,400
Sales Tax Revenues	2,447,261	
Penalty and Interest	16,093	
Grant Revenues	95,584	
Sale of Assets	20,000	
Miscellaneous Revenues	54,782	2
<b>TOTAL REVENUES</b>	<u>\$ 3,897,925</u>	<u>\$ 595,402</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
District Services - Needham Fire and Rescue Company	\$ 833,934	\$
Accounting and Auditing	15,500	
Appraisal District Fees	16,286	
Commissioner Fees	10,350	
Communications Fees	33,911	
Depreciation		
Firefighting Gear and Equipment	67,094	
Insurance	82,711	
Legal Fees	24,584	
Salaries and Benefits	2,152,753	
Maintenance and Repairs	48,408	
Montgomery County Hospital District Fees	18,300	
Other	17,591	
Capital Outlay	315,232	
Debt Service:		
Capital Lease Principal		80,664
Capital Lease Interest		8,185
Note Principal	82,159	430,278
Note Interest	12,806	108,122
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 3,731,619</u>	<u>\$ 627,249</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	<u>\$ 166,306</u>	<u>\$ (31,847)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Note Proceeds	<u>\$ 700,000</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ 866,306	\$ (31,847)
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - OCTOBER 1, 2018</b>	<u>552,810</u>	<u>765,220</u>
<b>FUND BALANCES/NET POSITION - SEPTEMBER 30, 2019</b>	<u>\$ 1,419,116</u>	<u>\$ 733,373</u>

The accompanying notes to the financial statements are an integral part of this report.

Total	Adjustments	Statement of Activities
\$ 1,859,605	\$ 3,682	\$ 1,863,287
2,447,261		2,447,261
16,093	962	17,055
95,584		95,584
20,000	(20,000)	
54,784	20,000	74,784
<u>\$ 4,493,327</u>	<u>\$ 4,644</u>	<u>\$ 4,497,971</u>
\$ 833,934	\$	\$ 833,934
15,500		15,500
16,286		16,286
10,350		10,350
33,911		33,911
	452,427	452,427
67,094		67,094
82,711		82,711
24,584		24,584
2,152,753	132,564	2,285,317
48,408		48,408
18,300		18,300
17,591		17,591
315,232	(315,232)	
80,664	(80,664)	
8,185	(1,143)	7,042
512,437	(512,437)	
120,928	7,149	128,077
<u>\$ 4,358,868</u>	<u>\$ (317,336)</u>	<u>\$ 4,041,532</u>
<u>\$ 134,459</u>	<u>\$ 321,980</u>	<u>\$ 456,439</u>
<u>\$ 700,000</u>	<u>\$ (700,000)</u>	<u>\$ - 0 -</u>
\$ 834,459	\$ (834,459)	\$
	456,439	456,439
<u>1,318,030</u>	<u>1,387,654</u>	<u>2,705,684</u>
<u>\$ 2,152,489</u>	<u>\$ 1,009,634</u>	<u>\$ 3,162,123</u>

The accompanying notes to the financial statements are an integral part of this report.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Net Change in Fund Balances - Governmental Funds \$ 834,459

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

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied. 3,682

Governmental funds report delinquent tax penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when the penalty and interest are assessed. 962

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (452,427)

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. 315,232

The changes in the net pension liability and asset as well as deferred inflows and outflows of resources are recorded in the government-wide financial statements. (132,564)

Governmental funds report note and capital lease proceeds as other financing sources. However, long-term debt is recorded as a liability in the Statement of Net Position. (700,000)

Governmental funds report principal payments on long-term liabilities as expenditures in the year paid. However, in the government-wide financial statements, liabilities are reduced when principal payments are made and the Statement of Activities is not affected. 593,101

Governmental funds report interest payments on long-term liabilities as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on long-term liabilities through the fiscal year-end. (6,006)

Change in Net Position - Governmental Activities \$ 456,439

The accompanying notes to the financial statements are an integral part of this report.



**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 1. CREATION OF DISTRICT**

Montgomery County Emergency Services District No. 4 operates under Chapter 775 of the Health and Safety Code. The District was converted from a Rural Fire Prevention District on January 1, 1996. The District provides operating funds for the contracting of fire prevention and rescue services within the boundaries of the District.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”).

The District is a political subdivision of the State of Texas governed by an appointed board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately appointed governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense in the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Funds Balance Sheet and a Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance.

Governmental Funds

The District has two governmental funds and considers each to be major funds.

General Fund - To account for resources not required to be accounted for in another fund, property tax revenues, sales tax revenues, operating costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing debt.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2019, the General Fund owed the Debt Service Fund \$720,658 for tax collections net of debt payments.

Capital Assets

Capital assets 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 expenditures in the governmental fund 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 after completion. 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:

	Years
Buildings and Improvements	20-40
Firefighting Equipment	4-15
Vehicles	5-15

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Budgeting

In compliance with governmental accounting principles, the Board of Commissioners annually adopts an unappropriated budget for the General Fund. The budget was amended during the current fiscal year.

Pensions

The District has 32 full-time employees. Payments are made into the Social Security System for their benefit, into an individual retirement account (see Note 10) and pension plan (see Note 11). The Internal Revenue Service determined that fees of office received by Commissioners are wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable:* amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

*Restricted:* amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

*Committed:* amounts that can be spent only for purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

*Unassigned:* all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount 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 expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 3. TAX LEVY**

During the year ended September 30, 2019, the District levied an ad valorem maintenance tax rate of \$0.0641 per \$100 of assessed valuation for the 2018 tax year. This resulted in a tax levy of \$1,195,664 on the adjusted taxable valuation of \$1,865,128,762 for the 2018 tax year.

During the year ended September 30, 2019, the District levied an ad valorem debt service tax rate of \$0.0359 per \$100 of assessed valuation for the 2018 tax year. This resulted in a tax levy of \$669,646 on the adjusted taxable valuation of \$1,865,128,762 for the 2018 tax year.

The District's tax calendar is as follows:

- Levy Date - Before the later of September 30<sup>th</sup> or the 60<sup>th</sup> day after the receipt of the certified tax roll.
- Lien Date - January 1.
- Due Date - Not later than January 31.
- Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

**NOTE 4. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

Deposits (Continued)

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$2,069,786 and the bank balance was \$2,072,821. Of the bank balance, \$262,715 was covered by federal depository insurance and the balance was covered by a pledge of securities held in safekeeping by a third-party institution in the District's name.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2019, as listed below:

	<u>Cash</u>
TOTAL DEPOSITS	<u>\$ 2,069,786</u>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Commissioners.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures its portfolio assets at amortized cost. There are no limitations or restrictions on withdrawals from TexPool.

As of September 30, 2019, the District had the following investment and maturity:

Fund and Investment Type	Fair Value	Maturities in Years Maturity of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	<u>\$ 35</u>	<u>\$ 35</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2019, the District's investment in TexPool was rated AAAM by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 5. CAPITAL ASSETS**

	October 1, 2018	Increases	Decreases	September 30, 2019
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 287,300	\$	\$	\$ 287,300
Construction in Progress	<u>                    </u>	<u>315,232</u>	<u>305,851</u>	<u>9,381</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 287,300</u>	<u>\$ 315,232</u>	<u>\$ 305,851</u>	<u>\$ 296,681</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings and Improvements	\$ 2,780,098	\$ 122,340	\$	\$ 2,902,438
Machinery and Equipment	543,177	79,440		622,617
Office Equipment	43,768	1,981		45,749
Vehicles	<u>4,415,849</u>	<u>102,090</u>	<u>32,367</u>	<u>4,485,572</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 7,782,892</u>	<u>\$ 305,851</u>	<u>\$ 32,367</u>	<u>\$ 8,056,376</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	\$ 641,349	\$ 100,659	\$	\$ 742,008
Machinery and Equipment	495,196	21,433		516,629
Office Equipment	43,768	212		43,980
Vehicles	<u>1,828,333</u>	<u>330,123</u>	<u>32,367</u>	<u>2,126,089</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 3,008,646</u>	<u>\$ 452,427</u>	<u>\$ 32,367</u>	<u>\$ 3,428,706</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 4,774,246</u>	<u>\$ (146,576)</u>	<u>\$ - 0 -</u>	<u>\$ 4,627,670</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 5,061,546</u>	<u>\$ 168,656</u>	<u>\$ 305,851</u>	<u>\$ 4,924,351</u>

**NOTE 6. CONTRACT FOR FIRE PROTECTION AND RESCUE SERVICES**

The District executed a contract, effective October 1, 2016 for personnel for the provision of emergency services, within areas specified by the District with Needham Fire Rescue Department (the “Department”). This contract was amended September 12, 2017 and September 11, 2019. The term of the contract is for two years effective October 1, 2019 through September 30, 2021 and is renewable for successive one-year periods by action of the District and Department. Under the terms of the contract, the Department agrees to provide personnel for providing firefighting protection and suppression; fire prevention education; identification and control of hazardous materials; and emergency medical first responder service. The District provides and maintains suitable firefighting and related apparatus; vehicles; equipment and supplies for the Departments performance of these services. The District agreed to provide periodic payments to the Department. Payments are determined during the annual budget meetings. For the year ended September 30, 2019, the District paid the Department \$833,934 for operations and maintenance.



**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 7. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Volunteer Firefighter & EMS Insurance Services (VFIS) to provide property, portable equipment, general liability, management liabilities, errors and omissions, public employee dishonesty, automobile, and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by VFIS's management. As claims arise they are submitted and paid by VFIS. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NOTE 8. NOTES PAYABLE**

On July 15, 2010, the District entered into a \$1,540,000 promissory note with Government Capital Corporation to refinance a lease purchase agreement with Capital One Bank relating to the purchase of two 2006 Sterling Acterra Tanker trucks, one 2006 Sterling Acterra Rescue truck, two 2005 Ferrara Igniter Pumper trucks and a 2005 Ferrara Igniter Ladder truck and related equipment. This promissory note is secured by ad valorem tax funds. Annual installments of \$140,041.48 are due each May 1, beginning May 1, 2013, and ending May 1, 2020. The interest rate is 4.993%.

On July 20, 2010, the District entered into a \$509,000 promissory note with Government Capital Corporation to fund the renovation of a fire station and new water and sewer lines, secured by ad valorem tax revenues. On March 20, 2013, the note was refinanced. Annual installments of \$46,301.35 are due each May 1, beginning May 1, 2013, and ending May 1, 2020. The interest rate is 4.976%.

On June 26, 2012, the District entered into a \$475,000 promissory note with Government Capital Corporation to fund new radios and Watchdog system; refurbish fire trucks and a fire station. This note is secured by ad valorem tax funds. The initial installment is due December 20, 2012 with annual installments of \$42,909.36 due each May 1, beginning May 1, 2013, and ending May 1, 2021. The interest rate is 3.396%.

On May 14, 2013, the District entered into a \$670,000 promissory note with Government Capital Corporation to finance the acquisition of a new fire truck. This note is secured by sales and use tax funds. Annual installments of \$79,468.53 are due each May 1, beginning May 1, 2014, and ending May 1, 2023. The interest rate is 3.261%.

On July 11, 2014, the District entered into a \$975,000 promissory note with Government Capital Corporation to finance the acquisition of a new fire truck. This note is secured by sales and use tax funds. Annual installments of \$116,733.93 are due each July 1, beginning July 1, 2015, and ending July 1, 2024. The interest rate is 3.439%.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 8. NOTES PAYABLE (Continued)**

On July 11, 2014, the District entered into a \$900,000 promissory note with Government Capital Corporation to finance the construction of a fire station. This note is secured by ad valorem tax funds. Annual installments of \$84,384.25 are due each July 1, beginning July 1, 2015, and ending July 1, 2028. The interest rate is 3.873%.

On January 13, 2015, the District entered into a \$70,000 promissory note with Government Capital Corporation to finance the acquisition of two command vehicles. This note is secured by sales and use tax funds. Annual installments of \$15,496.23 are due each January 26, beginning January 26, 2016, and ending January 26, 2020. The interest rate is 3.483%.

On December 29, 2015, the District entered into a \$650,000 promissory note with Government Capital Corporation to finance the construction of a fire station. This note is secured by ad valorem tax funds. Annual installments of \$58,029.23 are due each January 1, beginning January 1, 2017, and ending July 1, 2031. The interest rate is 3.894%.

On September 5, 2018, the District entered into a \$880,000 promissory note with Government Capital Corporation to finance the purchase of two Ferrara Pumper trucks. This note is secured by ad valorem tax funds. Payments of \$50,000 and \$75,000 are due March 1, 2019 and March 1, 2020, respectively. Beginning March 1, 2021 and ending March 1, 2028, annual installments of \$120,707.62 are due each March 1. The interest rate is 4.14%.

On March 27, 2019, the District entered into a \$700,000 promissory note with Government Capital Corporation to finance the purchase of various fire-fighting equipment. This note is secured by ad valorem tax funds. Beginning March 27, 2020 and ending March 27, 2026, annual installments of \$114,310.31 are due each March 27. The interest rate is 3.46%.

The following is a summary of transactions regarding notes payable for the year ended September 30, 2019:

	October 1, 2018	Additions	Retirements	September 30, 2019
Notes Payable	\$ 3,581,668	\$ 700,000	\$ 512,437	\$ 3,769,231
		Amount Due Within One Year		\$ 617,780
		Amount Due After One Year		3,151,451
		Notes Payable		\$ 3,769,231

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 8. NOTES PAYABLE (Continued)**

As of September 30, 2019, the debt service requirements on the notes payable were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 617,780	\$ 142,234	\$ 760,014
2021	494,465	118,458	612,923
2022	473,115	100,518	573,633
2023	490,375	83,258	573,633
2024	412,267	65,361	477,628
2025-2029	1,187,006	132,427	1,319,433
2030-2031	94,223	5,221	99,444
	<u>\$ 3,769,231</u>	<u>\$ 647,477</u>	<u>\$ 4,416,708</u>

The assets acquired with these notes, are operated and maintained by the Department, and insured by the District.

Subsequent to year-end, on October 25, 2019, the District entered into a \$560,000 promissory note with Government Capital Corporation to finance the purchase of a Pierce Fire Truck. This note is secured by ad valorem tax revenue. Annual installments of \$66,219.90 are due each October 25, beginning October 25, 2020, and ending October 25, 2029. The interest rate is 3.17%.

Subsequent to year-end, on February 5, 2020, the District entered into a \$466,270.20 promissory note with Government Capital Corporation to finance the purchase of a Pierce Fire Truck. This note is secured by ad valorem tax revenue. Annual installments of \$55,136.37 are due each February 5, beginning February 5, 2021, and ending February 5, 2030. The interest rate is 3.17%.

**NOTE 9. CAPITAL LEASE**

On January 5, 2018, the District entered into an equipment lease-purchase agreement to finance renovation to Fire Station No. 61, in the amount of \$250,000, using the 2015 Ferrara Fire Truck as collateral. The District's borrowing rate is 3.274%. Payments of \$88,848.59 are due each January 9 beginning January 9, 2019 with the last payment due January 9, 2021.

The following is a summary of transactions regarding capital lease payable for the year ended September 30, 2019:

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 9. CAPITAL LEASE (Continued)**

	October 1, 2018	Additions	Retirements	September 30, 2019
Capital Lease Payable	\$ 250,000	\$ - 0 -	\$ 80,664	\$ 169,336
			Amount Due Within One Year	\$ 83,304
			Amount Due After One Year	86,032
			Capital Lease Payable	\$ 169,336

As of September 30, 2019, the debt service requirements on the capital lease payable were as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 83,304	\$ 5,545	\$ 88,849
2021	86,032	2,816	88,848
	\$ 169,336	\$ 8,361	\$ 177,697

**NOTE 10. DEFERRED COMPENSATION PLANS**

The District offers its employees two deferred compensation plans, a Section 457 plan and a Section 401(a) plan, both created in accordance with the Internal Revenue Service Codes, Section 457 and Section 414(d), respectively. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, death, or unforeseeable emergencies. Federal law requires all assets and income of both plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries. The District's deferred compensation plans are administered by a private corporation under contract with the District.

**NOTE 11. PENSION PLAN**

Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS issues a publicly available comprehensive annual financial report (CAFR) which includes financial statements, notes and required supplementary information which can be obtained at TCDRS, Finance Division, Barton Oaks Plaza IV Suite 500, 901 S. MoPac Expressway, Austin, Texas 78746 or at [www.TCDRS.org](http://www.TCDRS.org).

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 11. PENSION PLAN (Continued)**

The plan provisions are adopted by the governing body of the District, within the options available in the Texas state statutes governing the TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service, regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. At the valuation date of December 31, 2018, the following employees were covered by the benefit terms:

At September 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-0-
Inactive employees entitled but not yet receiving benefits	10
Active employees	39

Funding Policy

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 3.26% for 2018 and 4.58% for 2019. The deposit rate payable by the employee members for calendar years 2018 and 2019 is 4.00% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

For the District’s accounting year ended September 30, 2019, the annual pension cost for the TCDRS plan for its employees was \$73,745; the actual contributions were \$73,745. The required contribution was determined as part of the December 31, 2018, actuarial valuation using the entry age actuarial cost method.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 11. PENSION PLAN (Continued)**

Actuarial Assumptions

	Actuarial Valuation Information		
	12/31/16	12/31/17	12/31/18
Actuarial valuation date	12/31/16	12/31/17	12/31/18
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	20.0	18.9	16.7
Asset Valuation Method:			
Subdivision Accumulation Fund	5-year smoothed value	5-year smoothed market	5-year smoothed market
Employees Saving Fund	Fund value	Fund value	Fund value
Actuarial Assumptions:			
Investment return <sup>1</sup>	8.0%	8.0%	8.0%
Projected salary increases <sup>1</sup>	4.9%	4.9%	4.9%
Inflation	3.0%	2.8%	2.75%
Cost-of-living adjustments	0.0%	0.0%	0.0%

<sup>1</sup>Includes inflation at the stated rate

Updated mortality assumptions were adopted in 2017. All other actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different.

Mortality rates were based on the following:

Depositing members – 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females projected with 110% of the MP-2014 Ultimate Scale after 2014.

Service retirees, beneficiaries and non-depositing members – 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP – 2014 of the MP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% Ultimate Scale after 2014.

Disabled retirees – 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate Scale after 2014.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 11. PENSION PLAN (Continued)**

Net Pension Liability (Asset)

The total pension liability was determined by an actuarial valuation as of the measurement date, calculated based on the discount rate and actuarial assumptions below. The discount rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses. The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members.

To determine the discount rate to be used, the actuary used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- 2) Under the TCDRS Act, the District is legally required to make the contributions specified in the funding policy.
- 3) The District's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the District is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculation the total pension liability and net position liability of the District is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2019 information for a 10-year time horizon.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 11. PENSION PLAN (Continued)**

Net Pension Liability (Asset) (Continued)

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2017 for the period January 1, 2013 – December 31, 2016. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	10.50 %	5.40 %
Private Equity	18.00	8.40
Global Equities	2.50	5.70
International Equities-Developed Markets	10.00	5.40
International Equities-Emerging Markets	7.00	5.90
Investment-Grade Bonds	3.00	1.60
Strategic Credit	12.00	4.39
Direct Lending	11.00	7.95
Distressed Debt	2.00	7.20
REIT Equities	2.00	4.15
Master Limited Partnerships (MLPs)	3.00	5.35
Private Real Estate Partnerships	6.00	6.30
Hedge Funds	13.00	3.90
	<u>100.00 %</u>	

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2018 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2017	\$ 218,495	\$ 228,016	\$ (9,521)
Changes for the year:			
Service Costs	123,079		123,079
Interest on total pension liability	27,312		27,312
Effect of plan changes	53,196		53,196
Effect of economic/demographic gains or losses	(6,925)		(6,925)
Refund of contributions	(8,954)	(8,954)	
Administrative Expense		(278)	278
Member contributions		68,829	(68,829)
Net investment income		(2,934)	2,934
Employer contributions		57,767	(57,767)
Other		3,528	(3,528)
Balances of December 31, 2018	<u>\$ 406,203</u>	<u>\$ 345,974</u>	<u>\$ 60,229</u>



**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 11. PENSION PLAN (Continued)**

Net Pension Liability (Asset) (Continued)

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total Pension Liability	\$ 487,972	\$ 406,203	\$ 341,110
Fiduciary Net Position	345,974	345,974	345,974
Net Pension Liability/(asset)	\$ 141,998	\$ 60,229	\$ (4,864)

As of December 31, 2018, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52	\$ 17,787
Changes of assumptions		2,284
Net differences between projected and actual earnings	22,222	1,157
Contributions subsequent to the measurement date	56,591	
Total	\$ 78,865	\$ 21,228

The \$56,591 reported as deferred outflows of resources are plan contributions paid subsequent to the measurement date and prior to the District's year-end and will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31:	
2019	\$ 3,483
2020	3,484
2021	2,855
2022	3,239
2023	(2,001)
Thereafter	(10,014)

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 12. GRANT REVENUE**

On May 3, 2019 and May 29, 2019, the District received Public Assistance Grants from the Texas Department of Public Safety, in the amounts of \$12,817 and \$1,713, respectively. These grants are to reimburse the District for 100% of costs incurred responding to the area wide flooding related to Hurricane Harvey.

On October 24, 2018, the District was reimbursed \$40,571 by Texas Department of Emergency Management fifty percent of the costs to respond to wildfire events within the state in May, June and July 2018.

On July 2, 2019, the District was reimbursed \$40,483 by Texas Department of Emergency Management for costs related to assistance provided to the State of California for wildfires in November 2018.

**NOTE 13. SALES AND USE TAX**

In accordance with Chapter 775 of the Health and Safety Code, the District is authorized to adopt and impose a sales and use tax if authorized by a majority of the qualified voters of the District. The election to adopt a sales and use tax is governed by the provision of Subchapter E, Chapter 323 of the Tax Code.

On May 9, 2009, the voters of the District approved the establishment and adoption of a sales and use tax up to a maximum of one percent. On October 1, 2009, the Board set a local sales and use tax of one percent on all applicable sales and uses within the boundaries of the District, except in those areas that already have a two percent tax. During the current year, the District recorded \$2,447,261 in sales tax receipts, of which \$370,445 was due from the State Comptroller at September 30, 2019.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2019**



**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL –**  
**ALL COMBINED GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 1,869,911	\$ 1,869,911	\$ 1,859,605	\$ (10,306)
Sales Tax Revenues	2,220,000	2,540,347	2,447,261	(93,086)
Grant Revenues		73,100	95,584	22,484
Sale of Assets		20,000	20,000	
Miscellaneous Revenues	5,400	245,094	70,877	(174,217)
<b>TOTAL REVENUES</b>	<b>\$ 4,095,311</b>	<b>\$ 4,748,452</b>	<b>\$ 4,493,327</b>	<b>\$ (255,125)</b>
<b>EXPENDITURES</b>				
Service Operations:				
Firefighting Personnel and Operations	\$ 2,908,700	\$ 2,967,597	\$ 2,986,687	\$ (19,090)
Accounting and Auditing	15,000	15,500	15,500	
Appraisal District Fees	17,000	16,287	16,286	1
Commissioner Fees	4,000	8,550	10,350	(1,800)
Communications Fees	31,000	20,123	33,911	(13,788)
Firefighting Gear and Equipment		63,770	67,094	(3,324)
Insurance	84,367	78,946	82,711	(3,765)
Legal Fees	37,000	19,000	24,584	(5,584)
Maintenance and Repairs	17,500	115,520	48,408	67,112
M. C. Hospital District Fees	18,300		18,300	(18,300)
Other	240,234	70,694	17,591	53,103
Capital Outlay	722,210	1,064,353	315,232	749,121
Debt Service:				
Principal			593,101	(593,101)
Interest			129,113	(129,113)
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,095,311</b>	<b>\$ 4,440,340</b>	<b>\$ 4,358,868</b>	<b>\$ 81,472</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ -0-</b>	<b>\$ 308,112</b>	<b>\$ 134,459</b>	<b>\$ (173,653)</b>
<b>OTHER FINANCING SOURCES(USES)</b>				
Note Proceeds	\$ -0-	\$ 700,000	\$ 700,000	\$ -0-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -0-</b>	<b>\$ 1,008,112</b>	<b>\$ 834,459</b>	<b>\$ (173,653)</b>
<b>FUND BALANCE - OCTOBER 1, 2018</b>	<b>1,318,030</b>	<b>1,318,030</b>	<b>1,318,030</b>	
<b>FUND BALANCE - SEPTEMBER 30, 2019</b>	<b>\$ 1,318,030</b>	<b>\$ 2,326,142</b>	<b>\$ 2,152,489</b>	<b>\$ (173,653)</b>

See accompanying independent auditor's report.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**SEPTEMBER 30, 2019**

	Year Ended December 31,			
	2018	2017	2016	2015
Total Pension Liability (Asset)				
Service Cost	\$ 123,079	\$ 134,608	\$ 81,800	N/A
Interest on total pension liability	27,312	17,702	3,248	N/A
Effect of plan changes	53,196			N/A
Effect of assumption changes or inputs		(2,740)		N/A
Effect of economic/demographic (gains) or losses	(6,925)	(13,790)	70	N/A
Benefit payments/refunds of contributions	(8,954)	(2,405)		
Other		1	1	N/A
Net change in total pension liability	\$ 187,708	\$ 133,376	\$ 85,119	N/A
Total pension liability, beginning	218,495	85,119	-0-	N/A
Total pension liability, ending (a)	<u>\$ 406,203</u>	<u>\$ 218,495</u>	<u>\$ 85,119</u>	<u>N/A</u>
Fiduciary Net Position				
Employer contributions	\$ 57,767	\$ 63,569	\$ 36,702	N/A
Member contributions	68,829	72,288	41,336	N/A
Investment income net of investment expenses	(2,934)	13,710		N/A
Benefit payments/refunds of contributions	(8,954)	(2,405)		N/A
Administrative Expense	(278)	(152)		N/A
Other	3,528	1,787	1,182	N/A
Net change in fiduciary net position	\$ 117,958	\$ 148,797	\$ 79,220	N/A
Fiduciary net position, beginning	228,016	79,220	-0-	N/A *
Fiduciary net position, ending (b)	<u>\$ 345,974</u>	<u>\$ 228,017</u>	<u>\$ 79,220</u>	<u>N/A</u>
Net pension liability/(asset), ending = (a) - (b)	<u>\$ 60,229</u>	<u>\$ (9,522)</u>	<u>\$ 5,899</u>	<u>N/A</u>
Fiduciary net position as a percentage of total pension liability	85.17%	104.36%	93.07%	N/A
Pensionable covered payroll	\$ 1,720,723	\$ 1,807,220	\$ 1,033,398	N/A
Net pension liability as a percentage of covered payroll	3.50%	-0.53%	0.57%	N/A

See accompanying independent auditor's report.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**SEPTEMBER 30, 2019**

Year Ending December 31	Actuarially Determined Contribution <sup>(1)</sup>	Actual Employer Contribution <sup>(1)</sup>	Contribution Deficiency (Excess)	Pensionable Covered Payroll <sup>(2)</sup>	Actual Contribution as a Percentage of Covered Payroll
2018	\$ 73,745	\$ 73,745	\$ - 0 -	\$ 1,720,723	4.3%
2017	\$ 59,632	\$ 59,632	\$ - 0 -	\$ 1,807,200	3.3%
2016	\$ 65,849	\$ 65,849	\$ - 0 -	\$ 1,033,398	6.4%

<sup>(1)</sup> *TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.*

All actuarial methods and assumptions used for this analysis were the same as those used in the December 31, 2017, funding valuation. Following are the key assumptions and methods used in this analysis. Only changes in assumptions, methods and plan provisions that affect the benefit amount and that are effective 2015 and later are shown below.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	16.7 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00% (net of administrative and investment expenses, including inflation)
Retirement Age	See Note 11
Mortality	See Note 11
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	In 2015, new inflation, mortality and other assumptions were reflected. In 2017, new mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	In 2015, 2016 and 2018, no changes in plan provisions were reflected.

\* Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

See accompanying independent auditor's report.

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**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**

**OTHER SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2019**



**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - OCTOBER 1, 2018	\$ 17,126		\$ 31,808	
Adjustments to Beginning Balance	<u>(278)</u>	\$ 16,848	<u>(1,745)</u>	\$ 30,063
Original 2018 Tax Levy	\$ 1,201,268		\$ 672,785	
Adjustment to 2018 Tax Levy	<u>(5,604)</u>	<u>1,195,664</u>	<u>(3,139)</u>	<u>669,646</u>
TOTAL TO BE ACCOUNTED FOR		\$ 1,212,512		\$ 699,709
TAX COLLECTIONS:				
Prior Years	\$ 6,519		\$ 5,420	
Current Year	<u>1,184,354</u>	<u>1,190,873</u>	<u>663,312</u>	<u>668,732</u>
TAXES RECEIVABLE - SEPTEMBER 30, 2019		<u>\$ 21,639</u>		<u>\$ 30,977</u>
TAXES RECEIVABLE BY YEAR:				
2018		\$ 11,310		\$ 6,334
2017		4,427		2,270
2016		2,987		1,847
2015		1,012		1,085
2014		845		1,026
2013				2,124
2012				2,266
2011				2,887
2010				2,682
2009 and prior		<u>1,058</u>		<u>8,456</u>
TOTAL		<u>\$ 21,639</u>		<u>\$ 30,977</u>

See accompanying independent auditor's report.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 1,865,128,762</u>	<u>\$ 1,718,164,374</u>	<u>\$ 1,535,056,574</u>	<u>\$ 1,259,563,119</u>
TAX RATES PER \$100 VALUATION:				
Operating	\$ 0.0641	\$ 0.0661	\$ 0.0618	\$ 0.0390
Debt Service	<u>0.0359</u>	<u>0.0339</u>	<u>0.0382</u>	<u>0.0418</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.1000</u>	<u>\$ 0.1000</u>	<u>\$ 0.1000</u>	<u>\$ 0.0808</u>
ADJUSTED TAX LEVY*	<u>\$ 1,865,310</u>	<u>\$ 1,718,854</u>	<u>\$ 1,530,678</u>	<u>\$ 1,017,727</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.05 %</u>	<u>99.61 %</u>	<u>99.68 %</u>	<u>99.79 %</u>

\* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

See accompanying independent auditor's report.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**BOARD OF COMMISSIONERS**  
**SEPTEMBER 30, 2019**

District Mailing Address - Montgomery County Emergency Services District No. 4  
9430 State Highway 242 East  
Conroe, TX 77385

District Telephone Number - (936) 321-0999

<u>Commissioners</u>	<u>Term of Office Appointed Expires</u>	<u>Fees of Office for the year ended September 30, 2019</u>	<u>Expense Reimbursements for the year ended September 30, 2019</u>	<u>Title</u>
Brian Arceneaux	01/01/18 12/31/20	\$ 2,100	\$ 615	President
Roxann McDaniel- Doise	01/01/19 12/31/22	\$ 1,500	\$ 615	Vice President
Raymond Veit	01/01/19 12/31/22	\$ 2,250	\$ 615	Treasurer
Mark Abbey	01/01/19 12/31/22	\$ 1,650	\$ -0-	Secretary
Howard Livesay	01/01/18 12/31/20	\$ 2,250	\$ 476	Assistant Treasurer/ Secretary

A Commissioner is entitled to receive compensation in the same manner and amount as are provided by Section 49.060 of the Texas Water Code, currently \$7,200 per fiscal year. The above fees of office and expense reimbursements are the amounts paid to a Commissioner during the District's current fiscal year.

See accompanying independent auditor's report.

