

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

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

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ANNUAL FINANCIAL REPORT

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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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2020, 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 10, 2021

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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, 2020. 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, 2020**

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 \$3,218,620 as of September 30, 2020.

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, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 2,336,578	\$ 2,523,468	\$ (186,890)
Capital Assets (Net of Accumulated Depreciation)	<u>5,403,998</u>	<u>4,541,612</u>	<u>862,386</u>
Total Assets	<u>\$ 7,740,576</u>	<u>\$ 7,065,080</u>	<u>\$ 675,496</u>
Deferred Outflows of Resources	<u>\$ 80,016</u>	<u>\$ 78,865</u>	<u>\$ 1,151</u>
Long-Term Liabilities	\$ 4,307,216	\$ 3,938,567	\$ (368,649)
Other Liabilities	<u>236,627</u>	<u>404,766</u>	<u>168,139</u>
Total Liabilities	<u>\$ 4,543,843</u>	<u>\$ 4,343,333</u>	<u>\$ (200,510)</u>
Deferred Inflows of Resources	<u>\$ 58,129</u>	<u>\$ 21,228</u>	<u>\$ (36,901)</u>
Net Position:			
Net Investment in Capital Assets	\$ 1,096,782	\$ 1,143,035	\$ (46,253)
Restricted	700,854	708,821	(7,967)
Unrestricted	<u>1,420,984</u>	<u>927,528</u>	<u>493,456</u>
Total Net Position	<u>\$ 3,218,620</u>	<u>\$ 2,779,384</u>	<u>\$ 439,236</u>

*

The following table provides a summary of the District's operations for the years ended September 30, 2020 and September 30, 2019.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 1,963,098	\$ 1,863,287	\$ 99,811
Sales Tax Revenues	2,818,612	2,447,261	371,351
Other Revenues	<u>207,912</u>	<u>187,423</u>	<u>20,489</u>
Total Revenues	\$ 4,989,622	\$ 4,497,971	\$ 491,651
Expenses for Services	<u>4,550,386</u>	<u>4,041,532</u>	<u>(508,854)</u>
Change in Net Position	\$ 439,236	\$ 456,439	\$ (17,203)
Net Position, Beginning of Year	<u>2,779,384</u>	<u>2,322,945</u>	<u>456,439</u>
Net Position, End of Year	<u>\$ 3,218,620</u>	<u>\$ 2,779,384</u>	<u>\$ 439,236</u>

*

*As Adjusted See Note 15

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2020, were \$2,115,418, a decrease of \$37,071 from the prior year.

The District's General Fund fund balance decreased by \$50,419, primarily due to operating and capital costs exceeding property tax revenues, sales tax revenues and note proceeds.

The District's Debt Service Fund fund balance increased by \$13,348, 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, decreasing expected property tax and sales tax revenues, adding other expected revenues; increasing expected capital outlay and other costs and decreasing expected firefighting personnel and operations, Commissioner, communications, insurance, legal and maintenance and repair costs. Actual revenues were \$1,151,841 more than budgeted revenues primarily due to higher than expected sales tax revenues and property tax collections. Actual expenditures were \$971,745 more than budgeted expenditures primarily due to higher than expected capital outlay, firefighting personnel and operations, communications, legal and maintenance and repair costs offset by lower than expected other costs and unbudgeted firefighting gear and equipment and debt service payments.

CAPITAL ASSETS

Capital assets as of September 30, 2020, total \$5,403,998 (net of accumulated depreciation) and include buildings, vehicles, equipment and land. The current year additions included the purchase of Ford F250; Pierce-Custom Saber FR Pumper truck; 2019 Pierce-Stock Fire truck; Ford F350 service body for the District's Humvee; four laptops; 29 self-contained breathing apparatus; 20 portable radios. Construction in progress at year-end includes engineering and feasibility costs related to Fire Station No. 61.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 287,300	\$ 287,300	\$
Construction in Progress	13,381	9,381	4,000
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	2,056,387	2,160,430	(104,043)
Machinery and Equipment	372,662	80,914	291,748
Office Equipment	3,499	1,769	1,730
Vehicles	2,670,769	2,001,818	668,951
Total Net Capital Assets	<u>\$ 5,403,998</u>	<u>\$ 4,541,612</u>	<u>\$ 862,386</u>

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

LONG-TERM DEBT ACTIVITY

As of September 30, 2020, the District had debt payable of \$4,307,216. The changes in the debt position of the District during the current year ended September 30, 2020, are summarized as follows:

Long-Term Debt Payable, October 1, 2019	\$ 3,938,567
Add: Note Proceeds	1,026,270
Less: Capital Lease Principal Paid	83,304
Less: Note Principal Paid	<u>574,317</u>
Long-Term Debt Payable, September 30, 2020	<u>\$ 4,307,216</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, 2020

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 1,577,039	\$
Investments	35	
Receivables:		
Property Taxes	27,093	33,538
Penalty and Interest on Delinquent Taxes		
Sales Tax Revenues	668,543	
Other	975	
Due from Other Funds		746,721
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 2,273,685	\$ 780,259
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Plan Charges	\$ - 0 -	\$ - 0 -
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,273,685	\$ 780,259

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>
\$ 1,577,039 35	\$	\$ 1,577,039 35
60,631		60,631
	29,355	29,355
668,543 975		668,543 975
746,721	(746,721)	
	287,300	287,300
	13,381	13,381
	<u>5,103,317</u>	<u>5,103,317</u>
<u>\$ 3,053,944</u>	<u>\$ 4,686,632</u>	<u>\$ 7,740,576</u>
<u>\$ - 0 -</u>	<u>\$ 80,016</u>	<u>\$ 80,016</u>
<u>\$ 3,053,944</u>	<u>\$ 4,766,648</u>	<u>\$ 7,820,592</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, 2020

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 131,174	\$
Accrued Interest Payable		
Due to Other Funds	746,721	
Net Pension Liability		
Long-Term Liabilities:		
Capital Lease Payable, Due Within One Year		
Notes Payable, Due Within One Year		
Notes Payable, Due After One Year		
TOTAL LIABILITIES	\$ 877,895	\$ - 0 -
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 27,093	\$ 33,538
Pension Plan Income		
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 27,093	\$ 33,538
 FUND BALANCES		
Restricted for Debt Service	\$	\$ 746,721
Unassigned	1,368,697	
TOTAL FUND BALANCES	\$ 1,368,697	\$ 746,721
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,273,685	\$ 780,259
 NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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>
\$ 131,174	\$ 79,405	\$ 131,174
746,721	(746,721)	79,405
	26,048	26,048
	86,032	86,032
	626,752	626,752
	3,594,432	3,594,432
<u>\$ 877,895</u>	<u>\$ 3,665,948</u>	<u>\$ 4,543,843</u>
\$ 60,631	\$ (60,631)	\$
	58,129	58,129
<u>\$ 60,631</u>	<u>\$ (2,502)</u>	<u>\$ 58,129</u>
\$ 746,721	\$ (746,721)	\$
1,368,697	(1,368,697)	
<u>\$ 2,115,418</u>	<u>\$ (2,115,418)</u>	<u>\$ - 0 -</u>
<u>\$ 3,053,944</u>		
	\$ 1,096,782	\$ 1,096,782
	700,854	700,854
	1,420,984	1,420,984
	<u>\$ 3,218,620</u>	<u>\$ 3,218,620</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, 2020**

Total Fund Balances - Governmental Funds	\$	2,115,418
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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.		5,403,998
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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.		21,887
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Deferred inflows of resources related to property tax revenues and penalty and interest receivables on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District.		89,986
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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	\$	(79,405)	
Net Pension Liability		(26,048)	
Capital Lease Payable, Due Within One Year		(86,032)	
Notes Payable, Due Within One Year		(626,752)	
Notes Payable, Due After One Year		(3,594,432)	
			(4,412,669)

Total Net Position - Governmental Activities	\$	3,218,620
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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, 2020**

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property Taxes	\$ 1,186,830	\$ 768,253
Sales Tax Revenues	2,818,612	
Penalty and Interest	15,228	325
Grant Revenues	15,650	
Sale of Assets	151,700	
Miscellaneous Revenues	25,009	
TOTAL REVENUES	<u>\$ 4,213,029</u>	<u>\$ 768,578</u>
EXPENDITURES/EXPENSES		
Service Operations:		
District Services - Needham Fire and Rescue Company	\$ 983,518	\$
Accounting and Auditing	17,000	
Appraisal District Fees	16,296	
Commissioner Fees	12,300	
Communications Fees	32,032	
Depreciation		
Firefighting Gear and Equipment	42,321	
Insurance	80,163	
Legal Fees	33,803	
Salaries and Benefits	2,428,717	
Maintenance and Repairs	67,967	
Montgomery County Hospital District Fees	18,300	
Other	46,346	
Capital Outlay	1,415,990	
Debt Service:		
Capital Lease Principal		83,304
Capital Lease Interest		5,549
Note Principal	84,870	489,447
Note Interest	10,095	176,930
TOTAL EXPENDITURES/EXPENSES	<u>\$ 5,289,718</u>	<u>\$ 755,230</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>\$ (1,076,689)</u>	<u>\$ 13,348</u>
OTHER FINANCING SOURCES (USES)		
Note Proceeds	<u>\$ 1,026,270</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCES	\$ (50,419)	\$ 13,348
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION, AS ADJUSTED - OCTOBER 1, 2019	<u>1,419,116</u>	<u>733,373</u>
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2020	<u><u>\$ 1,368,697</u></u>	<u><u>\$ 746,721</u></u>

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

Total	Adjustments	Statement of Activities
\$ 1,955,083	\$ 8,015	\$ 1,963,098
2,818,612		2,818,612
15,553		15,553
15,650		15,650
151,700		151,700
25,009		25,009
<u>\$ 4,981,607</u>	<u>\$ 8,015</u>	<u>\$ 4,989,622</u>
\$ 983,518	\$	\$ 983,518
17,000		17,000
16,296		16,296
12,300		12,300
32,032		32,032
	553,604	553,604
42,321		42,321
80,163		80,163
33,803		33,803
2,428,717	1,569	2,430,286
67,967		67,967
18,300		18,300
46,346		46,346
1,415,990	(1,415,990)	
83,304	(83,304)	
5,549	(2,737)	2,812
574,317	(574,317)	
187,025	26,613	213,638
<u>\$ 6,044,948</u>	<u>\$ (1,494,562)</u>	<u>\$ 4,550,386</u>
<u>\$ (1,063,341)</u>	<u>\$ 1,502,577</u>	<u>\$ 439,236</u>
<u>\$ 1,026,270</u>	<u>\$ (1,026,270)</u>	<u>\$ - 0 -</u>
\$ (37,071)	\$ 37,071	\$
	439,236	439,236
<u>2,152,489</u>	<u>626,895</u>	<u>2,779,384</u>
<u>\$ 2,115,418</u>	<u>\$ 1,103,202</u>	<u>\$ 3,218,620</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, 2020**

Net Change in Fund Balances - Governmental Funds	\$ (37,071)
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.	8,015
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.	(553,604)
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.	1,415,990
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.	(1,569)
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.	(1,026,270)
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.	657,621
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.	<u>(23,876)</u>
Change in Net Position - Governmental Activities	<u>\$ 439,236</u>

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, 2020

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, 2020

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, 2020

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, 2020, the General Fund owed the Debt Service Fund \$746,721 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.

All assets are capitalized if they have a cost of \$500 or more, or a life expectancy of more than two years. 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, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated combined budget is adopted for the General Fund and Debt Service Fund by the District's Board of Commissioners. The budget is prepared using the same method of accounting as for financial reporting. The original combined budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Combined Governmental Funds presents the original and revised budget amounts compared to the actual amounts of revenues and expenditures for the current 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 11) and pension plan (see Note 12). 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.

MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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.

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, 2020, the District levied an ad valorem maintenance tax rate of \$0.0570 per \$100 of assessed valuation for the 2019 tax year. This resulted in a tax levy of \$1,185,729 on the adjusted taxable valuation of \$2,079,263,125 for the 2019 tax year.

During the year ended September 30, 2020, the District levied an ad valorem debt service tax rate of \$0.0369 per \$100 of assessed valuation for the 2019 tax year. This resulted in a tax levy of \$767,603 on the adjusted taxable valuation of \$2,079,263,125 for the 2019 tax year.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

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, 2020

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 \$1,577,039 and the bank balance was \$1,577,039. Of the bank balance, \$250,000 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, 2020, as listed below:

	Cash
TOTAL DEPOSITS	\$ 1,577,039

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, 2020

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, 2020, 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, 2020, 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, 2020

NOTE 5. CAPITAL ASSETS

	October 1, 2019	Increases	Decreases	September 30, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 287,300	\$	\$	\$ 287,300
Construction in Progress	<u>9,381</u>	<u>1,415,990</u>	<u>1,411,990</u>	<u>13,381</u>
Total Capital Assets Not Being Depreciated	<u>\$ 296,681</u>	<u>\$ 1,415,990</u>	<u>\$ 1,411,990</u>	<u>\$ 300,681</u>
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 2,902,438	\$	\$	\$ 2,902,438
Machinery and Equipment	471,489	329,517		801,006
Office Equipment	45,749	3,246		48,995
Vehicles	<u>3,469,786</u>	<u>1,079,227</u>	<u>25,365</u>	<u>4,523,648</u>
Total Capital Assets Subject to Depreciation	<u>\$ 6,889,462</u>	<u>\$ 1,411,990</u>	<u>\$ 25,365</u>	<u>\$ 8,276,087</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ 742,008	\$ 104,043	\$	\$ 846,051
Machinery and Equipment	390,575	37,769		428,344
Office Equipment	43,980	1,516		45,496
Vehicles	<u>1,467,968</u>	<u>410,276</u>	<u>25,365</u>	<u>1,852,879</u>
Total Accumulated Depreciation	<u>\$ 2,644,531</u>	<u>\$ 553,604</u>	<u>\$ 25,365</u>	<u>\$ 3,172,770</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,244,931</u>	<u>\$ 858,386</u>	<u>\$ - 0 -</u>	<u>\$ 5,103,317</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,541,612</u>	<u>\$ 2,274,376</u>	<u>\$ 1,411,990</u>	<u>\$ 5,403,998</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, 2020, the District paid the Department \$983,518 for operations and maintenance.

MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7. AGREEMENT WITH TEXAS INTRASTATE FIRE MUTUAL AID SYSTEM

On May 28, 2020, the District was awarded a vehicle grant from the Texas Intrastate Fire Mutual Aid System (“TIFMAS”) through the Texas A&M Forest Service (“TFS”). The grant will pay 100% of the cost of a Type 3 Apparatus, including an installed radio package and loose equipment complement. The TFS will order and pay the selected vendors for the completed truck on the District’s behalf. The District entered into an agreement with TFS related to this apparatus. The District will insure, house, maintain, operate and repair to ensure a high state of readiness of this TIFMAS apparatus at all times. The District will staff the apparatus with trained and qualified personnel when dispatched to any regional or statewide assignments and will provide for personnel rotation or replacement when the TIFMAS apparatus is needed on assignments of extended duration. While not on assignment outside the District, the apparatus will be available for use within the District for certain incidents and activities. If the District does not fulfill its obligations under this agreement. TFS has the right to reclaim the apparatus and transfer title to another department of its choosing. As of September 30, 2020, this apparatus was still under construction.

NOTE 8. 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 9. 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%. During the current year, this note was paid in full.

MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9. NOTES PAYABLE (Continued)

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%. During the current year, this note was paid in full.

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%.

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%. During the current year, this note was paid in full.

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%.

MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9. NOTES PAYABLE (Continued)

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%.

On October 25, 2019, the District entered into a \$560,000 promissory note with Government Capital Corporation to finance the purchase of a 2019 Pierce-Custom Saber FR Pumper truck. This note is secured with ad valorem tax funds. Beginning October 25, 2020 and ending October 25, 2029, annual installments of \$66,219.90 are due each October 25. The interest rate is 3.17%.

On February 5, 2020, the District entered into a \$466,270 promissory note with Government Capital Corporation to finance the purchase of a 2019 Pierce-Stock Fire truck. This note is secured with ad valorem tax funds. Beginning February 5, 2021 and ending February 5, 2030, annual installments of \$55,136.37 are due each February 5. The interest rate is 3.17%.

The following is a summary of transactions regarding notes payable for the year ended September 30, 2020:

	October 1, 2019	Additions	Retirements	September 30, 2020
Notes Payable	\$ 3,769,231	\$ 1,026,270	\$ 574,317	\$ 4,221,184
				\$ 626,752
				3,594,432
				\$ 4,221,184

As of September 30, 2020, the debt service requirements on the notes payable were as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 626,752	\$ 150,991	\$ 777,743
2022	564,754	130,235	694,989
2023	584,919	110,070	694,989
2024	509,808	89,176	598,984
2025	428,098	70,691	498,789
2026-2030	1,466,990	139,821	1,606,811
2031	39,863	1,552	41,415
	\$ 4,221,184	\$ 692,536	\$ 4,913,720

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

MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 10. 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, 2020:

	October 1, 2019	Additions	Retirements	September 30, 2020
Capital Lease Payable	\$ 169,336	\$ - 0 -	\$ 83,304	\$ 86,032
			Amount Due Within One Year	\$ 86,032

As of September 30, 2020, the debt service requirements on the capital lease payable were as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 86,032	\$ 2,816	\$ 88,848

NOTE 11. 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 12. 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 consisting of nearly 800 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas or www.tcdrs.org.

MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 12. 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 contributions in a lump sum are not entitled to any amounts contributed by the District.

Benefit amounts are determined by the sum of the employee’s deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the District 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 deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At December 31, 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	16
Active employees	36

Contributions

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 4.58% for 2019 and 4.65% for 2020. The deposit rate payable by the employee members for calendar years 2019 and 2020 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, 2020, the annual pension cost for the TCDRS plan for its employees was \$86,427; the actual contributions were \$86,427.

MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 12. PENSION PLAN (Continued)

Actuarial Assumptions

Actuarial valuation date	12/31/19
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Amortization period	16.0
Asset Valuation Method:	
Subdivision Accumulation Fund	5-year smoothed market
Employees Saving Fund	Fund value
Actuarial Assumptions:	
Investment return ¹	8.0%
Projected salary increases ¹	4.9%
Inflation	2.75%
Cost-of-living adjustments	0.0%

¹Includes inflation at the stated rate

The actuarial assumptions that determined the total pension liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68. All other assumptions and methods are the same as used in the prior valuation.

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 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 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, 2020

NOTE 12. PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year.

In order 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 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. Therefore, the actuary has used a discount rate of 8.10%. This reflects the long-term assumed rate of return on assets for funding purposes of 8.0%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Long-Term Expected Rate of Return

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 April 2020 information for a 10-year time horizon.

MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 12. PENSION PLAN (Continued)

Long-Term Expected Rate of Return (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	14.50 %	5.20 %
Private Equity	20.00	8.20
Global Equities	2.50	5.50
International Equities-Developed Markets	7.00	5.20
International Equities-Emerging Markets	7.00	5.70
Investment-Grade Bonds	3.00	(0.20)
Strategic Credit	12.00	3.14
Direct Lending	11.00	7.16
Distressed Debt	4.00	6.90
REIT Equities	3.00	4.50
Master Limited Partnerships (MLPs)	2.00	8.40
Private Real Estate Partnerships	6.00	5.50
Hedge Funds	8.00	2.30

Changes in Net Pension Liability/(Asset)

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2019 are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances of December 31, 2018	\$ 406,203	\$ 345,974	\$ 60,229
Changes for the year:			
Service Costs	154,573		154,573
Interest on total pension liability	45,101		45,101
Effect of economic/demographic gains or losses	(23,339)		(23,339)
Refund of contributions	(8,114)	(8,114)	
Administrative Expense		(417)	417
Member contributions		69,582	(69,582)
Net investment income		56,672	(56,672)
Employer contributions		79,767	(79,767)
Other		4,912	(4,912)
Balances of December 31, 2019	<u>\$ 574,424</u>	<u>\$ 548,376</u>	<u>\$ 26,048</u>

MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 12. PENSION PLAN (Continued)

Sensitivity Analysis - The following presents the net pension liability/(asset) 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	\$ 686,708	\$ 574,424	\$ 484,862
Fiduciary Net Position	548,376	548,376	548,376
Net Pension Liability/(asset)	<u>\$ 138,332</u>	<u>\$ 26,048</u>	<u>\$ (63,514)</u>

As of September 30, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46	\$ 37,013
Changes of assumptions		2,056
Net differences between projected and actual earnings	16,352	19,060
Contributions subsequent to the measurement date	63,618	
Total	<u>\$ 80,016</u>	<u>\$ 58,129</u>

The \$63,618 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, 2020. 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:	
2020	\$ (3,422)
2021	(4,051)
2022	(3,667)
2023	(8,908)
2024	(4,335)
Thereafter	(17,348)

MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 13. GRANT REVENUE

On February 24, 2020 and March 6, 2020, the District received Public Assistance Grants from the Texas Department of Emergency Management, in the amounts of \$6,905 and \$8,745, respectively. These grants are to reimburse the District for costs incurred responding to events outside the District's area.

NOTE 14. 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 \$2,818,612 in sales tax receipts, of which \$668,543 was due from the State Comptroller at September 30, 2020.

NOTE 15. PRIOR PERIOD ADJUSTMENT

During the current year, the District evaluated capitalized assets and determined assets the District no longer owned needed to be removed. The effect of these adjustments is as follows:

Net Position - October 1, 2019	\$ 3,162,123
Effect of Adjustment	<u>(382,739)</u>
Net Position - October 1, 2019, As Adjusted	<u><u>\$ 2,779,384</u></u>

NOTE 16. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020

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, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 2,000,000	\$ 1,102,418	\$ 1,955,083	\$ 852,665
Sales Tax Revenues	2,689,273	2,520,514	2,818,612	298,098
Grant Revenues		8,745	15,650	6,905
Sale of Assets		160,000	151,700	(8,300)
Miscellaneous Revenues	37,500	38,089	40,562	2,473
TOTAL REVENUES	\$ 4,726,773	\$ 3,829,766	\$ 4,981,607	\$ 1,151,841
EXPENDITURES				
Service Operations:				
Firefighting Personnel and Operations	\$ 3,427,500	\$ 3,370,848	\$ 3,412,235	\$ (41,387)
Accounting and Auditing	15,500	17,000	17,000	
Appraisal District Fees	17,000	16,300	16,296	4
Commissioner Fees	20,000	12,900	12,300	600
Communications Fees	33,400	24,400	32,032	(7,632)
Firefighting Gear and Equipment			42,321	(42,321)
Insurance	100,000	92,926	80,163	12,763
Legal Fees	37,000	30,000	33,803	(3,803)
Maintenance and Repairs	127,500	86,477	67,967	18,510
M. C. Hospital District Fees	18,300	18,300	18,300	
Other	69,050	73,940	46,346	27,594
Capital Outlay		1,235,143	1,415,990	(180,847)
Debt Service:				
Principal	84,870	84,874	657,621	(572,747)
Interest	10,095	10,095	192,574	(182,479)
TOTAL EXPENDITURES	\$ 3,960,215	\$ 5,073,203	\$ 6,044,948	\$ (971,745)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 766,558	\$ (1,243,437)	\$ (1,063,341)	\$ 180,096
OTHER FINANCING SOURCES(USES)				
Note Proceeds	\$ -0-	\$ 1,026,270	\$ 1,026,270	\$ -0-
NET CHANGE IN FUND BALANCE	\$ 766,558	\$ (217,167)	\$ (37,071)	\$ 180,096
FUND BALANCE - OCTOBER 1, 2019	2,152,489	2,152,489	2,152,489	
FUND BALANCE - SEPTEMBER 30, 2020	\$ 2,919,047	\$ 1,935,322	\$ 2,115,418	\$ 180,096

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, 2020

	Year Ended December 31,		
	2019	2018	2017
Total Pension Liability (Asset)			
Service Cost	\$ 154,573	\$ 123,079	\$ 134,608
Interest on total pension liability	45,101	27,312	17,702
Effect of plan changes		53,196	
Effect of assumption changes or inputs			(2,740)
Effect of economic/demographic (gains) or losses	(23,339)	(6,925)	(13,790)
Benefit payments/refunds of contributions	(8,114)	(8,954)	(2,405)
Other			1
Net change in total pension liability	\$ 168,221	\$ 187,708	\$ 133,376
Total pension liability, beginning	<u>406,203</u>	<u>218,495</u>	<u>85,119</u>
Total pension liability, ending (a)	<u>\$ 574,424</u>	<u>\$ 406,203</u>	<u>\$ 218,495</u>
Fiduciary Net Position			
Employer contributions	\$ 79,767	\$ 57,767	\$ 63,569
Member contributions	69,582	68,829	72,288
Investment income net of investment expenses	56,672	(2,934)	13,710
Benefit payments/refunds of contributions	(8,114)	(8,954)	(2,405)
Administrative Expense	(417)	(278)	(153)
Other	4,912	3,528	1,787
Net change in fiduciary net position	\$ 202,402	\$ 117,958	\$ 148,796
Fiduciary net position, beginning	<u>345,974</u>	<u>228,016</u>	<u>79,220</u>
Fiduciary net position, ending (b)	<u>\$ 548,376</u>	<u>\$ 345,974</u>	<u>\$ 228,016</u>
Net pension liability/(asset), ending = (a) - (b)	<u>\$ 26,048</u>	<u>\$ 60,229</u>	<u>\$ (9,521)</u>
Fiduciary net position as a percentage of total pension liability	95.47%	85.17%	104.36%
Pensionable covered payroll	\$ 1,739,543	\$ 1,720,723	\$ 1,807,220
Net pension liability as a percentage of covered payroll	1.50%	3.50%	-0.53%

See accompanying independent auditor's report.

	2016	2015
\$	81,800	N/A
	3,248	N/A
		N/A
		N/A
	70	N/A
	<u>1</u>	<u>N/A</u>
\$	85,119	N/A
	<u>-0-</u>	<u>N/A</u>
\$	<u>85,119</u>	<u>N/A</u>
\$	36,702	N/A
	41,336	N/A
		N/A
		N/A
	1,182	N/A
\$	<u>79,220</u>	<u>N/A</u>
	<u>-0-</u>	<u>N/A</u>
\$	<u>79,220</u>	<u>N/A</u>
\$	<u>5,899</u>	<u>N/A</u>
	93.07%	N/A
\$	1,033,398	N/A
	0.57%	N/A

See accompanying independent auditor's report.

MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
SCHEDULE OF DISTRICT CONTRIBUTIONS
SEPTEMBER 30, 2020

Year Ending December 31	Actuarially Determined Contribution ⁽¹⁾	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽²⁾	Actual Contribution as a Percentage of Covered Payroll
2019	\$ 86,427	\$ 86,427	\$ - 0 -	\$ 1,739,543	5.0%
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%

⁽¹⁾ *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.*

⁽²⁾ *Payroll is calculated based on contributions as reported to TCDRS.*

See accompanying independent auditor's report.

MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
SCHEDULE OF DISTRICT CONTRIBUTIONS
SEPTEMBER 30, 2020

NOTES TO SCHEDULE

All actuarial methods and assumptions used for this analysis were the same as those used in the December 31, funding valuation. Following are the key methods and assumptions used to determine contribution rates:

Valuation Timing	Actuarially determined contribution rates are calculated 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
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	16.0 years (based on contribution rate calculated in 12/31/2019 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	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected. 2016: No changes in plan provisions were reflected. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected. 2019: Employer contributions reflect that the current service matching rate was increased to 200% for future benefits.

* 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, 2020

MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - OCTOBER 1, 2019	\$ 21,639		\$ 30,977	
Adjustments to Beginning Balance	6,555	\$ 28,194	3,211	\$ 34,188
Original 2019 Tax Levy	\$ 1,144,091		\$ 740,648	
Adjustment to 2019 Tax Levy	41,638	1,185,729	26,955	767,603
TOTAL TO BE ACCOUNTED FOR		\$ 1,213,923		\$ 801,791
TAX COLLECTIONS:				
Prior Years	\$ 13,714		\$ 8,815	
Current Year	1,173,116	1,186,830	759,438	768,253
TAXES RECEIVABLE - SEPTEMBER 30, 2020		\$ 27,093		\$ 33,538
TAXES RECEIVABLE BY YEAR:				
2019		\$ 12,613		\$ 8,165
2018		5,581		3,126
2017		3,734		1,915
2016		2,557		1,580
2015		993		1,064
2014		767		932
2013				2,044
2012				2,209
2011				2,856
2010 and prior		848		9,647
TOTAL		\$ 27,093		\$ 33,538

See accompanying independent auditor's report.

**MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 4
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 2,079,263,125</u>	<u>\$ 1,865,128,762</u>	<u>\$ 1,718,164,374</u>	<u>\$ 1,535,056,574</u>
TAX RATES PER \$100 VALUATION:				
Operating	\$ 0.0570	\$ 0.0641	\$ 0.0661	\$ 0.0618
Debt Service	<u>0.0369</u>	<u>0.0359</u>	<u>0.0339</u>	<u>0.0382</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.0939</u>	<u>\$ 0.1000</u>	<u>\$ 0.1000</u>	<u>\$ 0.1000</u>
ADJUSTED TAX LEVY*	<u>\$ 1,953,332</u>	<u>\$ 1,865,310</u>	<u>\$ 1,718,854</u>	<u>\$ 1,530,678</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.94 %</u>	<u>99.53 %</u>	<u>99.67 %</u>	<u>99.73 %</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, 2020

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, 2020</u>	<u>Expense Reimbursements for the year ended September 30, 2020</u>	<u>Title</u>
Brian Arceneaux	01/01/18 12/31/20	\$ 2,100	\$ -0-	President
Roxann McDaniel- Doise	01/01/19 12/31/22	\$ 1,800	\$ -0-	Vice President
Raymond Veit	01/01/19 12/31/22	\$ 3,150	\$ -0-	Treasurer
Mark Abbey	01/01/19 12/31/22	\$ 2,700	\$ -0-	Secretary
Howard Livesay	01/01/18 12/31/20	\$ 3,150	\$ -0-	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.

