

MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF COMMISSIONERS OF  
JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4

A regular meeting of the Board of Commissioners of the Jefferson County Emergency Services District No. 4 ("District") was called for at 5:30 p.m. on May 21, 2018, at the Labelle fire station, located at 12880 FM 365, Beaumont, Texas 77705, pursuant to notice duly posted according to law.

At approximately 5:35 p.m., the regular meeting was called to order. The roll was called of the duly constituted officers and members of the Board, to wit:

Jeff Roebuck	President
Charlie Reneau	Vice President
Randy Walston	Secretary
Sandra Melton	Treasurer
Robert Bordes	Assistant Treasurer

All of said Board members were present, with the exception of Assistant Treasurer Bordes, thus constituting a quorum. Also present were: Patrick Larson, District Administrator; Jeremy Hansen, District Fire Chief; Mary Ellen Robertson, District accountant; Joshua Heinz of the law firm Benckenstein & Oxford, L.L.P., attorneys for the District; and, the individuals shown on the attendance log attached hereto as Exhibit A.

President Roebuck then asked for public comment under Agenda Item No. 3, at which time Carol Gifford of the Ladies' Auxiliary advised the Board that the organization is ready to execute the Event Rental Management Service Agreement, and that it had a couple questions regarding the agreement provisions.

The Board then moved along to Agenda Item No. 4, at which time Mr. Larson and Chief Hansen reviewed and discussed their Administrator and Chief Reports with the

Board. Copies of the Administrator and Chief's Reports are attached hereto as **Exhibit B**.

The Board's attention was then directed by President Roebuck to Agenda Item No. 5, at which time Mr. Hansen advised the Board that he received approval from his employer to enter into the Fire Chief Services Agreement.

Next, the Board moved to Agenda Item No. 6 for review of the Minutes of the April 16, 2018 regular meeting. Upon motion by Treasurer Melton and seconded by Vice President Reneau, the proposed minutes were unanimously approved by the Board members present.

Thereafter, the Board was directed to Agenda Item No. 7 for the Treasurer's Report. Treasurer Melton reported that the District's Texas First Bank checking account balance was \$672,768.14 as of April 30, 2018 and \$669,557.42 as of May 20, 2018, and that the District's Texas First Bank savings account balance was \$200,714.12 as of April 30, 2018 and May 20, 2018, as reflected in the account statements attached hereto as **Exhibit C**. Mrs. Robertson then reviewed with the Board the monthly Statement of Activities, a copy of which is attached hereto as **Exhibit D**.

The Board then moved along to Agenda Item No. 8, at which time Mrs. Robertson reviewed the District's fiscal year 2016-17 Compiled Financial Statements with the Board, a copy of which is attached hereto as **Exhibit E**. Upon motion by Secretary Walston and seconded by Treasurer Melton, the Board unanimously approved the financial compilation. Then, Mrs. Robertson review with the Board the engagement letter from J.R. Edwards & Associates for performing the District's fiscal year 2016-17 audit, a copy of which is attached hereto as **Exhibit F**. Upon motion by Vice President

Reneau and seconded by Secretary Walston, and with the unanimous consent of the members present, the Board approved the engagement of J.R. Edwards & Associates.

The Board was then directed to Agenda Item No. 9 for payment of the District's bills. Treasurer Melton and Mr. Larson reviewed with the Board the District's various monthly expenditures proposed for payment, as shown on the Check List and Bank Account Registers attached hereto as **Exhibit G**. Upon motion by Vice President Reneau and seconded by Treasurer Melton, the Board members present unanimously approved payment of the bills and expenditures shown on the Check List (Check Nos. 2735-2769, as well as the electronic payroll and utility payments). Then, Mr. Larson advised the Board of the invoice from JGA Productions for the station signs and vehicle decals which also needed to be paid. After discussing the matter, Secretary Walston made a motion to approve the payment to JGA Productions in the amount of \$4,025.00, which was seconded by Vice President Reneau and unanimously approved by the Board.

Being as there were no matters discussed under Agenda Item No. 10, the Board was directed to Agenda Item No. 11 regarding the additional flood damage repairs needed at the Cheek station. Mr. Larson reviewed with the Board the bid obtained from RSP Contractors having a total project cost of \$6,732.37. A copy of the proposal is attached hereto as **Exhibit H**. Upon motion by Vice President Reneau and seconded by Treasurer Melton, the Board members present unanimously approved the proposal from RSP Contractors.


Next, the Board's attention was directed to Agenda Item No. 12 regarding a proposed EMS billing service agreement. Having previously reviewed and discussed the terms of the proposed service agreement submitted by J&M Neal, Inc. d/b/a Health

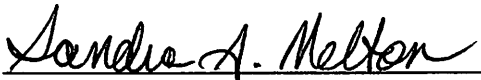
Claims Plus with the company representative during the March meeting, Secretary Walston made a motion to approve the service agreement, a copy of which is attached hereto as Exhibit I. The motion was seconded by Vice President Reneau and unanimously approved by the members present.

Thereafter, the Board moved to Agenda Item No. 13 regarding the proposed new fire truck, at which time Chief Hansen advised that the truck committee will be meeting again to review the proposed truck specifications and other matters relating to the purchase/financing process. The matter will be discussed further at the next regular meeting.

Then, under Agenda Item No. 14, Chief Hansen advised the Board that he will be preparing a detailed listing of personal property items which he will propose be declared as salvage property.

Being as there was no report from counsel or other matters to come before the Board under Agenda Item Nos. 15 and 16, the regular meeting was adjourned at approximately 6:35 p.m.

  
\_\_\_\_\_  
Jeff Roebuck, President  
Charlie Reneau, VP  
Date: 6/18/2018

ATTEST:  
  
\_\_\_\_\_  
Randy Walston, Secretary  
Sandra Melton, Treasurer  
Date: 6/18/2018

# Exhibit A

JEFFERSON COUNTY ESD No. 4

Regular Meeting

May 21, 2018

SIGN-IN SHEET

1 Carolyn Hurych

2 Randy Lyday 4110

3 Claudia Kester 4125

4 Carrie [unclear]

5 Carl Gifford

6 Kaym Gifford

7 Brandon Schwarz 412

8 JOHN TATROE 4138

9

10

11

12

13

14

# Exhibit B

# DISTRICT ADMINISTRATOR'S REPORT

May 21, 2018

## **STATION 1 LaBelle**

**Area Security** lighting quotes are being request from some local vendors that will provide better lighting for the building, parking lot and the flag poles so that we can properly display the flags day and night.

LMTV Work is progressing on readying the unit for service.

**STATION 2 Fannett** Nothing new to report.

**STATION 3 Cheek** A quote from the company that did the sheetrock work has been received and is presented tonight.

## **ESD**

**Safe-D** I have an information sheet for Commissioners wanting training hours.

**No-Response** calls for the month of April 2018 are reported as 2 Med.

**No New Vendors** were added this past month.

**Rene Bates Auctioneers** Surplus vehicles are being stored at ESD #3's Meeker Station as they are finalized for listing for auction.

**The Labelle-Fannett Ladies Auxiliary** has said they are ready to assume building rental responsibilities June 1st. They will coordinate with this office on building rental and scheduling. A calendar will be maintained in the meeting area for the Fire Department to block out days when the building will be unavailable for rental. We do have a contract prepared but neither party has signed yet.

**Texas Forest Service** grant for Worker's Compensation coverage has been applied for and approved and a check for reimbursement of \$2,762 is expected soon.

**DUNS/SAM** We now have our DUNS # in the name of Jefferson County ESD #4 and have been assigned our DLA/CAGE Code # to enable us to apply for Federally shared or funded grants.

**Joshua** is researching our contract with ESO/Firehouse as the leadership of the VFD would like to switch over to Emergency Reporting software if we are not still obligated under a 5 year contract with Firehouse.

**A Grant from Firehouse Subs Restaurant** is in the process of being applied for to acquire a LUCAS device.

We Have Some Rather Large Annual Expenditures coming up soon.

**EMTs** We have had some of our responders complete the rigorous EMT-B course. Request for reimbursement is included in tonight's bill payments for Claudia Kester. She has completed Nick Morrison's course, passed all required test and has been issued her certification. Congratulations to Claudia Kester.

**Jefferson County ESD No. 4**  
**Chief's Report**  
**21 May, 2018**

1. **Calls for Service:**            Fire: 11            EMS: 20            MVA: 10            Total: 41

2. **Station Status:**

LaBelle STA #1: Operational – Brush truck in limited service, work continues.

Fannett STA #2: Operational – M4 out of service, AC unit failure. B42 Pump failure.

Cheek STA #3: Operational – Limited facilities. All apparatus in service. B43 temporarily at Fannett Station #2.

3. **Apparatus Status:**

E41 – In service.

T41 – In service (No portable tank)

B41 – Limited service – Work continues.

R41 – In service

E42 – In service

T42 – In service (No portable tank).

B42 – Out of service - Foam system major failure (rot). Pump failure (parts ordered)

E43 – In service

T43 – In service. Needs to be scheduled for BCM repairs at Performance Automotive.

MED4 – Out of Service – AC Failure

U4 – In service.

New engine truck committee has revised quite to include provisions discussed at meeting with Commissioners. Financing options forward to District Admin/Manager. Need to schedule final review meeting before proceeding to bid.

4. **Membership:** FF J. Cunio requested to be reinstated. FF J. Arceneaux resigned. 4 members moved to Support division. Several members still pending annual PAT test for Interior and Driver/Operator positions.
5. **Training:** A. Broussard, B. Schwartzburg, C. Kester, and all have passed and completed their EMT-B certification. Weekly training and work nights continue.
6. **Critical Needs: Update:** Items from previous months continuing to be addressed. B42 may require unbudgeted repairs to pump or permanent bypass of foam system. Continue to experience stations being unintentionally left unsecured. Request all primary exterior doors of stations be retrofit with Code-Locks system @ approximately \$500 per door.
7. **Regional Coordination:** 1. Currently drafting revised automatic Mutual-Aid agreements with ESD3 and Hamshire VFD. VFIS has verified members authorized by the Chief Officer of a department may allow operation of ESD apparatus by members of other departments under an approved Mutual-Aid agreement. 2. Currently reviewing ETJ boundaries with SETRPC 911 to review areas of concern with adjacent districts. Reviewing agreements with Beaumont Fire Rescue for Erie St area and Port Arthur FD for Taylors Landing. Future discussions planned for agreements in Cheek with ESD3 upon completion of their Meeker Station.

8. **EMS:** Basic Life Support (BLS) license package is ready to move forward for submission with Chief J Hansen listed as CEO/Head of Organization and CAPT S. Wade as Administrator of Record. First Responder Organization (FRO) license application will follow upon issuance of BLS license for ambulance services. Will continue under ESD3 FRO in the interim.

Jeremy D. Hansen, Fire Chief  
Jefferson County ESD No. 4

#

# Exhibit C



# TEXAS FIRST BANK

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Return Service Requested

TELEPHONE BANKING  
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(855) 355-TFB1 (8321)

BOOKKEEPING  
(409) 948-1993  
(409) 296-2111

Page: 2

JEFFERSON COUNTY EMERGENCY

Account Number: 10031508  
Statement Date: 4/30/18

DEBITS AND OTHER WITHDRAWALS

Date	Withdrawals	Activity Description
4/16	28.14	WestJeffersnMWDp/Payment JEFFERSON COUNTY EDS
4/16	28.14	WestJeffersnMWDp/Payment JEFFERSON COUNTY ESD
4/16	28.14	WestJeffersnMWDp/Payment JEFFERSON CO. ESD 4
4/17	109.95	. 3rd Coast Inte/Payment 192648113 Jefferson County Emerg
4/23	66.70	ENTERGY TEXAS, I/BANK DRAFT JEFFERSON COUNTY ESD 4
4/23	116.06	ENTERGY TEXAS, I/BANK DRAFT JEFFERSON COUNTY ESD 4
4/23	340.29	ENTERGY TEXAS, I/BANK DRAFT JEFFERSON COUNTY ESD 4
4/30	5.85	IRS/USATAXPYMT *****2070939945 JEFFERSON COUNTY EMERG
4/30	17.55	TXWORKFORCECOMM/DEBIT (512)463-2325 TWC-998827876

CHECKS PAID

\* indicates skip in check numbers

Date	Check No.	Amount	Date	Check No.	Amount	Date	Check No.	Amount
4/24	2708	199.97	4/23	2717	74.17	4/19	2728*	133.65
4/20	2709	802.73	4/20	2718	310.27	4/25	2729	159.26
4/20	2710	102.00	4/24	2720*	400.00	4/25	2730	341.43
4/23	2711	500.00	4/17	2721	304.16	4/25	2731	60.32
4/23	2712	207.39	4/23	2722	10.00	4/25	2732	378.01
4/19	2713	1,250.00	4/26	2723	107.00	4/24	2733	275.00
4/18	2714	400.00	4/26	2724	107.00	4/23	2734	855.00
4/17	2715	1,750.00	4/30	2725	550.00	4/27	2735	128.86
4/24	2716	272.10						

DAILY BALANCE SUMMARY

Date	Balance	Date	Balance	Date	Balance
4/02	664,235.30	4/17	680,772.86	4/20	677,774.21
4/12	683,021.39	4/18	680,372.86	4/23	675,604.60
4/16	682,936.97	4/19	678,989.21	4/24	674,457.53

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BOOKKEEPING  
 (409) 948-1993  
 (409) 296-2111

Page: 3

JEFFERSON COUNTY EMERGENCY

Account Number: 10031508  
 Statement Date: 4/30/18

DAILY BALANCE SUMMARY

Date	Balance	Date	Balance	Date	Balance
4/25	673,518.51	4/27	673,175.65	4/30	672,768.14
4/26	673,304.51				

PUBLIC FUNDS SAVINGS

JEFFERSON COUNTY EMERGENCY  
 SERVICES DISTRICT No. 4

Acct 20041885

Beginning Balance	4/01/18	200,689.38
Deposits / Misc Credits	1	24.74
Withdrawals / Misc Debits	0	.00
** Ending Balance	4/30/18	200,714.12 **
Service Charge		.00
Interest Paid		24.74
Interest Paid Year To Date		98.95
Annual Percentage Yield Earned		.15%
Number of Days for A.P.Y.E.		30
Average Balance for A.P.Y.E.		200,689.38
Minimum Balance		200,689

DEPOSITS AND OTHER CREDITS

Date	Deposits	Activity Description
4/30	24.74	Interest Paid

DAILY BALANCE SUMMARY

Date	Balance	Date	Balance	Date	Balance
4/30	200,714.12				

**TEXAS FIRST BANK**

Texas First Bank Public Funds Tiered Int. \*\*1508

Last Updated: 5/20/2018 9:01 PM

\$669,557.42

Available Balance

Date	Description	Amount
MAY 16 2018	☒ Check - 2727	-\$6,153.15 \$669,557.42
MAY 16 2018	.3rd Coast Inte/Payment 195826715 Jefferson County Emerg	-\$109.95 \$675,710.57
MAY 16 2018	WestJeffersnMWDp/Payment JEFFERSON CO. ESD 4	-\$28.14 \$675,820.52
MAY 16 2018	WestJeffersnMWDp/Payment JEFFERSON COUNTY ESD	-\$28.14 \$675,848.66
MAY 16 2018	WestJeffersnMWDp/Payment JEFFERSON COUNTY EDS	-\$28.14 \$675,876.80
MAY 15 2018	Refund Stop/Hold Fee	+ \$29.50 \$675,904.94
MAY 14 2018	☒ Check - 2726	-\$750.00 \$675,875.44
MAY 11 2018	ENERGY TEXAS, I/BANK DRAFT JEFFERSON COUNTY ESD 4	-\$306.64 \$676,625.44
MAY 11 2018	ENERGY TEXAS, I/BANK DRAFT JEFFERSON COUNTY ESD 4	-\$115.89 \$676,932.08
MAY 10 2018	☒ Check - 2736	-\$5,352.15 \$677,047.97
MAY 3 2018	JEFFERSON COUNTY/PROPTAXPMT 86 ESD #4	+ \$9,661.48 \$682,400.12
MAY 2 2018	TEXAS FIRST BANK/Internet B Jefferson County Emerg	-\$29.50 \$672,738.64
APR 30 2018	Interest Paid	+ \$165.89 \$672,768.14
APR 30 2018	☒ Check - 2725	-\$550.00 \$672,602.25



## Texas First Bank Public Funds Savings \*\*1885

Last Updated: 5/20/2018 9:01 PM

\$200,714.12

Available Balance

Date	Description	Amount
APR 30 2018	Interest Paid	+ \$24.74 \$200,714.12
MAR 30 2018	Interest Paid	+ \$25.56 \$200,689.38
FEB 28 2018	Interest Paid	+ \$23.09 \$200,663.82
JAN 31 2018	Interest Paid	+ \$25.56 \$200,640.73
DEC 29 2017	Interest Paid	+ \$25.55 \$200,615.17
NOV 30 2017	Interest Earned	+ \$24.73 \$200,589.62
OCT 31 2017	Interest Earned	+ \$25.27 \$200,564.89
SEP 29 2017	Interest Earned	+ \$16.48 \$200,539.62
AUG 31 2017	Interest Earned	+ \$17.03 \$200,523.14
JUL 31 2017	Interest Earned	+ \$17.03 \$200,506.11
JUN 30 2017	Interest Earned	+ \$16.48 \$200,489.08
MAY 31 2017	Interest Earned	+ \$17.02 \$200,472.60
APR 28 2017	Interest Earned	+ \$16.47 \$200,455.58
MAR 31 2017	Interest Earned	+ \$17.02 \$200,439.11

# Exhibit D

**Jefferson County Emergency Services District No. 4**  
**Statement of Activities (Modified Cash Basis)**  
**All Locations**

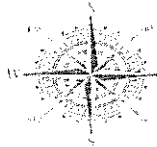
	1 Month Ended 4/30/2018 Actual	7 Months Ended 4/30/2018 Actual	Annual Budget	Over (Under) Budget	% of Budget Used to Date
<b>Revenue</b>					
Ad Valorem Taxes	\$ 19,163	\$ 515,223	\$ 540,000	\$ (24,777)	95.41%
EMS Billing	-	-	40,000	(40,000)	0.00%
Interest Income	191	1,015	500	515	203.00%
Other Income	300	183,570	1,500	182,070	12238.00%
Loan Proceeds	-	-	350,000	(350,000)	0.00%
Sale of Equipment	-	-	15,000	(15,000)	0.00%
<b>Total Revenue</b>	<u>19,654</u>	<u>699,808</u>	<u>947,000</u>	<u>(247,192)</u>	<u>73.90%</u>
<b>Operating Expenses</b>					
Advertising	-	-	1,000	(1,000)	0.00%
Bank Fees	-	59	150	(91)	39.33%
Accounting	550	3,225	15,500	(12,275)	20.81%
Cleaning & Building Maintenance/Repairs	-	8,052	5,500	2,552	146.40%
Lawn Service	500	2,000	4,650	(2,650)	43.01%
Office Supplies & Postage	818	1,509	-	1,509	0.00%
Children's Education	-	-	2,000	(2,000)	0.00%
Dues & Fees	-	260	1,500	(1,240)	17.33%
Tax & Appraisal Fees	377	9,467	13,000	(3,533)	72.82%
Interest Expense	-	2,926	6,061	(3,135)	48.28%
Insurance - VFIS District	-	632	2,000	(1,368)	31.60%
Legal/Professional	800	9,510	15,000	(5,490)	63.40%
Lodging/Meals/Travel & Regist ESD	-	930	3,000	(2,070)	31.00%
District Manager	1,750	9,341	15,000	(5,659)	62.27%
Administrative Assistant	-	4,650	15,000	(10,350)	31.00%
Payroll Tax Expense	-	388	1,150	(762)	33.74%
Small Equipment Purchases (less than \$5,000)	-	1,240	3,250	(2,010)	38.15%
Cable	87	227	350	(123)	64.86%
Utilities	523	5,144	7,250	(2,106)	70.95%
Internet	-	550	1,950	(1,400)	28.21%
Telephone/Internet	269	808	900	(92)	89.78%
Water & Garbage	242	2,609	3,600	(991)	72.47%
Note Payable-First Financial (Mini Pumper)	-	-	37,877	(37,877)	0.00%
Note Payable-Dallas Bank&Trst(3000gal Tanker)	-	29,677	29,677	-	100.00%
<b>Total Operating Expenses</b>	<u>5,916</u>	<u>93,204</u>	<u>185,365</u>	<u>(92,161)</u>	<u>50.28%</u>

**Jefferson County Emergency Services District No. 4**  
**Statement of Activities (Modified Cash Basis)**  
**All Locations**

	1 Month Ended 4/30/2018 Actual	7 Months Ended 4/30/2018 Actual	Annual Budget	Over (Under) Budget	% of Budget Used to Date
<b>Emergency Medical Services</b>					
Emergency Medical Services	112	2,956	60,000	(57,044)	4.93%
<b>Total Emergency Medical Services</b>	<u>112</u>	<u>2,956</u>	<u>60,000</u>	<u>(57,044)</u>	<u>4.93%</u>
<b>Fire Services</b>					
Certification Dues	-	-	600	(600)	0.00%
Fire Chief	1,250	6,579	18,000	(11,421)	36.55%
Fire Field Meals	-	583	1,000	(417)	58.30%
Dispatch Services/Edispatches	-	21,989	20,000	1,989	109.95%
Vehicle Repair & Maintenance	6,952	13,214	25,000	(11,786)	52.86%
Travel/Lodging/Meals/Trans Expenses	116	116	5,000	(4,884)	2.32%
Tuition/Registration	-	221	2,000	(1,779)	11.05%
Personal Protection Equipment	855	6,467	15,000	(8,533)	43.11%
Equipment, Boots, Gloves-Insp/Repairs	-	4,194	6,500	(2,306)	64.52%
Fire Uniforms	-	354	6,000	(5,646)	5.90%
Training & Materials	319	6,326	10,000	(3,674)	63.26%
Fuel - Fire & EMS	415	2,990	6,000	(3,010)	49.83%
Insurance - Prop. & Liab.	-	-	31,500	(31,500)	0.00%
Insurance - Worker's Compensation	-	2,445	2,500	(55)	97.80%
Maintenance & Repairs - Radios	-	376	6,000	(5,624)	6.27%
Personal Protective Equipment - Inspection	-	4,480	8,500	(4,020)	52.71%
Payroll Tax Expense	-	-	1,450	(1,450)	0.00%
Supplies - Fire	463	3,232	20,000	(16,768)	16.16%
Quartermaster/Station Attendant	750	580	-	580	0.00%
Software - Firehouse	-	-	3,000	(3,000)	0.00%
<b>Total Fire Services</b>	<u>11,120</u>	<u>74,146</u>	<u>188,050</u>	<u>(113,904)</u>	<u>39.43%</u>
<b>Capital Expenditures</b>					
Radio Communication Upgrade	-	54,780	-	54,780	0.00%
Purchase of Land - Hwy 124	-	93	-	93	0.00%
LMTV Vehicle with Upgrades	132	472	-	472	0.00%
Ambulance Expenditures	5,747	5,747	20,000	(14,253)	28.74%
Life Pak - EMS	-	-	15,000	(15,000)	0.00%
Rescue Pumper (1000 gal. engine)	-	-	350,000	(350,000)	0.00%
SCBA Packs/Replacement Bottles	-	-	15,000	(15,000)	0.00%
Capital Expenditures - Other	-	5,000	-	5,000	0.00%
<b>Total Capital Expenditures</b>	<u>5,879</u>	<u>66,092</u>	<u>400,000</u>	<u>(333,908)</u>	<u>16.52%</u>
<b>Contingency</b>					
Contingency	-	3,650	20,000	(16,350)	18.25%
<b>Total Contingency</b>	<u>0</u>	<u>3,650</u>	<u>20,000</u>	<u>(16,350)</u>	<u>18.25%</u>
<b>Total Expenses</b>	<u>23,027</u>	<u>240,048</u>	<u>853,415</u>	<u>(613,367)</u>	<u>28.13%</u>
<b>Net Change in Fund Balance</b>	<u>\$ (3,373)</u>	<u>\$ 459,760</u>	<u>\$ 93,585</u>		

# Exhibit E

**JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
COMPILED FINANCIAL STATEMENTS  
For the year ended September 30, 2017**



**ROBERTSON, SHOEMAKER & ASSOCIATES, PLLC**  
Certified Public Accountants

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
 COMPILED FINANCIAL STATEMENTS  
 For the Year Ended September 30, 2017

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**INTRODUCTORY SECTION**

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
JEFFERSON COUNTY, TEXAS  
For the Year Ended September 30, 2017

Board of Commissioners

Jeffery Roebuck  
Charles Reneau  
Randy Walston  
Sandra Melton  
Robert Bordes  
Patrick Larson

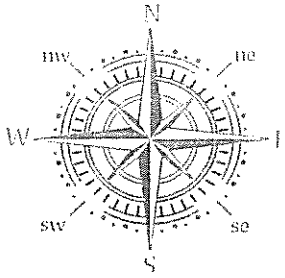
President  
Vice President  
Secretary  
Treasurer  
Assistant Treasurer  
District Administrator

Command Staff

Jeremy Hansen

Fire Chief

**FINANCIAL SECTION**



# ROBERTSON, SHOEMAKER & ASSOCIATES, PLLC

Certified Public Accountants

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

Management is responsible for the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County Emergency Services District No. 4, as of and for the year ended September 30, 2017, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

I am not independent with respect to Jefferson County Emergency Services District No. 4.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund on page 24 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. This information is the representation of management. This information was subject to our compilation engagement, however, I have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

*Robertson, Shoemaker and Associates, PLLC*

Robertson, Shoemaker and Associates, PLLC  
Beaumont, Texas

May 1, 2018

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2017

In this section of the Annual Financial Report, we, the managers of the Jefferson County Emergency Services District No. 4 (the District), discuss and analyze the District's financial performance for the fiscal year ended September 30, 2017. Please review it in conjunction with the accountant's compilation report on page 2 and the District's Basic Financial Statements which follow this section.

**FINANCIAL HIGHLIGHTS**

- After the fourth year of operations, the District's total combined net position was \$1,000,708 at September 30, 2017, as compared to \$924,256 at September 30, 2016.
- During the year, the District's expenses were \$76,452 less than the \$558,021 revenues generated in taxes and other revenues for governmental activities. This compares to last year when expenses were \$237,736 less than revenues.
- The general fund reported a fund balance this year of \$419,673. All is for unrestricted use by the District. The prior year fund balance at year end was \$480,200.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplementary information.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They include the Statement of Net Position and the Statement of Activities that provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

*The Statement of Net Position* presents information in a format that displays assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources to equal net position. Net position is displayed in three components – net investment in capital assets, restricted and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2017

**OVERVIEW OF THE FINANCIAL STATEMENTS, Continued**

The *Statement of Activities* presents information showing how the government's net position changed during the current fiscal year. All changes in net position are reported for all current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

**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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provided detailed information about the District's most significant funds, *not* the District as a whole.

- Some funds are required by State law and by bond covenants.
- The Board of Commissioners may establish other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District's major governmental fund is the General Fund. Data for the remaining governmental funds are combined into a single, aggregated presentation.

**JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2017**

**OVERVIEW OF THE FINANCIAL STATEMENTS, Continued**

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on pages 15-23 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on page 24 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1,000,708 at the close of the most recent fiscal year. (See Table I)

**Table I**  
**JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**Net Position**

	September 30, 2017	September 30, 2016
Current Assets	\$ 520,735	\$ 576,173
Capital Assets, Net of Accumulated Depreciation	772,296	705,065
Total Assets	\$ 1,293,238	\$ 1,281,238
Long-term Liabilities	\$ 239,722	\$ 305,595
Other Liabilities	52,600	51,387
Total Liabilities	\$ 292,322	\$ 356,982
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 532,574	\$ 399,470
Unrestricted	468,134	524,786
Total Net Position	\$ 1,000,708	\$ 924,256

**JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

A portion of the District's net position, \$532,574 (53%), reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. The District owes \$239,722, in debt related to its capital assets. The \$468,134 of unrestricted net position represents resources available to fund the programs of the District next year.

**Changes in Net Position.** The District's total revenues were \$558,021. For the current year most of the revenues resulted from property taxes levied. Miscellaneous revenues accounted for less than four percent of total revenues. In future years most of the District's revenues will be derived from property taxes.

Total cost of all programs and services was \$481,568. The net position of the District for the current year increased \$76,452 (see Table II below).

Key elements of the governmental activities of the District are reflected in the following table.

**Table II**  
**JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**Changes in Net Position**

	September 30, 2017	September 30, 2016
Revenues:		
General Revenues:		
Maintenance and Operations Taxes	\$ 536,872	\$ 580,227
Contributions and Grants	500	15000
Miscellaneous	<u>20,649</u>	<u>-</u>
Total Revenues	<u>558,021</u>	<u>585,302</u>
Expenses:		
General Government	110,047	185,706
Fire and Emergency Services	<u>371,521</u>	<u>171,785</u>
Total Expenses	<u>481,568</u>	<u>357,941</u>
Increase (Decrease) in Net Assets	76,452	237,736
Net Assets, Beginning of Year	<u>924,256</u>	<u>686,520</u>
Net Assets, End of Year	<u>\$ 1,000,708</u>	<u>\$ 924,256</u>

**JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2017**

**GOVERNMENTAL ACTIVITIES**

- Property tax rates were set at \$.082274 per \$100 valuation for M&O. The rate for 2017-2018 is set at \$.082274 per \$100 of taxable valuation of M&O. The rate did not change from the prior year.

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

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There were two budget amendments for the 2016-17 year and each was approved by the Commissioners.

**CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

**Capital Assets.** At September 30, 2017 the District had \$772,296 (net of depreciation) invested in capital assets, buildings, equipment and vehicles.

**Table III  
JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4  
Capital Assets  
Governmental Activities**

	September 30, 2017	September 30, 2016
Land, Buildings and Improvements	\$ 67,155	\$ 19,510
Emergency Equipment and Vehicles	<u>885,210</u>	<u>788,048</u>
Totals	<u>952,366</u>	<u>807,558</u>
Less Accumulated Depreciation:		
Buildings and Improvements	(2,051)	(1,282)
Emergency Equipment and Vehicles	<u>(178,018)</u>	<u>(101,211)</u>
Total Accumulated Depreciation	<u>(180,069)</u>	<u>(102,493)</u>
Net Capital Assets	<u>\$ 772,296</u>	<u>\$ 705,065</u>

**JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2017**

**CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY, Continued**

**Long-term Debt.** At year-end, the District had \$239,721 in notes payable outstanding. More detailed information about the District's long-term debt can be found in Table IV below and in the notes to the financial statements.

**Table IV  
JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4  
Outstanding Debt**

	September 30, 2017	September 30, 2016
Governmental Activities:		
Note Payable	\$ 116,709	\$ 153,595
Note Payable	123,012	152,000
Total	\$ 239,721	\$ 305,595

**ECONOMIC FACTORS AND NEW YEAR'S BUDGETS AND RATES**

- The District's board adopted a balanced budget for the next fiscal year after giving consideration to the property tax assessed valuations and the level tax rate along with the needs of the district.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show accountability for the funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Jefferson County Emergency Services District No. 4.

**BASIC FINANCIAL STATEMENTS**

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
 STATEMENT OF NET POSITION  
 For the Year Ended September 30,2017

Exhibit A

	Primary Government Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 446,437
Taxes receivable - net of allowance	43,005
Prepays	30,133
Other Receivables	1,160
Capital assets:	
Buildings, property, and equipment, net	772,296
<b>Total Assets</b>	<b>1,293,030</b>
 <b>LIABILITIES</b>	
Accounts payable	52,600
Non-current liabilities:	
Due within one year	67,554
Due in more than one year	172,168
<b>Total Liabilities</b>	<b>292,322</b>
 <b>NET POSITION</b>	
Net investment in capital assets	532,574
Unrestricted	468,134
<b>Total Net Position</b>	<b>\$ 1,000,708</b>

See accountant's compilation report.  
 The accompanying notes are an integral part of this financial statement.

STATEMENT OF NET POSITION  
For the Year Ended September 30, 2017

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Governmental Activities:				
General government	\$ 110,047	\$ -	\$ -	\$ 110,047
Fire and emergency services	371,521	-	-	371,521
<b>Total governmental activities</b>	<b>481,568</b>	<b>-</b>	<b>-</b>	<b>481,568</b>
<b>Total Primary Government</b>	<b>\$ 481,568</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 481,568</b>
		Property taxes, penalties and interest		535,984
		Other miscellaneous		22,037
		Total general revenues		558,021
		Change in Net Position		76,452
		Net Position - Beginning		924,256
		Net Position - Ending		<u>\$ 1,000,708</u>

See accountant's compilation report.

The accompanying notes are an integral part of this financial statement.

STATEMENT OF NET POSITION  
For the Year Ended September 30,2017

	<b>Total Governmental Funds</b> <hr/> <b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 446,437
Taxes receivable - net of allowance	43,005
Prepays	30,133
Deposits	1,160
<b>TOTAL ASSETS</b>	<u><u>520,735</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	52,600
<b>TOTAL LIABILITIES</b>	<u>52,600</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property tax	48,462
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>48,462</u>
 <b>FUND BALANCES:</b>	
Unassigned fund balance	<u>419,673</u>
<b>TOTAL FUND BALANCE</b>	<u>419,673</u>
 <b>TOTAL LIABILITIES, DEFERRED REVENUE AND FUND BALANCE</b>	 <u><u>\$ 520,735</u></u>

See accountant's compilation report.  
The accompanying notes are an integral part of this financial statement.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
STATEMENT OF NET POSITION  
For the Year Ended September 30,2017

Exhibit C-1

Governmental fund balance as reported on the balance sheet for governmental funds.	\$ 419,673
Capital assets used in governmental activities are not financial resources and, reported in the funds.	772,296
Long-term liabilities, including bonds payable, are notes due and payable in the current period and, therefore, are not reported in the funds.	(239,722)
Recognition of deferred revenue as revenue increases net position.	48,462
Change in net position of governmental activities (Exhibit B)	<u>\$ 1,000,708</u>

See accountant's compilation report.  
The accompanying notes are an integral part of this financial statement.

STATEMENT OF NET POSITION  
For the Year Ended September 30, 2017

	<u>Total Governmental Funds</u>
<b>REVENUES</b>	
Property taxes, penalties and interest	\$ 518,613
Other miscellaneous	22,037
Total revenue	<u>540,650</u>
<b>EXPENDITURES</b>	
Current:	
General government	109,981
Fire and emergency services	438,818
Total expenditures	<u>548,799</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES</b>	(8,149)
<b>OTHER FINANCING SOURCES (USES)</b>	
Proceeds from loan	0
Principle payments on loan	(65,873)
Total other financing sources and uses	<u>(65,873)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(74,022)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>493,695</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 419,673</u>

See accountant's compilation report.  
The accompanying notes are an integral part of this financial statement.

## STATEMENT OF NET POSITION

For the Year Ended September 30,2017

Net change in fund balances - total governmental funds (Exhibit D) \$ (74,022)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the

Capital outlay	\$ 144,806	
Depreciation	<u>(77,576)</u>	67,230

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Issuance of long-term debt	0	
Repayment of principle	<u>65,873</u>	65,873

Because some revenues will not be collected for several months after the District's fiscal year end, they are not considered "available" revenue and are deferred in the governmental funds. Deferred revenues increased by this amount in the current period.

17,371

Change in net position of governmental activities (Exhibit B) \$ 76,452

See accountant's compilation report.  
The accompanying notes are an integral part of this financial statement.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Jefferson County Emergency Services District No. 4 (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following represents the significant accounting policies used by the District.

**A. Reporting Entity**

On May 11, 2013, the voters of the District approved the formation of an emergency services district under Article III, Section 48-e of the Texas Constitution and Chapter 775 of the Health and Safety Code of the State of Texas. On May 11, 2013, the County Commissioners Court of Jefferson County, Texas approved the order to form the Jefferson County Emergency Services District No. 4. The District was formed on June 10, 2013 and operates under Board of Commissioners appointed by the Commissioners Court of Jefferson County. The District services the areas previously serviced by the Cheek Volunteer Fire Department and the Labelle-Fannett Volunteer Fire Department. The District is exempt from federal income taxes, state sales tax and state franchise tax.

**B. Government-wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The District currently does not have any *business-type activities* or component units.

The statement of activities demonstrates the degree to which the direct expenses of a given structure or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead *general revenues*.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. Fund Financial Statements**

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds. At this time the District only has one fund.

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available to finance expenditures of the fiscal period. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgements, are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**E. Budgetary Data**

The following procedures are utilized in establishing the budgetary data reflected in the basic financial statements:

- a. The Fire Chiefs submit to the Commissioners a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. The General Fund is the only Fund the District has at this time.
- b. A public hearing is conducted, after proper official journal notification, to obtain taxpayer comments.
- c. Prior to September 30, the budget is legally adopted.
- d. Budget appropriations lapse at year-end and are re-established in the succeeding year.
- e. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**F. Cash and Investments**

Cash includes amounts in demand and time deposit accounts. Investments are reported at fair value. Short-term investments, such as certificates of deposit and debt securities with a maturity date of less than one year, are reported at cost, which approximates fair value.

**G. Property Taxes Receivable**

Property appraisal within the District is the responsibility of the Jefferson County Appraisal District (Appraisal District). The Appraisal District is required under the Property Tax Code to appraise all property within the County on the basis of 100% of its market value.

In the governmental fund financial statements, property taxes that are measurable and available (receivable within the current period and collected within the current period or within 60 days thereafter to be used to pay liabilities of the current period) are recognized as revenue in the year of levy. Property taxes that are measurable, but not available, are recorded, net of estimated uncollectible amounts, as deferred revenues in the year of levy. Such deferred revenues are recognized as revenue in the fiscal year in which they become available.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**H. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**J. Capital Assets**

Capital assets which include property, furniture, and equipment are reported in the applicable governmental or business-type activities columns on the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-30
Leasehold Improvements	15-30
Furniture and Equipment	5-10
Vehicles	5-15

**K. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as expenditures.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**L. Fund Equity**

In the fund financial statements, governmental funds report classifications of fund balance based on controls placed upon the funds. In accordance with GASB Statement No. 54, fund balance classifications are recorded as follows:

Non-spendable Fund Balance – amounts that are not in spendable form or amounts that are legally and contractually required to be maintained intact.

Restricted Fund Balance – amounts constrained to a specific purpose by external parties through constitutional provisions or by enabling legislation.

Committed Fund Balance – amounts constrained to a specific purpose by the Commissioners (the highest level of authority within the District); amounts may only be appropriated by resolution of the Board of Commissioners and those amounts cannot be used for any other purpose unless the Commissioners take the same action to remove or change the constraint.

Assigned Fund Balance – the Board of Commissioners delegate authority to the District Fire Chiefs to assign amounts for specific purpose as appropriate.

Unassigned Fund Balance – residual classification applicable to the general fund only.

The District's unassigned general fund balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned general fund balance may only be appropriated by resolution of the Commissioners.

When it is appropriate for fund balance to be assigned, the Commissioners may delegate authority to the District Fire Chief.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is from the most restrictive to the least restrictive, unless otherwise approved by the Commissioners.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**M. Implementation of New Standards**

GASB Statement 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, amends the net asset reporting requirements in Statement No. 34 and other pronouncements by incorporating deferred outflows of the resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position rather than net assets. This is reflected in the District's financial statements.

**N. Date of Management's Review**

In preparing the financial statements, the District has evaluated events and transactions for potential recognition for disclosure through May 1, 2017, the date that the financial statements were available to be issued.

**NOTE 2: CASH AND INVESTMENTS**

At year-end, the District's carrying amount of cash deposits was \$446,437 and the bank statement balance was \$448,599. Deposits are exposed to custodial risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Of the bank balance, \$250,000 was covered by FDIC insurance. The remaining bank balance was collateralized by securities held by the District's agent in the name of the District.

**NOTE 3: PROPERTY TAXES**

Property taxes are collected by Allison Getz, the Jefferson County Tax Assessor Collector, and are forwarded to the District through bank transfer. The tax rate held by the District during 2017 was \$.082274 per \$100 of assessed valuation. Property tax revenues are considered available when they become due or past due and are considered receivable within the current period, including those property taxes expected to be collected during a 60-day period after the close of the District's fiscal year. Property taxes are levied on October 1 of each year, a lien is placed on the property on January 1, and the taxes become due on January 31. The taxable assessed value for the roll of December 31, 2016, was \$701,296,963. Property taxes receivable for 2017 are \$43,005 net of allowance for doubtful accounts of \$21,769.

**JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the governmental activities for the year ended September 30, 2017, was as follows:

Governmental Activities	Balance	Increases	Decreases	Balance
Capital assets being depreciated:				
Buildings and Land	\$19,510	\$ 47,645	\$ -	\$ 67,155
Fire equipment and vehicles	788,049	97,161	-	885,210
Total capital assets being depreciated:	<u>807,559</u>	<u>144,806</u>	<u>-</u>	<u>952,365</u>
Less accumulated depreciation:				
Buildings	(1,282)	(769)	-	(2,051)
Fire equipment and vehicles	(101,211)	(76,807)	-	(178,018)
Total accumulated depreciation	<u>(102,493)</u>	<u>(77,576)</u>	<u>-</u>	<u>(180,069)</u>
Total capital assets being depreciated, net	<u>705,066</u>	<u>67,232</u>	<u>-</u>	<u>772,296</u>
Governmental activities capital assets, net	<u>705,066</u>	<u>67,232</u>	<u>-</u>	<u>772,296</u>

Depreciation expense of the governmental activities was charged to functions/programs as follows:

Fire and Emergency Services	<u>\$ 77,577</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 77,577</u>

**NOTE 5: LONG-TERM DEBT**

Long-term debt at September 30, 2017, on loans is summarized as follows:

Amount	Final Maturity	Annual Installments	Interest Rate	Outstanding Balance
\$ 189,516	2020	\$ 41,011	2.686%	\$ 116,709
152,000	2021	32,604	2.379%	123,012
				<u>\$ 239,721</u>

Interest on the loans shall be computed at a fixed rate as shown above for five years provided that such rate shall not exceed the maximum lawful rate. These notes may be prepaid in full according to the early redemption value on due date of the loan in years three and four as shown in the table below.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2017

**NOTE 5: LONG-TERM DEBT, Continued**

Annual requirements to maturity for each loan is as follows:

Note 7021 dated June 4, 2015

September 30	Principal	Interest	Total	Early Redemption Value
2018	37,876	3,135	41,011	\$ 79,568
2019	38,894	2,117	41,011	\$ 40,188
2020	39,939	1,073	41,012	N/A
	<u>\$ 116,709</u>	<u>\$ 6,325</u>	<u>\$ 123,034</u>	

Note 7317 dated March 8, 2016

September 30	Principal	Interest	Total	Early Redemption Value
2018	29,677	2,926	32,603	N/A
2019	30,383	2,220	32,603	\$ 63,441
2020	31,106	1,498	32,604	\$ 32,011
2021	31,846	758	32,604	N/A
	<u>\$ 123,012</u>	<u>\$ 7,402</u>	<u>\$ 130,414</u>	

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2017, was as follows:

Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
\$ 152,000		\$ 28,988	\$ 123,012	\$ 29,677
153,595	-	36,886	116,709	37,876
<u>\$ 305,595</u>	<u>\$ -</u>	<u>\$ 65,874</u>	<u>\$ 239,721</u>	<u>\$ 67,553</u>

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017

**NOTE 6: OTHER INFORMATION**

**A. Risk Management**

The District continues to carry commercial insurance for the risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage during the year. Management believes the amount and types of coverage are adequate to protect the District from losses which could reasonably be expected to occur.

**B. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**C. LaBelle-Fannett Volunteer Fire Department**

A notice of debarment letter from the U.S. Department of Homeland Security to LaBelle-Fannett Volunteer Fire Department was presented to the Board stating that on March 4, 2016 a three-year debarment went into effect.

A lawsuit was filed by Labelle-Fannett Volunteer Fire Department against the District (Case No. E-198,306; Labelle-Fannett Volunteer Fire Department vs. Jefferson County, et al.), in the 172<sup>nd</sup> Judicial District Court. After giving a 90-day notice, the District terminated its service agreement with LaBelle-Fannett Volunteer Fire Department on September 30, 2016. On June 14, 2017 the lawsuit ended by way of non-suit which was filed and granted on that date.

The District has completed the process of creating a new ESD Fire Department to replace the LaBelle-Fannett Volunteer Fire Department due to debarment issues as of the end of this year.

**D. Subsequent Events**

On August 25, 2017 Hurricane Harvey made landfall along the gulf coast area causing damage to building and equipment. The approximate recovery from insurance to date is \$138,725.

STATEMENT OF NET POSITION  
For the Year Ended September 30,2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
Property taxes, penalties and interest	\$ 575,000	\$ 535,000	\$ 518,613	\$ 16,387
Other miscellaneous	16,800	16,800	22,037	(5,237)
Total revenue	<u>591,800</u>	<u>551,800</u>	<u>540,650</u>	<u>11,150</u>
<b>EXPENDITURES</b>				
Current:				
General government	153,421	110,241	109,981	260
Fire and emergency services	372,505	498,997	438,818	60,179
Total expenditures	<u>525,926</u>	<u>609,238</u>	<u>548,799</u>	<u>60,439</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES</b>	<u>65,874</u>	<u>(57,438)</u>	<u>(8,149)</u>	<u>(49,289)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from loan	0	0	0	0
Principle payments on loan	(65,874)	(65,874)	(65,873)	(1)
Total other financing sources and uses	<u>(65,874)</u>	<u>(65,874)</u>	<u>(65,873)</u>	<u>(1)</u>
<b>NET CHANGE IN FUND BALANCES</b>	0	(123,312)	(74,022)	(49,290)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>493,695</u>	<u>493,695</u>	<u>493,695</u>	<u>0</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 493,695</u>	<u>\$ 370,383</u>	<u>\$ 419,673</u>	<u>\$ (49,290)</u>

See accountant's compilation report.  
The accompanying notes are an integral part of this financial statement.

# Exhibit F

# J. R. Edwards & Associates, LLC

## Certified Public Accountants

August 21, 2017

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

We are pleased to confirm our understanding of the services we are to provide for Jefferson County Emergency Services District No. 4 (District) for the year ended September 30, 2017. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of Jefferson County Emergency Services District No. 4 as of and for the year ended September 30, 2017. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Jefferson County Emergency Services District No. 4's 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. As part of our engagement, we will apply certain limited procedures to Jefferson County Emergency Services District No. 4's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.

1. Management discussion and analysis
2. Budgetary information

### Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and will include

4347 Crow Road ♦ Beaumont, TX 77706  
Phone (409) 924-9100 ♦ Fax (409) 924-0990

tests of the accounting records of Jefferson County Emergency Services District No. 4 and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards. The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, and that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

#### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and Government Auditing Standards. In addition, an audit is not designed to detect immaterial

### **Audit Procedures – General, Continued**

misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### **Audit Procedures - Internal Controls**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and Government Auditing Standards.

### **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our

**Audit Procedures – Compliance (continued)**

audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

**Other Services**

We will assist in preparing the financial statements of the District in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

**Management Responsibilities**

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants

**Management Responsibilities (continued)**

and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

**Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or

**Engagement Administration, Fees, and Other (continued)**

containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of J.R. Edwards & Associates, LLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a federal agency providing direct or indirect funding, or the U.S. General Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of J.R. Edwards & Associates, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release or for any additional period requested by any governmental funding agencies. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

We will begin our audit and issue our report at an agreed upon time that is suitable to both parties. James Edwards is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed \$6,000 - \$7,000. If a Single Audit is required, the any additional fees would be discussed before work is performed. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.


We appreciate the opportunity to be of service to Jefferson County Emergency Services District No. 4 and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter and in our proposal, please sign the enclosed copy and return it to us.

Yours very truly,

James R. Edwards, CPA  
J.R. Edwards & Associates, LLC

**RESPONSE:**

This letter correctly sets forth the understanding of Jefferson County Emergency Services District No. 4.

By:  \_\_\_\_\_

Title: President \_\_\_\_\_

Date: 5/21/18 \_\_\_\_\_

# Exhibit G

# Jefferson County Emergency Services District No. 4

## Check List

Texas First Bank - Checking  
April 17, 2018 - May 21, 2018

Check Number	Check Date	Payee	Amount
<b>Vendor Checks</b>			
2735	04/17/18	Municipal Emergency Services, Inc.	128.86
2736	04/24/18	Frazer, Ltd.	5,352.15
2737	05/21/18	Benckenstein & Oxford, L.L.P.	675.00
2738	05/21/18	Claudi Kester	117.00
2739	05/21/18	Cocomo Joes	333.00
2740	05/21/18	Earl Lawn Service	500.00
2741	05/21/18	Nick Gregory Morrison	1,250.00
2742	05/21/18	Grainger	80.75
2743	05/21/18	Green Acres Grocery, Inc.	141.41
2744	05/21/18	Gulf Coast Automotive	48.17
2745	05/21/18	Jeremy D. Hansen	1,250.00
2746	05/21/18	Joshua C. Heinz	400.00
2747	05/21/18	Herrera's Emergency Lighting	60.00
2748	05/21/18	Patrick L. Larson	1,750.00
2749	05/21/18	Love's Travel Stops & Country Stores	89.71
2750	05/21/18	M & D Supply, Inc.	29.98
2751	05/21/18	Municipal Emergency Services, Inc.	2,275.35
2752	05/21/18	ONE24 APPAREL	430.20
2753	05/21/18	O-K Paper	38.88
2754	05/21/18	Hubert Oxford, IV	400.00
2755	05/21/18	Overhead Door Company of Beaumont, Inc.	3,158.00
2756	05/21/18	P. C. Market and Hardware	86.10
2757	05/21/18	Pat Larson	46.01
2758	05/21/18	REPUBLIC SERVICES #862	72.19
2759	05/21/18	REPUBLIC SERVICES #862	72.19
2760	05/21/18	Robertson, Shoemaker & Associates, PLLC	3,066.24
2761	05/21/18	Jared Sampson	750.00
2762	05/21/18	Southeastern Emergency Equipment	25.80
2763	05/21/18	Town and Country	186.66
2764	05/21/18	Verizon Wireless	156.30
2765	05/21/18	VISA	30.50
2766	05/21/18	VISA	112.14
2767	05/21/18	Scott Wade	52.17
2768	05/21/18	Witmer Public Safety Group, Inc.	276.66
2769	05/21/18	First Financial Bank	41,011.39
<b>Vendor Check Total</b>			64,452.81
<b>Check List Total</b>			64,452.81

Check count = 35

# Jefferson County Emergency Services District No. 4

## Bank Account Register

Texas First Bank - Checking  
April 17, 2018 - May 21, 2018

Date	Reference	Payee ID	Description	Checks/ Payments	Deposits/ Additions	Balance
			Beginning Balance			666,484.36
04/17/18		3RDCOAST	3RD COAST INTERNET	109.95		666,374.41
04/17/18	2735	MESMun	Municipal Emergency Services, Inc.	128.86		666,245.55
04/23/18		ENTERGY	ENTERGY ((5892) Cheek	66.70		666,178.85
04/23/18		ENTERGY	ENTERGY ((7498) Fannett	116.06		666,062.79
04/23/18		ENTERGY	ENTERGY (8878) LaBelle	340.29		665,722.50
04/24/18	2736	FRAZER	Frazer, Ltd.	5,352.15		660,370.35
04/30/18		TWCOMM	Texas Workforce Commission	17.55		660,352.80
04/30/18		EFTPS	EFTPS on-line payroll tax payment	5.85		660,346.95
04/30/18			Interest Deposit - Checking - Month of April 2018		165.89	660,512.84
05/03/18			Jefferson County Tax Deposit for Month of April 2018		9,661.48	670,174.32
05/21/18	2737	BENCK	Benckenstein & Oxford, L.L.P.	675.00		669,499.32
05/21/18	2738		Claudi Kester	117.00		669,382.32
05/21/18	2739	COCOMO	Cocomo Joes	333.00		669,049.32
05/21/18	2740	EARLLAWN	Earl Lawn Service	500.00		668,549.32
05/21/18	2741	MORRISON	Nick Gregory Morrison	1,250.00		667,299.32
05/21/18	2742	GRAINGER	Grainger	80.75		667,218.57
05/21/18	2743	GREENACRES	Green Acres Grocery, Inc.	141.41		667,077.16
05/21/18	2744	GULFCOAST	Gulf Coast Automotive	48.17		667,028.99
05/21/18	2745	HANSEN	Jeremy D. Hansen	1,250.00		665,778.99
05/21/18	2746	HEINZ	Joshua C. Heinz	400.00		665,378.99
05/21/18	2747	HERRERAS	Herrera's Emergency Lighting	60.00		665,318.99
05/21/18	2748	PLARSON	Patrick L. Larson	1,750.00		663,568.99
05/21/18	2749	LOVES	Love's Travel Stops & Country Stores	89.71		663,479.28
05/21/18	2750	M&DSUPPLY	M & D Supply, Inc.	29.98		663,449.30
05/21/18	2751	MESMun	Municipal Emergency Services, Inc.	2,275.35		661,173.95
05/21/18	2752	ONE24	ONE24 APPAREL	430.20		660,743.75
05/21/18	2753	OKPAPER	O-K Paper	38.88		660,704.87
05/21/18	2754	OXFORD	Hubert Oxford, IV	400.00		660,304.87
05/21/18	2755	OVERHEAD D	Overhead Door Company of Beaumont, Inc.	3,158.00		657,146.87
05/21/18	2756	PCMARKET	P. C. Market and Hardware	86.10		657,060.77
05/21/18	2757		Pat Larson	46.01		657,014.76
05/21/18	2758	REPUBLIC	REPUBLIC SERVICES #862	72.19		656,942.57
05/21/18	2759	REPUBLIC	REPUBLIC SERVICES #862	72.19		656,870.38
05/21/18	2760	ROBERTSONSH	Robertson, Shoemaker & Associates, PLLC	3,066.24		653,804.14
05/21/18	2761	JSAMPSON	Jared Sampson	750.00		653,054.14
05/21/18	2762	SE EMERG	Southeastern Emergency Equipment	25.80		653,028.34
05/21/18	2763	TOWNANDCOUN	Town and Country	186.66		652,841.68
05/21/18	2764	VERIZON	Verizon Wireless	156.30		652,685.38
05/21/18	2765	VISA5904	VISA	30.50		652,654.88
05/21/18	2766	VISA 8759	VISA	112.14		652,542.74
05/21/18	2767		Scott Wade	52.17		652,490.57
05/21/18	2768	WITMER	Witmer Public Safety Group, Inc.	276.66		652,213.91
05/21/18	2769	FIRSTFINBK	First Financial Bank	41,011.39		611,202.52
<b>Totals</b>				65,109.21	9,827.37	611,202.52

Transaction count = 43

Jefferson County Emergency Services District No. 4

Bank Account Register

Texas First Bank - Savings  
April 17, 2018 - May 21, 2018

Date	Reference	Description	Checks/ Payments	Deposits/ Additions	Balance
		Beginning Balance			200,689.38
04/30/18		Interest for Month of April 2018 - Savings		24.74	200,714.12
		<b>Totals</b>	<u>0.00</u>	<u>24.74</u>	<u>200,714.12</u>

Transaction count = 1

# Exhibit H

**Patrick Larson**

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**From:** RSP Contractors LLC <RSPContractorsLLC@mhhelp.co>  
**Sent:** Tuesday, May 15, 2018 3:51 PM  
**To:** districtmanager@jcesd4.com  
**Cc:** robert.rscontractors@gmail.com  
**Subject:** Estimate from RSP Contractors, LLC-2nd Revision  
**Attachments:** patricklarson\_Estimate\_18048\_JM.pdf

**RSP Contractors, LLC**  
**sent you an estimate.**

To:  
**patrick larson**  
patrick larson  
8523 kidd rd  
Beaumont, TX 77713

From:  
**RSP Contractors, LLC**  
PO Box 970  
Hemphill, TX 75948

Estimate number: 18048  
Issued on: Tue May 1, 2018



Description of work:

Total Estimate:

This job will take approximately 48 man hours to complete. Due to this being for a government entity the deposit of 1/2 the cost will be waived and the final payment due on receipt of the invoice. Both parties must sign the written estimate on approval of the work. Any and all changes requested after approval will need to have a separate estimate and approval signed by both parties.

**\$6,372.37**

Qty	Name	Description	Rate	Amount	Tax
2	Mobilization and Demobilization	Set up and take down of job.	\$65.00	\$130.00	LBR
30	Drywall Labor	Tape, float and paint drywall.	\$93.00	\$2,790.00	LBR
2	Install trim	install trim	\$60.50	\$121.00	NON
16	install vanity and sinks	Install vanity and sinks	\$93.00	\$1,488.00	NON
1	materials	Mud, tape, primer, paint, trim, 54" wall cabinet, air vent, light plug cover, outlet cover, finished 60" sink base cabinet for kitchen, counter top for kitchen cabinet,	\$1,843.37	\$1,843.37	NON

# Exhibit I



amount of the proposed adjustment with CLIENT. If CLIENT agrees to the proposed adjustment, this Agreement will be amended to reflect the new Base Fee. If, on or before the end of the Discussion Period, CLIENT has not accepted the proposed adjustment or the parties have not otherwise agreed as to an adjustment to the Base Fee, HCP may terminate this Agreement and impose liquidated damages as found in the following paragraph regarding Termination of this Agreement.

- c) Changes in the Base Fee under clause (a) shall be retroactively effective to the Effective Date; changes under clause (b) shall be effective as of the end of the Discussion Period.

**TERM:** The initial term of this Agreement will be for two (2) years (the "Initial Term") from the Effective Date. This Agreement will automatically renew for successive additional one year terms, unless either party gives the other written notice at least ninety (90) days before the end of the then current term and/or the terms within the agreement change require a new agreement.

**TERMINATION:** Notwithstanding the foregoing, this Agreement can be terminated at any time on written notice for cause consisting of a material breach of a term or condition hereof which is not corrected within forty-five (45) days of prior written notice describing the breach in reasonable detail. Notwithstanding the foregoing, either party may terminate this Agreement **without cause** by providing sixty (60) days' prior written notice. If CLIENT terminates other than for cause, then CLIENT shall pay HCP liquidated damages in the amount of sixty percent (60%) of the highest actual monthly Base Fee charged CLIENT by HCP within the twelve (12) month period prior to the effective date of termination of this Agreement, times the number of months remaining in the Agreement. All amounts owed HCP under this subsection shall be paid to HCP in a single lump sum payment. The parties agree that liquidated damages are an approximation of actual damages HCP would likely sustain if this Agreement were terminated, but that such damages are not readily ascertainable at this time. Liquidated damages as described above will also apply if CLIENT goes out of business, abruptly ceases or refuses to forward any documents or material that halts HCP's billing & reimbursement activities. This Agreement may also be terminated on written notice in the event either party becomes excluded from participation by the Medicare or Medicaid program; HCP becomes legally unable to provide the services contemplated herein; or CLIENT becomes legally unable to provide ambulance services, or as otherwise specified herein. Any notice by either party shall be given in writing and delivered personally by messenger, private mail courier service, or sent by registered or certified mail, return receipt requested, postage prepaid to the address listed on file. It is stipulated and agreed that the duties and obligations of HCP and CLIENT as set forth in this agreement are performable in Liberty, Liberty County, Texas. The parties contractually agree that venue of all claims and disputes that arise under this agreement will be in Liberty County, Texas. Notwithstanding anything to the contrary in this Agreement, HCP will have the right to stop billing &/or terminate this Agreement immediately if CLIENT defaults on its payment obligations of any undisputed amounts due under Schedule B and such payment default is not cured

within thirty (30) days. CLIENT may opt to partake in HCP's Endorsement Agreement Policy &/or electronic check options or pay by credit card. Termination due to non-payment is subject to liquidated damages as per details above.

**TERMINATION PROCEDURES.** In the event this Agreement is terminated, for whatever reason, or expires, HCP will:

- a) continue to perform Services, at the then-current rates hereunder, for a period of up to one hundred twenty (120) business days after the effective date of termination (the "Wind-Down Period") for all of CLIENT's accounts receivable relating to CLIENT's charges for Ambulance Services rendered prior to the termination date ("Existing Accounts Receivable"). CLIENT agrees that once the Wind Down Period begins, payment terms become Due Upon Receipt;
- b) CLIENT expressly agrees to cooperate and assist HCP with its performance during the Wind-Down Period and will timely report, or cause to be reported, all payment applicable to the Existing Account Receivable for which HCP is responsible. If CLIENT fails to comply, HCP is authorized to "post" monies toward existing Accounts Receivable via verbal &/or written confirmation of such payments directly from the insurance carrier &/or individuals.
- c) at the end of the Wind-Down Period, HCP shall discontinue performing Services as to CLIENT's Existing Accounts Receivable and HCP shall have no further obligations to provide Services to CLIENT under this Agreement. CLIENT may negotiate with HCP for additional transitional services or for the provision of additional data, including CLIENT Data, to be provided by HCP after the date of termination at CLIENT's additional expense.
- d) All documents stored via eBridge Document Solutions will remain available to CLIENT for up to ninety (90) days after Wind-Down Period; if CLIENT wishes to make a copy of said documents. Permission to access system after the final 90 days will be terminated.
- e) In the event HCP sells, merges or otherwise transfer ownership of its business, this contract shall remain in full force and effect for the duration of the Agreement term from the date of such transfer of ownership and the CLIENT and the Transferee shall remain jointly obligated hereunder. A buyout option may be exercised at the discretion of Transferee.

**NO WARRANTIES OR REPRESENTATIONS.** CLIENT understands that HCP has no professional licensure, and understands that HCP is not a medical practice or provider, and that no member of HCP's staff is acting in any capacity as a licensed healthcare professional. CLIENT understands that it is responsible for all aspects of professional services provided by the CLIENT. HCP may try to predict, based on its experience and judgment, what might likely evolve, but cannot guarantee what may be obtainable. HCP has made no representations, guarantees, assurances or warranties regarding the outcome of any matter. CLIENT understands that HCP does not represent nor warrant that its Services

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will prevent any claims, debts, liabilities, demands, obligations, costs, expenses, actions, causes of action and claims for relief arising from the CLIENTS's billing procedures by way of any claim, audit, investigation, litigation or arbitration, or any other cause, whatsoever.

**INDEPENDENT CONTRACTOR:** The Services that HCP will provide will be performed on an independent contractor basis, not as an employee, agent, or partner of the CLIENT. This Agreement shall not be construed as establishing a partnership, joint venture or similar relationship between the Parties. The amounts paid to HCP by the CLIENT will not be subject to any withholding deductions. HCP agrees to be solely responsible for all taxes and other withholdings relating to the fee income that is paid to HCP by CLIENT. HCP does not have the authority to bind the CLIENT and enter into a contract on behalf of the CLIENT.

**NON SOLICITATION:** CLIENT agrees that it will not solicit for employment for itself, or any other entity, or employ, in any capacity, any employee of HCP assigned by HCP to perform any service for or on behalf of the CLIENT for a period of two years after HCP has completed providing service to the CLIENT. In the event of the CLIENT's violation of this provision, in addition to injunctive relief, HCP shall recover from CLIENT an amount equal to such employee's salary based upon the average three months preceding employee's termination of employment with HCP, times twelve, together with HCP's counsel and expert witness fees.

**CONFIDENTIALITY.** HCP agrees not to disclose to anyone other than CLIENT any information about CLIENT's fee structure, internal compensation, managed care or facility contracting strategies, or similar business information that would commonly be understood to be confidential or any confidential medical information regarding CLIENT's patients received in the course of performing the Services (CLIENT's "Confidential Information"), except as required to bill charges, as legally required or as otherwise provided herein .

CLIENT agrees that it will not disclose to third parties the software and resulting or related processes or documentation of the proprietary software employed by HCP to provide the Services or any information about HCP's fees, operations, business methods or strategies except as required by law (HCP's "Confidential Information"). Each party's Confidential Information shall remain the property of that party, during and after this Agreement.

Each party affirms that it will at all times have in force a signed Confidentiality Agreement executed by each full time and part time employee, independent contractor, consultant and vendor that complies with the foregoing and that such Confidentiality Agreement(s) shall survive the expiration or termination of this agreement. Each party specifically agrees to comply with, and assist their counterpart with compliance with applicable state or federal confidentiality requirements as to individual patient information. Notwithstanding the preceding sentences, CLIENT agrees that HCP may use CLIENT

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Initials  \_\_\_\_\_

information for research and statistical compilation purposes so long as CLIENT and patient identifying information is kept confidential in accordance with applicable law and that any product of the foregoing uses shall be the property of HCP.

**COMPLIANCE:** CLIENT's selection of HCP to provide services hereunder was based, in part, on a material representation that HCP has a Compliance Program. It is therefore agreed that as of the Effective Date, and at all times thereafter during the term(s) of this Agreement, HCP shall have an effective Compliance Program and that CLIENT shall have the right to review and inspect and/or verify, at CLIENT's expense, that such Program is in effect. Schedule C further describes each party's compliance duties hereunder; these duties may be amended or expanded, from time-to-time.

**REGULATORY MATTERS:** The Parties agree to: (a) adhere to the provisions under this Agreement; (b) comply with the requirements of law and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any local, state, federal or other lawful authority applicable to either of the Parties; (c) comply with the requirements of any third-party payor; and (d) comply with the requirements of any insurance company insuring either of the Parties against liability for accident or injury in connection with the performance of the Services.

To ensure the Parties' compliance with relevant Federal and State law, in conjunction with this Agreement and prior to commencement of HCP's Services, HCP requires the execution of its standard business associate agreement attached hereto, which is to be incorporated herein by reference.

**INDEMNIFICATION:** CLIENT agrees to and shall indemnify and hold harmless HCP, its employees, agents and subcontractors, from and against all claims, debts, liabilities, demands, obligations costs, expenses, actions causes of action and claims for relief including those brought by any third party or by the CLIENT, including reasonable attorneys' fees and losses, asserted against and alleged to be caused by HCP's performance, negligence or failure to perform any obligation under this Agreement. The Parties agree that there are no third party beneficiaries of this Agreement.

**EXCULPATORY CLAUSE:** CLIENT agrees that HCP is not an insurer and that no insurance coverage is offered herein. CLIENT agrees that HCP is not assuming liability, and, therefore shall not be liable to the CLIENT for any claims, debts, liabilities, demands, obligations, costs, expenses, actions, causes of action and claims for relief as a result of any claim, audit, investigation, litigation or arbitration, or any other cause, whatsoever, regardless of whether or not such loss or damage was caused by or contributed to by HCP's negligent performance, or failure to perform any obligation. CLIENT hereby releases HCP from any claims for contribution or indemnity.

**LIMITATION OF LIABILITY:** The Parties agree that the Fees paid by the CLIENT to HCP are for Services rendered, not for a guaranteed outcome. If, notwithstanding the terms of this Agreement there should arise any liability on the part of HCP as a result of its negligence to any degree or failure to

perform any obligation, such liability shall be limited to actual insurance payor allowance(s) with loss of Fees due to HCP, as determined by Schedule B.

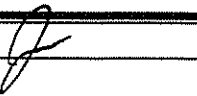
**HCP's RIGHT TO SUBCONTRACT SERVICES:** CLIENT agrees that HCP is authorized and permitted to subcontract any services to be provided by HCP to third parties who may be independent of HCP, and that HCP shall not be liable for any loss or damage sustained by the CLIENT caused by the negligence of any third parties. CLIENT appoints HCP to act as its agent with respect to such third parties, except that HCP shall not obligate CLIENT to make any payments to such third parties. CLIENT acknowledges that this Agreement, and particularly those provisions relating to HCP's disclaimer of warranties, exemption from liability, even for its negligence and indemnification, inure to the benefit of and are applicable to any subcontractor(s) of HCP.

**REFERRALS/FAIR MARKET VALUE:** Fees under this Agreement constitute fair market value for the Services, and does not include any discount, rebate, kickback, or other reduction in charge or fee. Moreover, the Fees under this Agreement are not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of patients by CLIENT to HCP or by HCP to the CLIENT.

**FORCE MAJUER.** It is mutually agreed that in the performance of all duties by each party under this Agreement, time is of the essence. However, performance of duties hereunder may be impeded by occurrences beyond the control of one or both parties. Events such as flood, earthquake, hurricane, tornado, blizzard and other natural disasters; fire, riot, war or civil disturbance; strikes by common carriers; extended loss (more than 48 hours) of utilities (except for non-payment); and similar events shall excuse the affected party from performance of services impeded by such event(s). Nevertheless, each party has a duty to use reasonable efforts to prevent or mitigate such impediments. In the event that any catastrophe shall prevent the timely billing of CLIENT's services by HCP for more than fifteen (15) working days, CLIENT shall have the right to secure, without penalty, substitute services until HCP can restore services, at which time HCP's responsibilities and rights under this Agreement shall be reinstated. For its protection, CLIENT shall, at its own expense, purchase and maintain business interruption and/or accounts receivable insurance to cover any such catastrophic event, as stated above.

**LEGAL ACTION:** THE PARTIES AGREE THAT DUE TO THE NATURE OF THE SERVICES TO BE PROVIDED BY HCP THE PAYMENTS TO BE MADE BY CLIENT FOR THE TERM OF THIS AGREEMENT FOR BILLING AND ACCOUNTS RECEIVABLE SERVICES ARE AN INTEGRAL PART OF HCP'S ANTICIPATED PROFITS: THAT IN THE EVENT OF CLIENT'S DEFAULT IT WOULD BE DIFFICULT TO DETERMINE HCP'S ACTUAL DAMAGES. THEREFORE, IN THE EVENT OF CLIENT'S DEFAULT IN THE PAYMENT OF ANY CHARGES TO BE PAID TO HCP, THE BALANCE OF ALL ANTICIPATED PAYMENTS OWED TO HCP FOR THE ENTIRE TERM HEREIN SHALL IMMEDIATELY BECOME DUE AND PAYABLE. IF HCP PREVAILS IN ANY LITIGATION OR ARBITRATION BETWEEN THE PARTIES, THE CLIENT SHALL BE SOLELY

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RESPONSIBLE FOR HCP'S LEGAL FEES. ANY DISPUTE BETWEEN THE PARTIES, INCLUDING ISSUES OF ARBITRABILITY, SHALL, AT THE OPTION OF ANY PARTY, BE DETERMINED BY ARBITRATION ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION UNDER ITS COMMERCIAL RULES. SERVICE OF PROCESS OR PAPERS IN ANY LEGAL PROCEEDING OR ARBITRATION BETWEEN THE PARTIES SHALL BE MADE BY FIRST-CLASS MAIL DELIVERED BY THE U.S. POSTAL SERVICE ADDRESSED TO THE PARTY'S ADDRESS IN THIS AGREEMENT OR ANOTHER ADDRESS PROVIDED BY THE PARTY IN WRITING TO THE PARTY MAKING SERVICE. THE PARTIES AGREE TO SUBMIT TO THE JURISDICTION AND LAWS OF THE STATE WHERE HCP'S PRINCIPAL PLACE OF BUSINESS IS LOCATED AND AGREE THAT ANY LITIGATION OR ARBITRATION BETWEEN THE PARTIES MUST BE COMMENCED AND MAINTAINED IN THE COUNTY WHERE HCP'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION BETWEEN THEM. ANY ACTION BY THE CLIENT AGAINST HCP MUST BE COMMENCED WITHIN ONE YEAR OF THE ACCRUAL OF THE CAUSE OF ACTION OR SHALL BE BARRED. ALL ACTIONS OR PROCEEDINGS AGAINST HCP MUST BE BASED ON THE PROVISIONS OF THIS AGREEMENT. ANY OTHER ACTION THAT THE CLIENT MAY HAVE OR BRING AGAINST HCP IN RESPECT TO OTHER SERVICES RENDERED IN CONNECTION WITH THIS AGREEMENT SHALL BE DEEMED TO HAVE MERGED IN AND BE RESTRICTED TO THE TERMS AND CONDITIONS OF THIS AGREEMENT.

**NOTICE:** Notice hereunder shall be in writing signed by an authorized representative of the notifying party, and delivered personally or sent by registered or certified mail, charges prepaid or overnight courier service to the address noted on the first page of this Agreement (or to such other address as the recipient may have previously designated by notice), and will be deemed given when so delivered or four days after the date of mailing, whichever occurs first.

**COUNTERPARTS:** This Agreement may be executed in counterparts without all signatures on the same copy and transmitted electronically or by facsimile, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**FULL AGREEMENT/SEVERABILITY:** This Agreement constitutes the full understanding of the parties and may not be amended, modified, or canceled except in writing signed by all parties. The CLIENT hereby acknowledges and represents that the CLIENT has not relied on any representation, assertion, warranty, guarantee, collateral contract or other assurance, except those set out in this Agreement. CLIENT hereby waives all rights and remedies, at law or in equity, arising or which may arise as the result of the CLIENT's reliance on such representation, assertion, warranty, guarantee, collateral contract or other assurance. Should any provision of this Agreement be deemed void, all other provisions will remain in effect. Any provision deemed invalid or unenforceable shall be given that meaning which is closest to that provision's intended effect but construed in a manner that complies with the applicable legal requirements.

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Initials 

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

I CERTIFY THAT I AM AUTHORIZED BY THE PROVIDER TO AGREE TO THE ITEMS HEREIN ON ITS BEHALF.

**CLIENT**

\*Signature: 

Name: Jeff Boebuck

Title: President

Date: 5/21/18

\*Signature: 

Name: Candy Walker

Title: Secretary

Date: 5/21/18

**HEALTH CLAIMS PLUS (HCP)**


Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\*Require two signatures even with Municipalities, County and/or Non-Profit Services. May include EMS Director, City Manager, County Judge, Designated Board Member or other eligible official at time of signing.

Initials 

## Business Associate Agreement

This Business Associate Agreement, dated as of \_\_\_\_\_, 20\_\_ (“BA Agreement”), is by and between Jefferson County ESD #4 (referred to herein as the “Covered Entity”, within the meaning as defined at 45 CFR 160.103) and Health Claims Plus, with an address at 2800 Beaumont Ave., Ste. E, Liberty, Texas 77575 (referred to herein as the “Business Associate”, within the meaning as defined at 45 CFR 160.103).

**WHEREAS**, Covered Entity and Business Associate are parties to an arrangement pursuant to which Business Associate provides certain services to Covered Entity as further set forth in that certain agreement by and between the parties attached hereto as Exhibit A and incorporated by reference. In connection with Business Associate’s services, Business Associate may assist in the performance of a function or activity involving the use or disclosure of individually identifiable health information, which information is subject to protection under the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164 (collectively referred to herein as the “HIPAA Rules”).

**WHEREAS**, in light of the foregoing and the requirements of HIPAA Rules, Business Associate and Covered Entity agree to be bound by the following terms and conditions.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. General Definitions.

The following terms used in this Agreement shall have the same meaning as those terms in the HIPAA Rules: Breach, Data Aggregation, Designated Record Set, Disclosure, Electronic Protected Health Information, Health Care Operations, Individual, Minimum Necessary, Notice of Privacy Practices, Protected Health Information, Required By Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.

2. Obligations and Activities of Business Associate.

a. Use and Disclosure. Business Associate agrees not to use or disclose Protected Health Information other than as permitted or required by this BA Agreement or as Required By Law. Business Associate shall comply with the provisions of this BA Agreement relating to privacy and security of Protected Health Information and all present and future provisions of the HIPAA Rules that relate to the privacy and security of Protected Health Information and that are applicable to Covered Entity and/or Business Associate.

b. Appropriate Safeguards. Business Associate agrees to use appropriate safeguards to prevent the use or disclosure of the Protected Health Information other than as provided for by this BA Agreement. Without limiting the generality of the foregoing sentence, Business Associate will:

i. Comply with its administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of Electronic Protected Health Information as required by the HIPAA Rules;

ii. Ensure that any agent, including a subcontractor, to whom Business Associate provides Electronic Protected Health Information agrees to implement reasonable and appropriate safeguards to protect Electronic Protected Health Information; and

iii. Promptly report to Covered Entity any Security Incident of which Business Associate becomes aware as well as any use or disclosure of Protected Health Information of which it becomes aware not provided for by the BA Agreement. In addition, Business Associate agrees to promptly notify Covered Entity following the discovery of any Breach as required at 45 CFR 164.410.

iv. Comply with its Breach notification policy that reasonably and appropriately identifies any potential Breach of the HIPAA Rules by Business Associate and/or to the extent Business Associate has knowledge of, by Covered Entity, and provides procedure for proper response and notification of any such Breach as required by the HIPAA Rules and any other applicable Federal or State laws.

c. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate or its employees, officers or agents in violation of the requirements of this BA Agreement (including, without limitation, any Security Incident or Breach of Unsecured Protected Health Information). Business Associate agrees to reasonably cooperate and coordinate with Covered Entity in the investigation of any violation of the requirements of this BA Agreement and/or any Security Incident or Breach. Business Associate shall also reasonably cooperate and coordinate with Covered Entity in the preparation of any reports or notices to the Individual, a regulatory body or any third party required to be made under HIPAA Rules, or any other Federal or State laws, rules or regulations, provided that any such reports or notices shall be subject to the prior written approval of Covered Entity.

d. Agents. Business Associate shall ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by, Business Associate on behalf of Covered Entity agrees to the same restrictions and conditions that apply through this BA Agreement to Business Associate with respect to such information.

e. Access to Designated Record Sets. To the extent that Business Associate possesses or maintains Protected Health Information in a Designated Record Set, Business Associate agrees to provide access, at the request of Covered Entity, and in the time and manner designated by the Covered Entity, to Protected Health Information in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under HIPAA Rules. If an Individual makes a request for access to Protected Health Information directly to Business Associate, Business Associate shall notify Covered Entity of the request within three (3) business days of such request and will cooperate with Covered Entity and allow Covered Entity to send the response to the Individual.

f. Amendments to Designated Record Sets. To the extent that Business Associate possesses or maintains Protected Health Information in a Designated Record Set, Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the Covered Entity directs or agrees to pursuant to HIPAA Rules at the request of Covered Entity or an Individual, and in the time and manner designated by the Covered Entity. If an Individual makes a request for an amendment to Protected Health Information directly to Business Associate, Business Associate shall notify Covered Entity of the request within three business (3) days of such request and will cooperate with Covered Entity and allow Covered Entity to send the response to the Individual.

g. Access to Books and Records. Business Associate agrees to make its internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Covered Entity, or to the Secretary, in a time and

manner designated by the Covered Entity or designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule.

h. Accountings. Business Associate agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with the HIPAA Rules.

i. Requests for Accountings. Business Associate agrees to provide to Covered Entity or an Individual, in the time and manner designated by the Covered Entity, information collected in accordance with this BA Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with the HIPAA Rules. If an Individual makes a request for an accounting directly to Business Associate, Business Associate shall notify Covered Entity of the request within three business (3) days of such request and will cooperate with Covered Entity and allow Covered Entity to send the response to the Individual.

3. Permitted Uses and Disclosures by Business Associate.

a. Required For Provision of Services. Except as otherwise limited in this BA Agreement, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity as reasonably required in performing its services to Covered Entity, provided that such use or disclosure would not violate the HIPAA Rules if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity. To the degree required for provision of services hereunder, Business Associate may de-identify information received from Covered Entity for such purposes as would not violate the HIPAA Rules if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.

b. Use for Administration of Business Associate. Except as otherwise limited in this BA Agreement, Business Associate may use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.

c. Disclosure for Administration of Business Associate. Except as otherwise limited in this BA Agreement, Business Associate may make uses and disclosures and requests for Protected Health Information for the proper management and administration of the Business Associate, provided that (i) disclosures are Required by Law, (ii) disclosures are consistent with the Covered Entity's minimum necessary policies and procedures, or (iii) Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

4. Covered Entity Notification of Privacy Practices and Restrictions.

a. Limitation(s) in Privacy Policies. Covered Entity shall notify Business Associates of any limitation(s) in its notice of privacy practices, to the extent that any such limitation may affect Business Associate's uses or disclosure of Protected Health Information.

b. Changes/Revocation of Permission. Covered Entity shall notify Business Associate of any changes in, or revocation of, the permission by an Individual to use or disclose Protected Health

Information, to the extent that such changes may affect Business Associate's use or disclosure of protected health information.

c. Restriction of Protected Health Information. Covered Entity shall notify Business Associate of any restriction on the use or disclosure of protected health information that covered entity has agreed to or is required to abide by under the HIPAA Rules, to the extent that such restriction may affect Business Associate's use or disclosure of protected health information.

5. Permissible Requests by Covered Entity. Except as otherwise Required By Law or set forth herein, Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the HIPAA Rules if done by Covered Entity.

6. Term and Termination.

a. Term. This BA Agreement shall be effective as of the date of this BA Agreement and shall terminate upon the effective date of Termination for Cause.

b. Termination for Cause. Business Associate authorizes termination of this Agreement by Covered Entity, if Covered Entity determines Business Associate has violated a material term of the BA Agreement and Business Associate has not cured the breach or ended the violation within the time specified by covered entity.

c. Obligations of Business Associate Upon Termination. Upon termination of this BA Agreement for any reason, Business Associate, with respect to Protected Health Information received from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity, shall:

i. Retain only that Protected Health Information which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities;

ii. Return to Covered Entity, or, if agreed to by Covered Entity, destroy, the remaining Protected Health Information that the Business Associate still maintains in any form

iii. Continue to use appropriate safeguards and comply the HIPAA Rules with respect to Electronic Protected Health Information to prevent use or disclosure of the Protected Health Information, other than as provided for in this Section, for as long as Business Associate retains the Protected Health Information;

iv. Not use or disclose the Protected Health Information retained by Business Associate other than for the purposes for which such Protected Health Information was retained and subject to the same conditions set out in Section 3 which applied prior to termination; and

v. Return to covered entity, or, if agreed to by covered entity, destroy the Protected Health Information retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities.

d. Survival. The obligations of Business Associate under this Section 6 shall survive the termination of this BA Agreement.

7. Indemnity. Covered Entity agrees to indemnify, defend and hold harmless Business Associate and its employees, directors/trustees, members, professional staff, representatives and agents (collectively, the “Indemnitees”) from and against any and all claims (whether in law or in equity), obligations, actions, causes of action, suits, debts, judgments, losses, fines, penalties, damages, expenses (including attorney’s fees), liabilities, lawsuits or costs incurred by the Indemnitees which arise or result from a breach of the terms and conditions of this BA Agreement or a violation of the HIPAA Rules by Covered Entity or its employees or agents. Covered Entity’s indemnification obligations hereunder shall not be subject to any limitations of liability or remedies in the Service Agreement.

8. Compliance with HIPAA Transaction Standards. When providing its services and/or products, Covered Entity shall comply with all applicable HIPAA Rules standards and requirements with respect to the transmission of Electronic Protected Health Information in connection with any transaction for which the Secretary has adopted a standard under HIPAA (“Covered Transactions”). Covered Entity represents and warrants that it is aware of all current HIPAA standards and requirements regarding Covered Transactions, and Covered Entity shall comply with any modifications to the HIPAA Rules which may become effective from time to time. Covered Entity agrees that such compliance shall be at its sole cost and expense, which expense shall not be passed on to Business Associate in any form, including, but not limited to, increased fees. Covered Entity shall require all of its agents and subcontractors (if any) who assist Covered Entity in providing its services and/or products to comply with the terms of this Section 8.

9. Miscellaneous.

a. Regulatory References. A reference in this BA Agreement to a section in the HIPAA Rules means the section as in effect or as amended or modified from time to time, including any corresponding provisions of subsequent superseding laws or regulations.

b. Amendment. The Parties agree to take such action as is necessary to this BA Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the HIPAA Rules and any other applicable law.

c. Interpretation. Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the HIPAA Rules.


d. Miscellaneous. This BA Agreement shall be governed by, and construed in accordance with the laws of the State of Texas, exclusive of conflict of law rules. Each party to this BA Agreement hereby agrees and consents that any legal action or proceeding with respect to this BA Agreement shall only be brought in the courts of the state where the Business Associate is located in the county where the Business Associate is located. This BA Agreement constitutes the entire agreement between the parties with respect to the subject matter contained herein, and this BA Agreement supersedes and replaces any former business associate agreement or addendum entered into by the parties. This BA Agreement may be executed in counterparts, each of which when taken together shall constitute one original. Any PDF or facsimile signatures to this BA Agreement shall be deemed original signatures to this BA Agreement. No amendments or modifications to the BA Agreement shall be effected unless executed by both parties in writing.

[Signature page to follow]

IN WITNESS WHEREOF, the parties have executed this BA Agreement as of the date set forth above.

**Covered Entity**

**Business Associate**  
Health Claims Plus

By:   
Name: Joseph Hubert  
Title: President

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



CLIENT'S written request. On-site meetings may be requested by CLIENT but may be subject to cost of expenses incurred by HCP for said travel.

12. Maintain and follow a written program for quality assurance in the areas of coding and billing regulatory compliance.
13. Monitor progress of CLIENT participation applications for third party Identification numbers at the rates outlined in the **Fees** section of the Agreement.
14. Produce credit balance reports and advise the CLIENT of refunds due to both patients and third parties.
15. Provide reports requesting authorization of collection agency transfer or adjustment; either Waiver or Bad Debt. A Financial Waiver policy may be adopted for eligible ambulance services.
16. Transfer, if authorized and requested, to Collection Agency accounts outlined in item 15 above.
17. Provide toll free phone lines for patient inquiries and adequate phone inquiry staff to effectively respond to patients in a reasonable amount of time.
18. Review and make timely recommendations with respect to coding, service descriptions and professional fees for the CLIENT fee schedule prior to the onset of billing activity and at least annually, by December, thereafter.
19. Available to provide on-site educational classes regarding billing rules & regulations, upon request and may be subject to cost of expenses incurred by HCP for said travel and materials.
20. Use reasonable efforts to advise CLIENT with respect to any material change in third party rules and regulations which are made known to providers and third party billing agents or otherwise known to HCP.

CLIENT, in supporting the success of the billing process and to facilitate optimal performance by HCP, shall:

1. **Strictly** comply with all HCP practices and procedures for the submission of billing information. CLIENT must either – submit ePCR data files or submit paper PCR files a minimum of a weekly schedule. HCP currently accepts most ePCR data files directly at no cost to CLIENT. In terms of paper PCR, HCP requires CLIENT to submit copies via eBridge connection in Acrobat PDF or TIFF format with file size no larger than 100KB per printed page. Any overages are subject to be billed to CLIENT at \$.03 cents per page. Standard carbon/paper copies delivered via USPS or other delivery service of CLIENT's choice to HCP at CLIENT's expense will be accepted, however HCP may impose an archival & processing fee. Same standards apply for all supporting documentation.
2. CLIENT is responsible for providing its own scanner or purchasing a scanner directly through eBridge and is subject to any technical support fees imposed by eBridge. Minimum eBridge PC requirements: Pentium 4, 1GHz or higher, 1GB Memory, Windows XP, Vista, 7, a dedicated Internet Connection, Internet Explorer 7.0 or higher, Microsoft .Net Framework v2.0 or higher, Twain Compliant Scanner.
3. Identify one administrative and one clinical representative to whom HCP may, respectively, address all matters related to Services under this Agreement. If HCP performs coding for CLIENT, CLIENT will also appoint a coding representative. All CLIENT representatives will have the power to agree, on behalf of CLIENT, to mutually agreed resolutions to any issues arising in their respective areas, and to, upon HCP's request, receive confirmatory memoranda or letters, which will thereupon be incorporated into this Agreement by reference. These individuals will provide timely response to all reasonable requests by HCP.
4. CLIENT will provide timely (within five business days of receipt) response to run report and other information requests, made by payors and forwarded from HCP. Any run that cannot be properly billed by HCP due to lack of information or lack of medical necessity will be reported via Emailed Report (encrypted) to CLIENT with explanation.
5. CLIENT acknowledges and agrees if any "unbillable" charge entered into the Accounts Receivable is held more than forty-five days (45), HCP has authorization to adjust said "unbillable" charges as "dead bills" by appropriate classification and impose a per run processing fee (flat-rate).
6. Forward copies to HCP of all direct received payments, EOBs, denials and remittance reports no less than a weekly basis, if applicable. If possible, it is highly recommended that CLIENT forward said copies in an electronic format (i.e. scanned image in Acrobat PDF preferred).

Standard carbon/paper copies delivered via USPS or other delivery service of CLIENT's choice to HCP at CLIENT's expense will be accepted, however HCP may impose an archival & processing fee.

7. CLIENT warrants that HCP may rely on the existence of: patient signatures on assignment of benefits, medical information releases, medical information, insurance information, physician certification statements, prior authorizations, and Advance Beneficiary Notices; and, attendant signatures on PCR and other medical documents, and any other items required to carry out the billing process, to the extent allowed by applicable law, rules and regulations on behalf of CLIENT.
8. HCP recommends that CLIENT not accept liens, letters of protection, or presumed carrier discounts without reading the small print and seeking advice of HCP staff.
9. As part of preparing a service report, CLIENT will apply best efforts to identify the sign and symptoms, or medical condition that supports the medical necessity of a patient's services, if one exists. HCP shall not be responsible for claim denials, partial payments or payment reductions resulting from services that are deemed 'not medically necessary' by third party payors, beyond their duty to assure that such non-payment decisions are not arbitrary or otherwise inappropriate. For guidance, refer to the following: "Medicare Benefit Policy Manual" – Chapter 10 – Ambulance (Rev. 225, 09-09-16) and "Medicare Claims Processing Manual" – Chapter 15 – Ambulance (Rev. 3800, 06-23-17), also visit <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Internet-Only-Manuals-IOMs-Items/CMS018912.html> for important links regarding billing, payment, policies, regulations, education and manuals.
10. CLIENT will assist HCP in working with and/or resolving problems related to work performed by personnel employed by hospitals, labs and other institutions in order to achieve the goals of this Agreement and the provision of Services by HCP in an efficient and cost-effective manner.
11. CLIENT will provide HCP with timely notice (sixty [60] days in advance) of the expected addition or departure of a service location in order for HCP to have adequate time to perform its duties under the agreement. HCP will not be responsible for losses, delays, or refunds in payment resulting from untimely notice.
12. It is the mutual goal of CLIENT and HCP to conduct all billing in a compliant manner. CLIENT will establish and enforce and HCP will follow written billing policies and procedures that will serve as the foundation of a Compliance Program for CLIENT and HCP. These billing policies and procedures will be developed and amended, as needed, in concert with HCP's Compliance Staff and HCP's Compliance Plan, as described in the Agreement and shall be consistent with HCP's Compliance Plan.

13. CLIENT will provide timely (within five [5] business days of receipt) response to PCR and other information requests, made by payors and forwarded from HCP.
14. CLIENT agrees to establish policies and procedures for timely and appropriate identification and resolution of (i) credit balances; and (ii) reporting and tender to appropriate representatives of the state of Texas all unclaimed funds subject to escheat. CLIENT is solely responsible for determining relevant requirements related to reporting and tender of escheated funds. HCP has no authority as to or control over unclaimed funds. Upon receipt of the requisite research and worksheets from HCP, CLIENT will timely issue refunds of overpayments to patients and payors and shall be responsible for reconciliation of the refund checking account to assure that all refund checks have been cashed. CLIENT shall promptly notify HCP of the issuance of a refund via copy of issued check upon which HCP shall rely to remove credit balances from CLIENT's accounts receivable files.
15. It is recommended that CLIENT should provide and document no less than eight (8) hours of compliance education to its staff each calendar year.
16. CLIENT shall be responsible for assuring that all information required for participation enrollment, if performed by HCP, is provided timely, accurately and completely. HCP shall not be responsible for delays in participation enrollment and subsequent billing and payment delays or losses related to delayed response by CLIENT.
17. CLIENT shall give HCP timely advance notice of any new payment contracts, HMO or PPO relationships and other contracts or market changes so that HCP may accommodate these changes, as necessary.

**Software and Proprietary Information.** HCP affirms that it will at all times during the term(s) of this Agreement, have a valid and current copy of and license for use of any third party billing software used to provide the Services and that the CLIENT will be given timely notice of any changes in third party software vendor or system to the extent those changes would materially affect the Services. It is specifically acknowledged that all CLIENT Data is the property of CLIENT but that HCP may maintain a copy for documentation of Services and for other purposes relating to this Agreement. The parties agree that HCP may store Demographic Information, back-up documentation, statements, explanations of benefits, payer inquiries and other information it receives in connection with the Services ("CLIENT Information") in electronic form through optical scanning or other technologies selected by HCP and that HCP is not obligated to maintain paper copies. HCP further affirms that it will at all times maintain a current and complete copy of all CLIENT Information in a secure, off-site location that no CLIENT data shall be deleted or purged unless: a.) a period of seven years has passed since the date of service relevant to the *current* CLIENT Date; b.) CLIENT has given approval of such data deletion; or, c) a period of one year has passed since date of termination by CLIENT.

**Insurance.** HCP affirms that at all times during the term(s) of this Agreement, it shall have in force applicable insurance covering all of its employees, services, and facility. CLIENT may elect to be a named insured on policies, subject to CLIENT's payment of any additional premiums that may apply.

**Inspection.** CLIENT, its agents and representatives, shall at all times during the term of this Agreement, have reasonable access, during regular business hours, to review and inspect the location(s) where the services are performed upon seven (7) days advance written notice to HCP by CLIENT. Any inspection performed shall be governed by the confidentiality provisions of this Agreement and shall be conducted so as not to disrupt HCP's staff or business. HCP shall not unreasonably deny, restrict or delay access for any requested inspection.

In the event that CLIENT engages the services of an outside party to conduct or assist in any inspection, CLIENT shall ensure that all other parties are bound by a Confidentiality Agreement identical to the one applicable to the parties to this agreement.

## SCHEDULE B

### FEES

CLIENT agrees to pay HCP monthly, a base fee of 10 % per month of net\* collections (the "Base Fee"). \*Net collections shall be defined as the total sum of all monies collected by HCP for all ambulance services rendered by CLIENT, less amounts refunded or credited to patient or third party payer as a result of bona fide overpayments, erroneous payments or bad checks.

HCP's fees do not include any taxes, levies, or duties imposed by taxing authorities. CLIENT is responsible for paying all such taxes, levies, or duties if applicable.

The following items are possible additions to the Base Fee and may, (at one time or another), appear on your invoice. Since rates for the additional service items cannot be 'set' and are subject to change at any time, rates cannot be listed within the Agreement. To obtain a detailed schedule of these rates at time of signing the Service Agreement, please request in writing and a copy will be submitted within five days. Items that are subject to additional fees are:

- a) Postage charges for handling and forwarding directly received payments, EOBs & correspondence, hardship applications, NCOA items and patient statements on CLIENT's behalf, charged to CLIENT at cost.
- b) RealMed Clearinghouse proportionate share monthly fee (based on claim volume).
- c) Additional documentation items such as police reports or eligibility reports, if applicable, at cost.
- d) Internet Access [bookkeeping] connection fee per month, per user, if applicable.
- e) a reasonable per-hour claims processing charge & supply costs where CLIENT requires audit/review projects to include but not limited to CMS EOF 1795, EOF 4620, MMA-935 Overpayments, CMS ZPIC, RAC, MAC, MIC or the like &/or second level or higher appeal processing; where HCP obtains EOBs &/or duplicate copies of EOB's on behalf of CLIENT (collectively, "Additional Charges").
- f) Provider enrollment *assistance* for newly completed application(s) and for each renewal or update. Additional fees may apply for any 'deficiencies/application returns' not resulting in error by HCP. HCP highly recommends that care &/or services not be rendered to any Medicare or Medicaid patient(s) until after the CLIENT application(s) are completed and proof of active status obtained. HCP is not responsible for any loss of income resulting in care or services rendered prior to Carrier approval.
- g) HCP utilizes the Document Storage services of eBridge, Inc. As such if CLIENT files exceed document size or file limitations, a fee may be imposed.
- h) Any PCR submitted to HCP which is "unbillable", upon forty-five (45) days after notifying CLIENT of the inability to submit to proper carrier, CLIENT may be subject to a per PCR flat processing fee.

- i) To aid in OIG compliance, HCP offers HCPeScreen™, a monthly exclusion screening service to include CLIENT employees & vendors. If elected, the service is billed per month.
- j) In the event that CLIENT contracts for the additional service of collecting its Old A/R, HCP will provide a separate proposal and fee quotation that will apply to those services.

**CLIENT PAYMENTS.** All payments are made payable to CLIENT with CLIENT's EIN. Medicare and Medicaid monies are deposited only into CLIENT's bank account, which CLIENT has sole access. All other reimbursement payments from Insurance Carriers and/or patients for CLIENT services shall be **mailed directly to CLIENT / mailed directly to HCP** if direct deposit is not an option. Copies will be forwarded of EOBs, payments, denials and remittance status reports from all payor sources within **five** business days of receipt to respective parties. HCP will retain copies of said documents. Medicare and Medicaid EOMB/remittance notices shall be electronically retrieved by HCP. As standard procedure, an HCP mail receptacle will be assigned for incoming documents mentioned above. It will be the responsibility of the CLIENT to request insurance carrier mail changes as well as any ERA changes in the event of termination or non-renewal of services, if applicable. HCP will be authorized to post towards A/R balances any payment(s) insurance carriers confirm (i.e. duplicate remittance, verbal acknowledgment) as having been received and deposited by CLIENT and CLIENT assumes the responsibility to confirm payment receipt within its own bookkeeping process.

An Endorsement Agreement may be obtained and remain on file during the term of this Agreement. If the CLIENT at any time during the course of billing and accounts receivable arrangements in effect, becomes more than forty-five (45) days Past Due on any undisputed Invoice issued by HCP, funds HCP intercepts will become eligible for endorsement and applied to the outstanding balance due to HCP. Endorsement and depository only applies to monies from independent insurance carriers &/or individual patients. Monies from federal &/or state funds are not eligible and shall retain its current process of an EFT deposit into an account drawn in CLIENT's name, where CLIENT has sole control of the account EFT funds are deposited. In the event CLIENT extends credit card payment options to its patients, CLIENT agrees to pay all applicable fees associated with bankcard processing.

## SCHEDULE C

### COMPLIANCE

Each party to this Agreement has made a commitment to perform their respective duties in a legal and compliant manner, consistent with currently published and applicable federal, state and local laws, rules and regulations. In support of that commitment, subject to the more express provisions (if any) of a Corporate Compliance Plan adopted by each party, as referred to in the Agreement each party agrees to the following:

1. Each party will conduct its own periodic risk assessment and advise their counterpart of any findings that may affect their counterpart's compliance or performance under this Agreement.
2. Each party agrees that their counterpart may review their Compliance Program upon request.
  - a) HCP's Compliance Plan (the "Plan"), is intended to be an "effective" compliance plan within the meaning of the guidelines developed for Third Party Billing Companies by the Office of the Inspector General of the Department of Health and Human Services (the "Guidelines").
  - b) CLIENT shall have an effective Compliance Plan within the meaning of the guidelines developed for Ambulance Companies by the Office of Inspector General of the Department of Health and Human Services.  
<https://oig.hhs.gov/fraud/docs/complianceguidance/032403ambulancedcpgr.pdf>
3. Each party agrees to conduct appropriate background checks on all employees, contractors, agents and vendors to assure that all services are provided by individuals who have not been excluded by any government authority.
4. Each party agrees to maintain appropriate compliance records and assure their completeness, security and safety.
5. Each party agrees to pay specific attention to complying with the rules and regulations related to the following areas of widely known compliance risk:
  - a) Improper waiver of charges, deductibles and copayments;
  - b) Upcoding, unbundling, serial reporting and other coding violations;
  - c) Misuse of a provider number or misrepresentation of the identity of a provider of services;
  - d) Failure to repay overpayments or untimely refund of overpayments;
  - e) Seeking duplicate payment for the same service and/or from the same source;
  - f) Failure to maintain proper records of current and prior billing;

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Initial 



other account documentation submitted to HCP by CLIENT for billing and accounts receivable services, and HCP shall be entitled to rely that all such reports and account documents are bona fide, accurate, and complete in all material respects. Compliance laws such as the False Claims Act, Stark I and Stark II, the Anti-Kickback statute and others deal with discounts, professional courtesy, and write-off of copays and deductibles. CLIENT must provide HCP with written documentation, directing HCP to perform a discount, professional courtesy or to write-off a copay or deductible, knowing of the laws and absolving HCP from any action taken by the OIG, Office of Civil Rights, or lawsuits from patients and/or insurance carriers.



Master Charge Schedule for Jefferson County ESD #4 EMS  
Regarding DOS 2018

Service/Supply	Medicare	Inc. HMO	Medicaid	Inc. HMO	Commercial/ Auto/Individuals
Base Rates					
	Allowance%	Suggested	Allowance%	Suggested	Allowance%
					Suggested
BLS Emergency A0429		\$625.00		\$625.00	\$625.00
BLS Non-emergency A0428		\$475.00		\$475.00	\$475.00
ALS-1 Non-emerg. A0426		\$575.00		\$575.00	\$575.00
ALS-1 Emergency A0427		\$700.00		\$700.00	\$700.00
ALS-2 A0433		\$800.00		\$800.00	\$800.00
SCT A0434		\$900.00		\$900.00	\$900.00
Mileage A0425		\$12.50		\$12.50	\$12.50
Treat No Transport	N/A		N/A		\$250.00
Refusal fee	N/A		N/A		\$150.00
Football/Standby	N/A		N/A		
Wheelchair Base Rate	N/A		N/A		
Wheelchair Mileage	N/A		N/A		
Decontamination	N/A		N/A		\$75.00
Extra Attendant	N/A			\$ 50.00	\$50.00
Bariatric	N/A		N/A		\$150.00
Procedures					
AED	INC		INC		\$219.00
Chest Decompression / CPR	INC		INC		\$129.78
Defib/Pacing	INC		INC		\$225.00
EKG Monitoring -	INC		INC		\$184.50
Extrication	INC		INC		\$180.00
Glucometer	INC		INC		\$45.00
Immobilization (backboard, combiarr, scoop)	INC		INC		\$45.00
Intubation (ET/EOA)	INC		INC		\$45.00
Capnography	INC		INC		\$45.00
K.E.D.	INC		INC		\$45.00

Nebulizer Treatment	INC		INC				\$25.00
Service/Supply	Medicare	Inc HMO	Medicaid	Inc HMO	Commercial/	Auto/Individuals	
OB Delivery	INC		INC				\$75.00
Oxygen Administration	INC		INC				\$45.00
Pulse Oximeter	INC		INC				\$10.00
Restraint	INC		INC				\$45.00
Splinting	INC		INC				\$67.50
Suction	INC		INC				\$45.00
Traction Splint	INC		INC				\$67.50
Tracheotomy Procedure	INC		INC				\$280.00
Waiting time	INC						\$150.00
Medical Supply							
Adhesive Tape	INC		INC				\$5.00
AutoPulse Life Bands	INC		INC				\$219.00
Bandages	INC		INC				\$20.00
Blanket - disposable	INC		13%	\$ 27.50			\$27.50
Bulb Syringe	INC		INC				\$5.00
Burn Sheet	INC		INC				\$24.75
Cervical Collar	INC		13%	\$ 51.70			\$51.70
CAT Tourniquet	INC		INC				\$48.00
CB Splint	INC		INC				\$45.00
Cold Pack	INC		INC				\$5.00
Convenience Bag	INC		INC				\$5.00
Cord Clamp	INC		INC				\$5.00
Chest Decom Kit	INC		INC				\$120.00
Defib/Pacing Pads - Adult	INC		13%	\$ 80.50			\$80.50
Defib/Pacing Pads - Pedi	INC		13%	\$ 98.00			\$98.00
Disp. Head Immobilizer	INC		INC				\$21.00
Drinking Water	INC		INC				\$5.00
EKG Electrodes (3 Lead)	INC		INC				\$33.00
EKG Electrodes (12 Lead)	INC		INC				\$132.00
Emesis Basin	INC		INC				\$5.00

Gauze Pad 4x4	INC		INC						\$5.00
Gauze Pad 6x9	INC		INC						\$10.00
Service/Supply	Medicare	Inc. HMO	Medicaid	Inc. HMO	Commercial/Anth/Individuals				
Gloves - Pair	INC		13%	\$ 2.00					\$2.00
Glucose Strip	INC		INC						\$10.00
Infection Control Kit	INC		INC						\$49.50
Infusion Pump Kit	INC		INC						\$49.50
KY Jelly	INC		INC						\$5.00
Linen Sheets	INC		INC						\$5.00
Lancel	INC		INC						\$5.00
OB Kit	INC		INC						\$44.00
Occlusive Dressing	INC		INC						\$5.00
Padded Board Splint	INC		INC						\$36.00
Pillow - disposable	INC		INC						\$20.00
Roller Gauze 4'	INC		INC						\$5.00
Silver Rescue Blanket	INC		INC						\$27.50
Silver Swaddler	INC		INC						\$27.50
Sterile Water	INC		INC						\$5.00
Thermometer	INC		INC						\$10.00
Tracheotomy Kit	INC		INC						\$200.00
Trauma Dressing	INC		INC						\$15.00
Triangle Bandage	INC		INC						\$5.00
<b>Oxygen Supply</b>									
Oxygen USP	INC		17%	\$ 85.00					\$85.00
Nasal Cannula	INC		INC						\$5.00
Nebulizer	INC		INC						\$35.00
NRB Mask	INC		INC						\$10.00
Pedi SFM NRB Mask	INC		INC						\$10.00
<b>Airway Supply</b>									
CPAP	INC		INC						\$98.00
CPAP Mask/Tubing	INC		INC						\$100.00
Disposable Adult BVM	INC		INC						\$40.00

ETCO2 Sensor	INC		INC				\$23.50
LMA	INC		INC				\$80.00
Ventilator	INC		INC				\$150.00
Service/Supply	Medicare	Inc. HMO	Medicaid	Inc. HMO	Commercial/Auto/Individuals		
Vent Circuit	INC		INC				\$100.00
Disposable Child BVM	INC		INC				\$40.00
Disposable Infant BVM	INC		INC				\$40.00
Combi Tube	INC		INC				\$150.00
ENDO Tube	INC		INC				\$25.00
ENDO Tube Holder	INC		INC				\$10.00
Looped Suction Cath.	INC		INC				\$5.00
Oral Airway	INC		INC	\$85.00			\$85.00
PNEUPAC Vent Circuit	INC		INC				\$44.00
ResQPod	INC		INC				\$160.00
Rusch Quick Trach	INC		INC				\$280.00
Suction Cannister	INC		INC				\$20.00
Stylette	INC		INC				\$10.00
Suction Catheter (Yankuer)	INC		INC				\$10.00
Suction Tubing	INC		INC				\$5.00
ETCO2 Adapter	INC		INC				\$23.50
IV Supply							
Angio Catheter (14G-22G)	INC		INC				\$10.00
EZIO	INC		INC				\$150.00
EZIO Needle	INC		INC				\$205.00
Drip 10 (Macro)	INC		INC				\$15.00
Drip 60 (Micro)	INC		INC				\$15.00
IO Needle	INC		INC				\$205.00
King LTD-S	INC		INC				\$80.00
Needles (18G-22G)	INC		INC				\$5.00
Pedi Buretrol Volume Set	INC		INC				\$25.55
Start Kit IV	INC		INC	\$ 45.00			\$45.00
Syringe (1CC-30CC)	INC		INC				\$5.00

Saline Lock	INC		INC					\$5.00
Venigard	INC		INC					\$5.00
<b>Fluids</b>								
D5W 250ML	INC		INC					\$15.00
Service/Supply	Medicare	Inc. IMMO	Medicaid	Inc. IMMO	Commercial/AMO/Individuals			
D50W 50ML	INC		INC					\$10.00
Lactated Ringers	INC		INC					\$42.58
Normal Saline 1000	INC		INC					\$42.58
Normal Saline 500	INC		INC					\$19.16
Normal Saline 100	INC		INC					\$6.18
<b>Drugs</b>								
Activated Charcoal	INC		INC					\$70.00
Acetaminophen	INC		INC					\$2.50
Adenocard/Adenoside	INC		INC					\$177.00
Albuterol /Proventil	INC		INC					\$14.00
Amiodarone	INC		INC					\$52.00
Anecine	INC		INC					\$105.00
Aspirin 81mg	INC		INC					\$2.50
Ativan	INC		INC					\$105.00
Atropine	INC		INC					\$40.00
Benadryl	INC		INC					\$6.70
Brethine	INC		INC					\$25.00
Calcium Chloride	INC		INC					\$24.00
Cardizem	INC		INC					\$74.16
Cordarone	INC		INC					\$52.00
Cyanokit	INC		INC					\$2,400.00
Decadron	INC		INC					\$30.00
Dextrose 25%	INC		INC					\$20.00
Dextrose 50%	INC		INC					\$20.00
Diazepam	INC		INC					\$60.00
Dopamine	INC		INC					\$60.00
Epi 1:1000	INC		INC					\$10.00

EPI 1:10000	INC		INC				\$18.00
EPI Pen	INC		INC				\$300.00
Fentanyl	INC		INC				\$10.82
Furosemide	INC		INC				\$32.00
Glucose/Glucagen	INC		INC				\$403.90
Service/Supply	Medicare	Inc. HMO	Medicaid	Inc. HMO	Commercial/Arto/Indyprivals		
Haldol	INC		INC				\$22.00
Labelalol	INC		INC				\$15.45
Lasix	INC		INC				\$32.00
Lidocaine 100mg	INC		INC				\$20.00
Lidocaine drip	INC		INC				\$30.00
Magnesium Sulfate	INC		INC				\$7.73
Mannitol	INC		INC				\$44.00
Morphine	INC		INC				\$10.00
Naloxone/Narcan	INC		INC				\$75.00
Nitroglycerine spray	INC		INC				\$25.00
Nitroglycerine tab	INC		INC				\$5.00
Norcuron	INC		INC				\$77.60
Procainamide	INC		INC				\$150.00
Procardia	INC		INC				\$5.00
Promethazine	INC		INC				\$8.00
Romazicon	INC		INC				\$60.00
Sodium Bicarb	INC		INC				\$20.00
Solumedrol	INC		INC				\$102.00
Succinylcholine	INC		INC				\$105.00
Terbutaline	INC		INC				\$25.00
Thiamine	INC		INC				\$45.84
Valium	INC		INC				\$60.00
Verapmil	INC		INC				\$130.00
Versed	INC		INC				\$25.00
Zofran	INC		INC				\$10.00



If applicable, make changes beside item(s) above and return as soon as possible. As policy, HCP does not make any changes to the Fee/Rate Schedule unless in written format by a recognized signature of authority. No response will result in rates remaining the same for the concurrent year. Please see also the **Billing Methodologies Guidelines** regarding proper Fee/Rate Schedule coding schemes.

Client Signature: \_\_\_\_\_

Date: \_\_\_\_\_

5/21/18