

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 Jefferson County Emergency Services District No. 4 ("District") was called for at 5:30 p.m. on the June 15, 2015, at the Labelle-Fannett fire station, located at 12880 FM 365, Beaumont, Texas 77706, pursuant to notice duly posted according to law.

At approximately 5:30 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
Sandra Duhon	Secretary
Sandra Melton	Treasurer
Charlie Cox	Assistant Treasurer

All of said Board members were present, thus constituting a quorum. Also present at the meeting were Wayne Wilber, District Manager; Joshua Heinz of the law firm Benckenstein & Oxford, L.L.P., attorney for the District; Ralph Likins, auditor for the District; and, the individuals listed in the attendance logs attached hereto as Exhibit A.

Upon establishing that a quorum was present, President Roebuck asked for public comment as set forth in Agenda Item No. 3, at which time Daniel Hidalgo, Assistant Manager of the West Jefferson County Municipal Water District, advised on the Water District's policy and procedures relating to residents having their swimming pools filled up by the fire departments' tanker trucks. Then, Ken Duhon, Chief of Cheek VFD, requested that the next regular Board meeting be held in the Cheek area at the Precinct 4 Service Center.

Following the public comments, the Board moved along to Agenda Item No. 4 regarding the District's fiscal year 2013-14 annual audit report. Ralph Likins reviewed and discussed with

the Board the draft audit report for the fiscal year ended September 30, 2014, along with the management representation letter, which are attached hereto as **Exhibit B**. After discussing the audit report, Assistant Treasurer Cox made a motion to approve the audit subject to further review by the Board and the District's accountant, which was seconded by Treasurer Melton and unanimously consented to by the Board. If the Board members find any issues with the audit report upon further review, a special meeting will be called to address same. Mr. Likins is going to send a final draft of the audit report and management representation letter to the Board for execution. Once executed, Mr. Heinz will submit the audit report to the Jefferson County Commissioners Court in accordance with Section 775.082 of the Health & Safety Code.

The Board was then directed to Agenda Item No. 5, at which time Mr. Duhon advised the Board on Cheek VFD's recent activities and provided the Board with the department's monthly run report, which is attached hereto as **Exhibit C**. No report, verbal or written, was provided by Labelle-Fannett VFD.

Next, President Roebuck directed the Board to Agenda Item No. 6 for the manager's report. Wayne Wilber advised that Cheek VFD Engine 2, which was previously declared salvage property, sold at auction for \$3,200.00, and the District received \$2,951.00 in net proceeds from the sale. Mr. Wilber also suggested that the District implement a mileage log requirement for the VFDs' vehicles in light of recent allegations that Labelle-Fannett VFD has used its tanker truck to fill swimming pools located outside the District.

Then, under Agenda Item No. 7, Treasurer Melton advised the Board that the District received the requested \$4,584.37 reimbursement check from Labelle-Fannett VFD in relation to its Engine 3, and a copy of said check is attached hereto as **Exhibit D**. Mr. Wilber also reported that he has received all requested documents from Cheek VFD, but that he is still awaiting

receipt of documents requested from Labelle-Fannett VFD, including, but not limited to, its Standard Operating Procedures. Rufus Lavergne, President of Labelle-Fannett VFD, said he is going to check on the status of production of the requested records. After discussing the matter at great length, President Roebuck made a motion to set a deadline of July 13, 2015, for Labelle-Fannett VFD to provide the District with all of the previously requested records, plus the department's 2013 and 2014 tax returns, if available, and profit/loss statements, and its 2015 year-to-date profit/loss statement, and if they fail to do so, the District will not approve any July 2015 payments to and/or on behalf of Labelle-Fannett VFD, and it will continue to do so until such time that all the requested records have been provided. The motion was seconded by Treasurer Melton and unanimously approved by the Board. Mr. Heinz will compose and send a letter to Labelle-Fannett VFD to notify it of the foregoing action.

President Roebuck then directed the Board to Agenda Item No. 8 for review of the Minutes of the May 18, 2015 regular meeting. Upon motion by Vice President Reneau and seconded by Assistant Treasurer Cox, the proposed minutes were unanimously approved by the Board.

The Board then moved along to Agenda Item No. 9, at which time Treasurer Melton reported that the District's Texas First Bank checking account balance was \$574,628.00 as of May 31, 2015 and \$774,759.13 as of June 14, 2015 (which includes the \$189,516.00 in loans proceeds received by the District in relation to the purchase of the 2014 Pierce Mini-Pumper), and its savings account balance was \$103.01 as of June 14, 2015, as reflected in the account statements attached hereto as Exhibit E. Treasurer Melton also reviewed the District's current financial statement of activities with the Board, which is attached hereto as Exhibit F.

Thereafter, the Board was directed to Agenda Item No. 10 for payment of the District and VFDs' bills. After reviewing and discussing the various expenditures, Treasurer Melton made a motion to approve payment of the bills and expenditures listed on the account register attached hereto as **Exhibit G** (Check Nos. 1935-1955, totaling \$235,628.46, and including a \$186,810.00 payment to Siddons-Martin for the purchase of the 2014 Pierce Mini-Pumper). The motion was seconded by Assistant Treasurer Cox and unanimously approved by the Board.

President Roebuck then directed the Board to Agenda Item No. 11 regarding proposed repairs, improvements and acquisitions. First, Assistant Treasurer Cox advised the Board that the new air-bottle fill station had been installed at the Labelle-Fannett VFD Station 2 and is operational. He also reported that the old air-bottle fill station located at Labelle-Fannett VFD Station 1 has reportedly not been tested and/or certified in several years, and he sees no reason for the District to authorize or pay for any future testing and/or maintenance on the old equipment since the District just purchased a new fill station. Furthermore, since it has not been tested and is out of certification, Assistant Treasurer Cox believes that the District should notify and recommend to Labelle-Fannett VFD that it should not use the old fill station for safety reasons, and any air tanks having been filled previously with the old equipment should be emptied and re-filled using the new fill station. The other members agreed, and Mr. Heinz will draft and send a letter to Labelle-Fannett VFD regarding the matter.

Continuing under Agenda Item No. 11, Assistant Treasurer Cox and Mr. Wilber discussed the proposed purchase of new hoses and nozzles for the recently purchased mini-pumper, which they estimate will cost under \$3,500.00 Mr. Wilber then requested authority to move forward with the proposed hose and nozzles purchase, as well as authority to have electrical improvements made at the Cheek VFD fire station, which is estimated to cost

\$1,560.00, to provide power supply for the recently installed and future garage door openers. Upon motion by Assistant Treasurer Cox and seconded by President Roebuck, the Board unanimously authorized Mr. Wilber to move forward with the proposed hose/nozzles purchase for the new mini-pumper and the proposed electrical improvements at the Cheek VFD fire station.

The Board then moved along to Agenda Item No. 12 regarding the new 2014 Pierce Mini-Pumper. Mr. Heinz advised the Board that the apparatus has already been added to the District's insurance policy. Additionally, Mr. Heinz advised the Board that President Roebuck needed to sign the revised purchase proposal from Siddons-Martin, which reflects the reduced purchase price. A copy of the revised proposal is attached hereto as Exhibit H. Additionally, Mr. Heinz advised that Board that the loan for said apparatus had been assigned by Government Capital to First Financial Bank, NA, as set forth in the notice letter attached hereto as Exhibit I.

Next, the Board was directed to Agenda Item No. 13 regarding the District and VFDs' 2015-16 budgets. Treasurer Melton provided the Board members with copies of the proposed budgets received from the VFDs, and the Board reviewed and discussed same. The Board will hold a budget workshop to review and discuss the VFDs' proposed 2015-16 budgets further, as well as to discuss and begin preparation of the District's proposed 2015-16 budget.

Thereafter, under Agenda Item No. 14, Mr. Heinz advised the Board that he has received no comments from Labelle-Fannett VFD in relation to the proposed, amended service agreement approved by the Board at its April 20, 2015 regular meeting. Mr. Heinz again advised the department representatives present that the amended agreement has a proposed effective date of July 20, 2015, which is when the current agreement is set to terminate per notice provided to both VFDs on April 20, 2015. Additionally, Mr. Heinz advised the Board that he will provide


Cheek VFD with a proposed, amended service agreement, which will differ slightly from Labelle-Fannett VFD's agreement.

Then, President Roebuck directed the Board to Agenda Item No. 15 regarding options for improving EMS services in the District. Mr. Wilber advised the Board that the EMS committee members met once since the last regular Board meeting, and the committee members will be meeting again within the next few weeks to review and discuss the various options further. Mr. Wilber will report further on the matter at the Board's next regular meeting.


The Board then moved along to Agenda Item No. 16, at which time Mr. Wilber provided a status update on the District's inventory.

Being as there was no report from counsel under Agenda Item No. 17, the Board moved along to Agenda Item No. 18, at which time the members all agreed to hold a budget workshop on June 25, 2015 at 12:00 p.m. at the office of Benckenstein & Oxford, L.L.P. in Beaumont, Texas. Further, per the request received from Mr. Duhon, the Board will hold its July 20, 2015 regular meeting at the Precinct 4 Service Center in Cheek, Texas.

The meeting was adjourned at approximately 7:00 p.m.



Jeff Roebuck, President
Date: 8/11/15

ATTEST:


Position: Secretary
Date: 8-11-15

Exhibit A

JCESD#4 - 6/15/2015 Regular Meeting
Sign-In Sheet

- | | |
|----------------------------------|--|
| ① Pat Larson | PLARSON@GT.RR.COM 409-273-5052 |
| ② Ken Dutton | Kadutton@sbcglobal (409) 201-0816 |
| ③ Noah Callahan | NoahCallahan6@gmail.com |
| ④ Rip Rivett | Indycan360@gmail.com. |
| ⑤ Ashley Kester | smashez818@gmail.com |
| ⑥ Carolyn Hurych | hurych@att.net |
| ⑦ Scott Wade | fyrefyter794@yahoo.com |
| ⑧ Ralph Lakin's CPA | RalphLakin@sbcglobal.net |
| 9 DANIEL HIDALGO | aggie4x4@yahoo.com 673-1207 |
| 10 Rufus Lavergne | RLJames@gmail 281-960-4386
JHANSEN27@ATT.NET |
| 11 JEREMY HANSEN | JEREMY.D.HANSEN@USEG.MIL 409-540-5207 |
| 12 Rip Rivett 301 | ri |
| 13 Darlene Rivett 302 | |

JEFFERSON COUNTY ESD No. 4

JUNE 15, 2015

SIGN-IN SHEET

- 1 Wayne Wilber
- 2 Rufus Laverne
- 3 J. R. LFUFD #101
- 4 Carolyn Hurych HNFED
- 5 Ashley Kohn 124
- 6 NOAH CALCAHAN III
- 7 DANIEL HODDGE WJCMWD
- 8 Ralph Lukins, CPA
- 9 SCOTT WADE
- 10 JEREMY HANSEN, HAMSHIRE FD ASST. CHIEF
- 11 ORR Rivett 301
- 12 Darlene Rivett 302
- 13
- 14
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Exhibit B

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4
ANNUAL FINANCIAL REPORT
For the Year Ending September 30, 2014

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
CERTIFICATE OF BOARD

We, the undersigned, certify that this accompanying audit report of the above named district was reviewed and approved for the year ended September 30, 2014, at a meeting of the Board of Commissioners held on the 15th day of June, 2015.

Board President

Board Secretary

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO.4
Annual Financial Report
For The Year Ended September 30, 2014

TABLE OF CONTENTS

	EXHIBIT	PAGE
INTRODUCTORY SECTION		
Listing of Officials		
FINANCIAL SECTION		
Independent Auditors' Report on Financial Statements		2
Management's Discussion and Analysis (Required Supplementary Information)		4
Basic Financial Statements		
Government-Wide Financial Statements:		
Statement of Net Position	A	10
Statement of Activities	B	11
Fund Financial Statements:		
Balance Sheet - Governmental Funds	C	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	C-1	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	D	14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	D-1	15
Notes to the Financial Statements		16
<u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	E	24
COMPLIANCE SECTION		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		25

INTRODUCTORY SECTION

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4

JEFFERSON COUNTY, TEXAS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Board of Commissioners

Jeffery Roebuck
Charles Reneau
Sandra Duhon
Sandra Melton
Charlie Cox

President
Vice President
Secretary
Treasurer
Assistant Treasurer

Command Staff

Charles Sonnier
Kenneth Duhon

Fire Chief – Labelle Fannett VFD
Fire Chief – Cheek VFD

FINANCIAL SECTION

Ralph E. Likins
Certified Public Accountant, PLLC
P O Box 12374
Beaumont, Texas 77726
(409) 860 5042

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, and each major fund of Jefferson County Emergency Services District No. 4, (the District) as of and for the year ended September 30 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Jefferson County Emergency Services District No.4, as of September 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 - 8 and 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ralph E. Likins CPA, PLLC

Beaumont, Texas
June 15, 2015

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

In this section of the Annual Financial Report we, the managers of the Jefferson County Emergency Services District No. 4's, (the District) discuss and analyze the District's financial performance for the fiscal year ended September 30, 2014. Please review it in conjunction with the independent auditor's report and the District's Basic Financial Statements which follow this section.

Financial Highlights

- After the first year of operations, the District's total combined net position was \$345,365 at September 30, 2014.
- During the year, the District's expenses were \$345,365 less than the \$708,268 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$147,957.

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.

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.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

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.

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 on pages 16 – 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.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2014

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 \$345,365 at the close of the most recent fiscal year.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO.4
 Net Position

	September 30 2014
Current and Other Assets	\$ 291,782
Capital Assets	285,118
Total Assets	<u>576,900</u>
Long-term Liabilities	87,234
Other Liabilities	144,301
Total Liabilities	<u>231,535</u>
Net Assets:	
Invested in Capital Assets Net of Related Debt	178,911
Unrestricted	166,453
Total Net Position	<u>\$ 345,365</u>

A portion of the District's net position, \$178,911 (55%), 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 \$106,207 in debt related to its capital assets.

The remaining balance of net position \$166,453 may be used to meet the government's on-going obligations to citizens and creditors.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2014

JEFFERSON COUNTY EMERGENCY SERVICES
 DISTRICT NO. 4
 Changes in Net Position
 For the year ended: September 30, 2014

Revenues	
Maintenance and Operations Taxes	\$ 519,403
Contributions & Grants	188,450
Miscellaneous	415
Total Revenues	<u>708,268</u>
Expenses	
General government	225,858
Fire and emergency services	137,045
Total Expenses Governmental Activities	<u>362,903</u>
Increase (Decrease) in net assets	345,365
Net Assets - Beginning of year	-
Net Assets - End of Year	<u>\$ 345,365</u>

For the fiscal year ended September 30, 2014, the District's total revenues were \$708,268. A significant portion, 73% comes from property taxes collected.

Governmental Activities

- Property tax rates were set at \$.09 per \$100 valuation for M&O. The rate for the 2014-2015 is set at \$.08741 per \$100 of taxable valuation of M&O

Financial Analysis of the Government's Funds

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

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2014

Governmental funds - The focus of the District's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the District. At September 30, 2014, unreserved fund balance of the general fund was \$166,453.

Capital Asset and Long-term Debt Activity

Capital Assets - The District's investment in capital assets as of September 30, 2014, amounts to \$285,118 (net of accumulated depreciation). This investment in capital assets includes buildings, vehicles, and equipment.

	Governmental Activities FYE 9/30/14
Buildings and Improvements	\$ 13,665
Vehicles	<u>271,453</u>
Total, net of accumulated depreciation	<u>\$ 285,118</u>

Additional information on the District's capital assets can be found on page 21 of this report.

Long-term debt - At September 30, 2014, the District had debt of \$106,208 which was secured by vehicles. Additional information about the debt can be found in the notes to the financial statements.

Economic Factors and New Year's Budgets and Rates

- The District adopted a balanced budget for the next fiscal year.

Requests for Information

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.

No prior year comparisons are shown due to the fact that this is the first year of operations of 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, 2014

EXHIBIT A

	Primary Government Governmental Activities
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 181,866
Taxes receivable - net of allowance	97,163
Other receivables	4,584
Prepays	8,168
Capital assets:	
Buildings, property, and equipment, net	<u>285,118</u>
Total Assets	<u><u>576,900</u></u>
LIABILITIES	
Accounts payable	125,328
Non-current liabilities:	
Due within one year	18,973
Due in more than one year	<u>87,234</u>
Total Liabilities	<u><u>231,535</u></u>
NET POSITION	
Net investment in capital assets	178,911
Unrestricted	<u>166,453</u>
Total Net Position	<u><u>\$ 345,365</u></u>

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

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

EXHIBIT B

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				<u>Primary Government</u>
				Governmental Activities
Governmental Activities:				
General government	\$ 225,858	\$ -	\$ -	\$ (225,858)
Fire and emergency services	137,045			(137,045)
Total governmental activities	362,903	-	-	(362,903)
Total Primary Government	\$ 362,903	\$ -	\$ -	\$ (362,903)
Property taxes, penalties and interest				519,403
Contributions not restricted to specific programs				188,450
Other miscellaneous				415
Total general revenues				<u>708,268</u>
Change in Net Position				345,365
Net Position - Beginning				<u>-</u>
Net Position - Ending				<u>\$ 345,365</u>

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

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No.4 EXHIBIT C
 BALANCE SHEET - GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014

	Total Governmental Funds
	<u>General Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 181,866
Property taxes receivable (net of allowance for doubtful accounts)	97,163
Other receivables	4,584
Prepaid items	8,168
TOTAL ASSETS	<u>\$ 291,781</u>
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts payable	<u>\$ 125,328</u>
TOTAL LIABILITIES	<u>125,328</u>
DEFERRED INFLOWS OF RESOURCES:	
Unavailable revenue - property tax	<u>18,496</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>18,496</u>
FUND BALANCES:	
Unassigned fund balance	<u>147,957</u>
TOTAL FUND BALANCE	<u>147,957</u>
TOTAL LIABILITES, DEFERRED REVENUE AND FUND BALANCE	<u>\$ 291,781</u>

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

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
 THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2014

EXHIBIT C-1

Governmental fund balance as reported on the balance sheet for governmental funds.	\$ 147,957
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	285,118
Long-term liabilities, including bonds payable, are note due and payable in the current period and, therefore, are not reported in the funds	(106,207)
Recognition of deferred revenue as revenue increases net position	<u>18,496</u>
Change in net position of governmental activites (Exhibit B)	<u><u>\$ 345,365</u></u>

The accompanying notes are an integral part of this financial statement

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

EXHIBIT D

	Total Governmental Funds
	<u>General Fund</u>
REVENUES	
Property taxes, penalties and interest	\$ 500,907
Other miscellaneous	415
Total revenue	<u>501,322</u>
EXPENDITURES	
Current:	
General government	225,858
Fire and emergency services	233,713
Total expenditures	<u>459,571</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	41,751
OTHER FINANCING SOURCES (USES)	
Issuance of debt	106,207
Total other financing sources and uses	<u>106,207</u>
NET CHANGE IN FUND BALANCES	<u>147,957</u>
FUND BALANCES - BEGINNING	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 147,957</u>

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

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

EXHIBIT D-1

Net change in fund balances - total governmental funds (Exhibit D) \$ 147,957

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 current period.

Capital Outlay	\$	294,657	
Depreciation		<u>(9,539)</u>	285,118

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. (106,207)

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. 18,496

Change in net position of governmental activities (Exhibit B) \$ 345,365

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

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-c 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 departments. 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.

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 all financial resources of the general government, except those required to be accounted for in another fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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, regard less 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 be 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 judgments, are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. I s s u a n c e 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.

E Budgetary Data

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

- a. The Fire Chief submits 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 30th, 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).

For the year ended September 30, 2014, expenditures were less than appropriations for the general fund in total by \$51,197. While all purchases were approved by the Commissioners, the budget was not formally amended.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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	5-15
Vehicles	5-10

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

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); amount cannot be used for any other purpose unless the Commissioners take the same action to remove or change the constraint.

Assigned Fund Balance- general fund amounts constrained to a specific purpose by the Fire Chief.

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 un-assigned 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 least restrictive to the most restrictive, unless otherwise approved by the Commissioners.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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 June 15, 2015, 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 \$181,866 and the bank statement balance was the same. At September 30, 2014, the bank balance was covered by federal depository insurance. However, during the fiscal year, the District was exposed to custodial credit risks. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. 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. The District had possible exposure to custodial credit risk because the highest combined balance which occurred in March and April of 2014 was insufficiently covered by FDIC insurance.

As of the end of the fiscal year, the government did not have a formally adopted deposit and investment policy that limits the government's allowable deposits or investments and addresses the specific types of risk to which the government is exposed. Subsequent to year end, the District has adopted a formal deposit and investment policy.

NOTE 3: PROPERTY TAXES

Property taxes are collected by the Jefferson County Tax Assessor Collector and are forwarded to the District through bank transfer. The tax rate held by the District during 2013 was \$.09 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 sixty-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, 2013, was \$657,465,708. Property taxes receivable for 2014 are \$97,162.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014

NOTE 4: CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended September 30, 2014, was as follows:

Governmental Activities	Beginning Balance	Current Year Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings and land	\$ -	\$ 13,910	\$ -	\$ 13,910
Fire equipment and vehicles	-	280,747	-	280,747
Total capital assets being depreciated:	-	294,657	-	294,657
Less accumulated depreciation:				
Buildings and land	-	-	(245)	(245)
Fire equipment and vehicles	-	-	(9,294)	(9,294)
Total accumulated depreciation	-	-	(9,539)	(9,539)
Total capital assets being depreciated, net	-	294,657	(9,539)	285,118
Governmental activities capital assets, net	\$ -	\$ 294,657	\$ (9,539)	\$ 285,118

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

Total Depreciation Expense - Governmental Activities \$ 9,539

NOTE 5: SHORT TERM DEBT

The Texas Health & Safety Code section 775.031 authorizes Districts to borrow money in order to perform the functions of the district and to provide emergency services. Upon formation, the District obtained a line of credit to cover expenditures prior to receipt of initial tax revenue. The District's line of credit is with Texas First Bank due on September 20, 2014. Borrowings are permitted up to \$10,000 and interest is payable monthly at a rate of 2.15% per annum based on a 360 day year. The agreement is collateralized by the District's assets. During the year, after start up, the District did not borrow on the line of credit.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014

NOTE 6: LONG TERM DEBT

The District entered into a loan agreement for the refinance of a fire truck for fire and emergency services used by the Labelle Fannett VFD.

Long-term debt at September 30, 2014, is summarized as follows:

<u>Date Issued</u>	<u>Amount</u>	<u>Final Maturity</u>	<u>Annual Installments</u>	<u>Interest Rate</u>	<u>Outstanding Balance</u>
2014	\$ 106,207	2019	\$ 24,974	5.65%	<u>\$ 106,207</u>

Interest on the loan shall be computed at a fixed rate of 2.15% for three years; thereafter, until maturity, at a rate per annum which is sixty-six percent (66%) of the index, but in no event to exceed the highest lawful rate. Adjustments in the varying rate in interest will be made on each anniversary date of the note beginning March 1, 2016.

Annual requirements to maturity for the loan is as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	18,973	6,001	24,974
2016	20,045	4,929	24,974
2017	21,177	3,796	24,974
2018	22,374	2,600	24,974
2019	23,638	1,336	24,974
	<u>\$ 106,207</u>	<u>\$ 18,661</u>	<u>\$ 124,868</u>

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Loan payable	<u>\$ -</u>	<u>\$ 106,207</u>	<u>\$ -</u>	<u>\$ 106,207</u>	<u>\$ 18,973</u>
Governmental activities:					
Long-Term Liabilities	<u>\$ -</u>	<u>\$ 106,207</u>	<u>\$ -</u>	<u>\$ 106,207</u>	<u>\$ 18,973</u>

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 7: 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.

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.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

EXHIBIT E

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Property taxes, penalties and interest	\$ 510,768	\$ 510,768	\$ 500,907	\$ 9,861
Other miscellaneous	-	-	415	(415)
Total revenue	<u>510,768</u>	<u>510,768</u>	<u>501,322</u>	<u>9,446</u>
EXPENDITURES				
Current:				
General government	295,069	295,069	225,858	69,211
Fire and emergency services	215,699	215,699	233,713	(18,014)
Total expenditures	<u>510,768</u>	<u>510,768</u>	<u>459,571</u>	<u>51,197</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>41,751</u>	<u>(41,751)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from loan	-	-	106,207	106,207
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>106,207</u>	<u>106,207</u>
NET CHANGE IN FUND BALANCES	-	-	147,957	64,456
FUND BALANCES AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,957</u>	<u>\$ 64,456</u>

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

COMPLIANCE SECTION

RALPH E. LIKINS

Certified Public Accountant, PLLC

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Beaumont, TX 77726

(409) 860 5042

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. The financial statements of the governmental activities, and each major fund of Jefferson County Emergency Services District No. 4 (District), as or and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 15, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jefferson County Emergency Services District No. 4 financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ralph E. Likins, CPA, PLLC

Beaumont, Texas
June 15, 2015

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4
JEFFERSON COUNTY, TEXAS

June 15, 2015

Ralph E Likins, CPA PLLC
P O Box 12374
Beaumont, TX 77726

This representation letter is provided in connection with your audit of the financial statements of Jefferson County Emergency Services District No. 4 (the District), which comprise the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information as of September 30, 2014, and the respective changes in financial position, and the aggregate remaining fund information as of September 30, 2014, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 15, 2015, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 27, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with United States of America generally accepted accounting principles and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with United States of America generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with United States of America generally accepted accounting principles.
- 7) All events subsequent to the date of the financial statements and for which United States of America generally accepted accounting principles requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with United States of America generally accepted accounting principles.

10) Guarantees, whether written or oral, under which the District is contingently liable, have been properly recorded or disclosed in accordance with United States of America generally accepted accounting principles.

Information Provided

11) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the District for whom you determined it necessary to obtain audit evidence.
- d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the organization and involves:

- a) Management,
- b) Employees who have significant roles in internal control, or
- c) Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements by employees, former employees, grantors, regulators, or others.

16) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects communicated should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

19) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

Government—specific

20) There have been no communications from regulatory agencies concerning noncompliance with, deficiencies in, financial reporting practices.

21) The Jefferson County Emergence Services District No. 4 has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

22) We are responsible for compliance with the laws, regulations, and provisions of contracts applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the

financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts that we believe have a material effect on the determination of financial statements amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements amounts or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adoption, approving, and amending budgets), provisions of contracts, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audits, you assisted with preparations of the financial statements and related notes. We acknowledged our responsibilities as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accepted responsibility for the results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 28) The Jefferson County Emergency Services District No. 4 has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any assets been pledged as collateral as otherwise disclosed to you.
- 29) The Jefferson County Emergency Services District No. 4 has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclosed all other ventures and other related organizations.
- 31) The financial statement properly classify all funds and activities in accordance with GASB Statement No. 34.
- 32) All funds that meet quantitative criteria in GASBS Nos. 34 and 27 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (non-spendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Provision for uncollectable receivables have been properly identified and recorded.
- 35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 37) Deposits are properly classified as to risk and are properly disclosed.
- 38) Capital assets are properly capitalized, reported, and depreciated.
- 39) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 40) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resources

classification is available. That policy determines the fund balance classification for financial reporting purposes.

41) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines. We have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the RSI.

Signed _____

Title:

Signed _____

Title:

Exhibit C

CHEEK VFD
EXHIBIT B

MONTHLY REPORT

Month: May 2015

Total Calls Received: 13

Responses:

Structure Fires: 1 — (GALVANIZING PLANT ON INDUSTRIAL RD)

Wood/Grass Fires: _____

Vehicles/Wrecks: _____

EMT/First Responder: 11

Others: GAS LEAK — BLUETT RD (BACKUP LADELLE)

Total: 13

Mutual Aid Responses: 2

Other Matters and/or Specific Event Details:

BOTH FIRE CALLS WERE BACKUP TO
LADELLE/FANNETT VFD IN THEIR DISTRICT

Exhibit D

5328

LABELLE-FANNETT VOL. FIRE DEPT

18769 FM 365
BEAUMONT, TEXAS 77705
(409) 794-1441

DATE 6-15-15 88-1025-1131

PAY TO THE ORDER OF

ESD # 4

Four thousand five hundred Eighty - four

DOLLARS



MP

TEXAS FIRST BANK

18631 Hwy 124
Fannett, TX 77705
409-256-8300
www.texasfirstbank.com

Signature

MP

FOR

EnJoy

⑆0005328⑆ ⑆11311025B⑆

⑆29488⑆

\$4,584.37

Exhibit E

TEXAS FIRST BANK

Helping Texans Build Texas

www.texasfirstbank.com

3000 FM 1764 • La Marque, TX 77568-2452

Return Service Requested

TELEPHONE BANKING
(409) 945-9889 (281) 538-2226
(855) 355-TFB1 (8321)

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

Page: 1

JEFFERSON COUNTY EMERGENCY
SERVICES No. 4
PO BOX 154
HAMSHIRE TX 77622-0154

Account Number: 10031508
Statement Date: 5/31/15
Checks/Items Enclosed: 14

EM

PUBLIC FUNDS TIERED INT. JEFFERSON COUNTY EMERGENCY Acct 10031508
SERVICES No. 4

Beginning Balance	5/01/15	577,884.02	
Deposits / Misc Credits	2	10,698.62	
Withdrawals / Misc Debits	15	13,954.64	
** Ending Balance	5/31/15	574,628.00	**
Service Charge		.00	
Interest Paid Thru 5/31/15		98.81	
Interest Paid Year To Date		446.88	
Annual Percentage Yield Earned		.20%	
Number of Days for A.P.Y.E.		31	
Average Balance for A.P.Y.E.		581,711.59	
Minimum Balance		574,529	
Enclosures		14	

FEE RECAP

	Total for this period	Total year-to-date	
Total Overdraft Fees	\$.00	\$.00	
Total Returned Item Fees	\$.00	\$.00	

DEPOSITS AND OTHER CREDITS

Date	Deposits	Activity Description
5/07	10,599.81	INCOMING WIRE -P201505070004538-04538
5/29	98.81	Interest Paid

DEBITS AND OTHER WITHDRAWALS

Date	Withdrawals	Activity Description
5/07	7.00	INCOMING WIRE FEE-P201505070004538-04538

TEXAS FIRST BANK

Helping Texans Build Texas

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3000 FM 1764 • La Marque, TX 77568-2452

Return Service Requested

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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: 5/31/15

CHECKS PAID

* indicates skip in check numbers

Date	Check No.	Amount	Date	Check No.	Amount	Date	Check No.	Amount
5/04	1905	300.00	5/22	1925	400.00	5/28	1931	253.45
5/04	1907*	500.00	5/27	1926	1,389.89	5/28	1932	151.70
5/26	1922*	503.98	5/22	1928*	400.00	5/20	1933	2,500.00
5/26	1923	412.57	5/21	1929	475.00	5/21	1934	5,588.60
5/27	1924	889.55	5/29	1930	182.90			

DAILY BALANCE SUMMARY

Date	Balance	Date	Balance	Date	Balance
5/04	577,084.02	5/21	579,113.23	5/27	575,117.24
5/07	587,676.83	5/22	578,313.23	5/28	574,712.09
5/20	585,176.83	5/26	577,396.68	5/29	574,628.00

Account Details for Public Funds Tiered Int. - 10031508

Available Balance	\$774,759.13
Last Statement Date	5/29/2015
Current Balance	\$774,759.13
Interest Rate	0.200 %
Last Deposit Date	6/12/2015
Last Interest Paid Date	5/29/2015
Last Deposit Amount	\$2,951.00
Accrued Interest	\$56.10
Year-to-date interest amount	\$446.88

Account History for Public Funds Tiered Int. - 10031508

<u>Posted</u>	<u>DEBIT</u>	<u>CREDIT</u>	<u>BALANCE</u>
<u>SORTED BY: POST DATE</u>			
<u>NEWEST ON TOP</u>			
Deposit 6/12/15		\$2,951.00	\$774,759.13
Check 6/8/15 (Check #1921)	\$65.29		\$771,808.13
INCOMING WIRE FEE-P201506040004494-04494 6/4/15	\$7.00		\$771,873.42
INCOMING WIRE -P201506040004494-04494 6/4/15		\$189,516.00	\$771,880.42
INCOMING WIRE FEE-P201506020004125-04125 6/2/15	\$7.00		\$582,364.42
Check 6/2/15 (Check #1920)	\$41.33		\$582,371.42
INCOMING WIRE -P201506020004125-04125 6/2/15		\$7,784.75	\$582,412.75
Interest Paid 5/29/15		\$98.81	\$574,628.00
Check 5/29/15 (Check #1930)	\$182.90		\$574,529.19
Check 5/28/15 (Check #1931)	\$253.45		\$574,712.09
Check 5/28/15 (Check #1932)	\$151.70		\$574,965.54
Check 5/27/15 (Check #1926)	\$1,389.89		\$575,117.24
Check 5/27/15 (Check #1924)	\$889.55		\$576,507.13
Check 5/26/15 (Check #1922)	\$503.98		\$577,396.68
Check 5/26/15 (Check #1923)	\$412.57		\$577,900.66
Check 5/22/15 (Check #1925)	\$400.00		\$578,313.23

Check 5/22/15 (Check #1928)	\$400.00		\$578,713.23
Check 5/21/15 (Check #1934)	\$5,588.60		\$579,113.23
Check 5/21/15 (Check #1929)	\$475.00		\$584,701.83
Check 5/20/15 (Check #1933)	\$2,500.00		\$585,176.83
INCOMING WIRE FEE-P201505070004538-04538 5/7/15	\$7.00		\$587,676.83
INCOMING WIRE -P201505070004538-04538 5/7/15		\$10,599.81	\$587,683.83
Check 5/4/15 (Check #1907)	\$500.00		\$577,084.02
Check 5/4/15 (Check #1905)	\$300.00		\$577,584.02
Interest Paid 4/30/15		\$95.98	\$577,884.02
Check 4/30/15 (Check #1915)	\$440.27		\$577,788.04
Check 4/30/15 (Check #1916)	\$334.50		\$578,228.31
Check 4/28/15 (Check #1912)	\$2,534.36		\$578,562.81
Check 4/28/15 (Check #1908)	\$326.00		\$581,097.17
Check 4/28/15 (Check #1914)	\$182.90		\$581,423.17
Check 4/28/15 (Check #1901)	\$147.16		\$581,606.07
Check 4/27/15 (Check #1903)	\$1,990.06		\$581,753.23
Check 4/27/15 (Check #1913)	\$529.58		\$583,743.29
Check 4/27/15 (Check #1911)	\$383.50		\$584,272.87
Check 4/27/15 (Check #1904)	\$127.17		\$584,656.37
Check 4/24/15 (Check #1906)	\$400.00		\$584,783.54
Check 4/24/15 (Check #1910)	\$347.00		\$585,183.54
Check 4/23/15 (Check #1902)	\$1,210.66		\$585,530.54
Check 4/23/15 (Check #1917)	\$57.26		\$586,741.20

Check 4/22/15 (Check #1909)	\$400.00		\$586,798.46
Check 4/21/15 (Check #1918)	\$2,500.00		\$587,198.46
Check 4/21/15 (Check #1919)	\$132.75		\$589,698.46
TELEPHONE TRF TO SV 20041885 4/21/15	\$100.00		\$589,831.21
INCOMING WIRE FEE-P201504200004314-04314 4/20/15	\$7.00		\$589,931.21
INCOMING WIRE -P201504200004314-04314 4/20/15		\$14.28	\$589,938.21
INCOMING WIRE -P201504080003016-03016 4/8/15		\$15,976.21	\$589,923.93
Check 4/1/15 (Check #1872)	\$1,100.00		\$573,947.72
Interest Paid 3/31/15		\$100.13	\$575,047.72
Check 3/26/15 (Check #1897)	\$2,528.00		\$574,947.59
Check 3/26/15 (Check #1882)	\$224.70		\$577,475.59
	<i>Subtotal:</i> \$30,078.13	\$227,136.97	

Account Details for Public Funds Savings - 20041885

Available Balance	\$100.01
Last Statement Date	4/30/2015
Current Balance	\$100.01
Interest Rate	0.100 %
Last Deposit Date	4/21/2015
Last Interest Paid Date	5/29/2015
Last Deposit Amount	\$100.00
Accrued Interest	\$0.00
Year-to-date interest amount	\$0.01

Account History for Public Funds Savings - 20041885

Posted				
<u>SORTED BY: POST DATE</u>	<u>NEWEST ON TOP</u>	<u>DEBIT</u>	<u>CREDIT</u>	<u>BALANCE</u>
Interest Earned 5/29/15			\$0.01	\$100.01
Refund Balance Requirement Fee 5/7/15			\$3.00	\$100.00
BALANCE REQUIREMENT FEE 4/30/15		\$3.00		\$97.00
TELEPHONE TRF FR DD 10031508 4/21/15			\$100.00	\$100.00
		<i>Subtotal:</i> \$3.00	\$103.01	

Exhibit F

Jefferson County Emergency Services District No. 4 Statement of Activities

	8 Months Ended 5/31/2015	8 Months Ended 5/31/2015	8 Months Ended 5/31/2015	8 Months Ended 5/31/2015	Annual Budget	Over (Under) Budget	% of Budget Used to Date
	Actual	Actual	Administrative	Total All Locations			
	Labelle-Fannett	Cheek					
Revenue							
Ad Valorem Taxes	\$ -	\$ -	\$ 555,434	\$ 555,434	\$ 660,074	\$ (104,640)	84.15%
Interest Income	-	-	547	547	-	547	0.00%
Reim. to BASF for Exempt Industrial Property	-	-	-	-	(120,000)	120,000	0.00%
Total Revenue	<u>0</u>	<u>0</u>	<u>555,981</u>	<u>555,981</u>	<u>540,074</u>	<u>15,907</u>	<u>102.95%</u>
Operating Expenses							
Accounting	-	-	3,380	3,380	27,000	(23,620)	12.52%
Advertising	-	-	52	52	1,000	(948)	5.20%
Bank Fees	-	-	44	44	400	(356)	11.00%
Cable	289	-	-	289	350	(61)	82.57%
Cell Phone/EMS Equipment	35	-	-	35	440	(405)	7.95%
Children's Education	215	-	-	215	3,000	(2,785)	7.17%
Cleaning & Building	2,879	-	-	2,879	1,850	1,029	155.62%
Computers & Software	424	-	108	532	1,300	(768)	40.92%
Copier	-	-	-	-	500	(500)	0.00%
Dues & Fees	575	-	1,100	1,675	2,100	(425)	79.76%
Fire Field Meals	-	-	-	-	1,300	(1,300)	0.00%
Fire Uniforms	94	806	-	900	3,850	(2,950)	23.38%
Fuel - EMS	2,645	-	-	2,645	2,500	145	105.80%
Fuel-Fire	2,565	100	-	2,665	12,000	(9,335)	22.21%
Insurance - Worker's Compensation	-	-	-	-	6,000	(6,000)	0.00%
Insurance- Accident & Sickness	-	-	-	-	4,000	(4,000)	0.00%
Insurance- Property & Liability	23,343	4,986	-	28,329	30,000	(1,671)	94.43%
Insurance-VFIS District	-	-	2,528	2,528	2,500	28	101.12%
Interest Expense	-	-	-	-	10,000	(10,000)	0.00%
Internet	-	-	279	279	2,900	(2,621)	9.62%
Lawn Service	1,500	300	-	1,800	4,500	(2,700)	40.00%
Legal/Professional	-	-	15,639	15,639	10,000	5,639	156.39%
Lodging/Meals/Travel & Regist ESD	-	219	133	352	8,000	(7,648)	4.40%
Maintenance & Repairs - Radios	567	105	-	672	4,500	(3,828)	14.93%
Notes Payable - Texas First Bank	-	-	-	-	20,000	(20,000)	0.00%
Office Supplies	423	-	718	1,141	1,475	(334)	77.36%
Postage & Box Rental	-	-	-	-	100	(100)	0.00%
Purchase of Additional Radios (3)	-	1,283	-	1,283	2,700	(1,417)	47.52%
Salary Expense	-	-	5,000	5,000	12,000	(7,000)	41.67%
Small Equipment Purchases (less than \$5,000)	981	-	-	981	10,000	(9,019)	9.81%

For management purposes only.

**Jefferson County Emergency Services District No. 4
Statement of Activities**

	8 Months Ended 5/31/2015	8 Months Ended 5/31/2015	8 Months Ended 5/31/2015	8 Months Ended 5/31/2015	Annual Budget	Over (Under) Budget	% of Budget Used to Date
	Actual	Actual	Administrative	Total			
	Labelle-Fannett	Cheek		All Locations			
Supplies - Fire	-	-	-	-	9,000	(9,000)	0.00%
Tax & Appraisal Fees	-	-	8,573	8,573	10,000	(1,427)	85.73%
Telephone	6,245	-	497	6,742	9,800	(3,058)	68.80%
Utilities	4,662	554	-	5,216	10,500	(5,284)	49.68%
Water & Garbage	2,018	194	-	2,212	2,900	(688)	76.28%
Total Operating Expenses	49,460	8,547	38,051	96,058	228,465	(132,407)	42.04%
Emergency Medical Services	-	-	-	-	8,000	(8,000)	0.00%
Equipment (New/Repair/Testing)	-	-	-	-	8,000	(7,400)	7.50%
Medical Supplies	600	-	-	600	2,000	(2,000)	0.00%
Tuition/Reg/Certification/Dues	-	-	-	-	15,000	(14,547)	3.02%
Vehicle Repair & Maintenance	453	-	-	453	33,000	(31,947)	3.19%
Total Emergency Medical Services	1,053	0	0	1,053	56,000	(54,947)	1.91%
Fire Services	-	-	-	-	2,200	(2,034)	7.55%
Equipment-Insp/Repairs	166	-	-	166	1,600	(1,600)	0.00%
Gloves & Boots	-	-	-	-	15,500	(14,489)	6.52%
Personal Protection Equipment	1,011	-	-	1,011	12,000	(11,660)	2.83%
Training & Materials	175	165	-	340	-	3,053	0.00%
Travel/Lodging/Meals/Trans Expenses	3,053	-	-	3,053	-	1,000	0.00%
Tuition/Registration	1,000	-	-	1,000	48,000	(33,619)	29.96%
Vehicle Repair & Maintenance	8,869	5,512	-	14,381	79,300	(59,349)	25.16%
Total Fire Services	14,274	5,677	0	19,951	134,800	(114,849)	14.82%
Fire and EMS General	-	-	-	-	3,000	(3,000)	0.00%
Auxiliary	-	-	-	-	3,000	(3,000)	0.00%
Total Fire & EMS General	0	0	0	0	3,000	(3,000)	0.00%
Capital Expenditures	-	-	-	-	30,000	(30,000)	0.00%
Brush Truck	-	-	-	-	30,000	(30,000)	0.00%
Cascade System	-	-	-	-	5,600	(5,600)	0.00%
Garage Door & Siding	-	-	-	-	29,440	(29,440)	0.00%
Radio Communication Upgrade	-	-	-	-	95,040	(95,040)	0.00%
Total Capital Expenditures	0	0	0	0	101,269	(101,269)	0.00%
Contingency	0	0	0	0	540,074	(540,074)	0.00%
Total Expenses	64,787	14,224	38,051	117,062	540,074	(423,012)	21.68%
Net Change in Fund Balance	\$(64,787)	\$(14,224)	\$ 517,930	\$ 438,919			

For management purposes only.

Exhibit G

Jefferson County Emergency Services District No. 4

Bank Account Register

Texas First Bank - Checking
May 19, 2015 - June 15, 2015

Date	Reference	Payee ID	Description	Checks/ Payments	Deposits/ Additions	Balance
			Beginning Balance			573,931.27
05/19/15			Wire transfer fee (for 5-7 deposit)	7.00		573,924.27
05/29/15			Interest Income		98.81	574,023.08
06/02/15			Property Taxes		7,784.75	581,807.83
06/02/15			Wire transfer fee	7.00		581,800.83
06/04/15			Loan on 2014 Pierce Mini-Pumper		189,516.00	771,316.83
06/04/15			Wire transfer fee	7.00		771,309.83
06/12/15	Dep		Horn Auction - Cheek's 1989 Ford Fire Truck		2,951.00	774,260.83
06/15/15	1935	ALLIED BA	Allied Breathing Air, LLC	32,095.89		742,164.94
06/15/15	1936	BENCK	Benckenstein & Oxford, L.L.P.	1,476.93		740,688.01
06/15/15	1937	COASTALRADI	Coastal Radio & Radar, Inc.	321.28		740,366.73
06/15/15	1938	COUNTRYCORN	Country Corner	64.15		740,302.58
06/15/15	1939	EARLLAWN	Earl Lawn Service	400.00		739,902.58
06/15/15	1940	GREENACRES	Green Acres Grocery, Inc.	546.58		739,356.00
06/15/15	1941	OXFORD	Hubert Oxford, IV	400.00		738,956.00
06/15/15	1942	JACKSON	Jackson Lawn Care	250.00		738,706.00
06/15/15	1943	JACOPEST	Jaco Pest Control	50.00		738,656.00
06/15/15	1944	JCAPPRASAL	Jefferson County Appraisal District	1,389.89		737,266.11
06/15/15	1945	JOHNSONAC	Johnson Air Conditioning	232.32		737,033.79
06/15/15	1946	HEINZ	Joshua C. Heinz	400.00		736,633.79
06/15/15	1947	LB-F VFD	Labelle-Fannett VFD	2,813.94		733,819.85
06/15/15	1948	MER1099	Mary Ellen Robertson, CPA	475.00		733,344.85
06/15/15	1949	OVERHEAD D	Overhead Door Company of Beaumont, Inc.	3,140.00		730,204.85
06/15/15	1950	ROLLINS	Rollins Truck & Trailer Repair, LLC	647.50		729,557.35
06/15/15	1951	SIDDONS	Siddons-Martin Emergency Group, LLC	186,810.00		542,747.35
06/15/15	1952	SPRINTWASTE	Sprint Waste Services	182.90		542,564.45
06/15/15	1953	WILBER	Wayne Lynn Wilber	2,500.00		540,064.45
06/15/15	1954	VISA4586	VISA	957.90		539,106.55
06/15/15	1955	VISA4594	VISA	474.18		538,632.37
Totals				235,649.46	200,350.56	538,632.37

Transaction count = 28

Jefferson County Emergency Services District No. 4

Bank Account Register

Texas First Bank - Savings
May 19, 2015 - June 15, 2015

Date	Reference	Payee ID	Description	Checks/ Payments	Deposits/ Additions	Balance
05/29/15			Beginning Balance			100.00
			Interest Income		0.01	100.01
			Totals	<u>0.00</u>	<u>0.01</u>	<u>100.01</u>

Transaction count = 1

Exhibit H

Siddons-Martin Emergency Group

Protecting the Southwest

3500 Shelby Lane
Denton, Texas 76207
GDN P115891
TXDOT MVD No. A115890
EIN 27-4333590

June 4, 2015

Wayne Wilbur, District Manager
Jefferson County ESD # 4- Labelle-Fannet
Cheek VFD
18746 Fm 365
Beaumont TX 77705

RE: Proposal for 2014 Pierce Mini-Pumper #27059

Siddons-Martin Emergency Group, LLC is pleased to provide the following proposal to Jefferson County ESD # 4- Labelle-Fannet. Unit will comply with all specifications attached and made a part of this proposal. Total price includes delivery FOB Jefferson County ESD # 4- Labelle-Fannet and training on operation and use of the apparatus.

Description	Amount
3413247-27059 Job 27059 Pierce 2014 Pierce Mini-Pumper #27059 Price guaranteed for 30 days. Delivery within 2-3 months of order date.	
Vehicle Price	\$ 179,000.00
Add Booster Reel	\$ 4,100.00
(3) 12v Scene Lights	\$ 2,500.00
(2) Floor Trays	\$ 1,710.00
Mileage Discount	(\$ 2,500.00)
SUB TOTAL	\$ 184,810.00
H-GAC FS12-13	\$ 2,000.00
TOTAL	\$ 186,810.00

Taxes. Tax is not included in this proposal. In the event that the purchasing organization is not exempt from sales tax or any other applicable taxes and/or the proposed apparatus does not qualify for exempt status, it is the duty of the purchasing organization to pay any and all taxes due. Balance of sale price is due upon acceptance of the apparatus at the factory.

Late Fee. A late fee of .033% of the sale price will be charged per day for overdue payments beginning ten (10) days after the payment is due for the first 30 days. The late fee increases to .044% per day until the payment is received. In the event a prepayment is received after the due date, the discount will be reduced by the same percentages above increasing the cost of the apparatus.

Cancellation. In the event this proposal is accepted and a purchase order is issued then cancelled or terminated by Customer before completion, Siddons-Martin Emergency Group may charge a cancellation fee. The following charge schedule based on costs incurred may be applied:

- (A) 10% of the Purchase Price after order is accepted and entered by Manufacturer;
- (B) 20% of the Purchase Price after completion of the approval drawings;
- (C) 30% of the Purchase Price upon any material requisition.

The cancellation fee will increase accordingly as costs are incurred as the order progresses through engineering and into manufacturing. Siddons-Martin Emergency Group endeavors to mitigate any such costs through the sale of such product to another purchaser; however, the customer shall remain liable for the difference between the purchase price and, if applicable, the sale price obtained by Siddons-Martin Emergency Group upon sale of the product to another purchaser, plus any costs incurred by Siddons-Martin to conduct such sale.

Acceptance. In an effort to ensure the above stated terms and conditions are understood and adhered to, Siddons-Martin Emergency Group, LLC requires an authorized individual from the purchasing organization sign and date this proposal and include it with any purchase order. Upon signing of this proposal, the terms and conditions stated herein will be considered binding and accepted by the Customer. The terms and acceptance of this proposal will be governed by the laws of the state of TX. No additional terms or conditions will be binding upon Siddons-Martin Emergency Group, LLC unless agreed to in writing and signed by a duly authorized officer of Siddons-Martin Emergency Group, LLC.

Sincerely,

Doug Saunders
Siddons-Martin Emergency Group, LLC

I, Jeff Rebnick, the authorized representative of Jefferson County ESD # 4- Labelle-Fannet, agree to purchase the proposed and agree to the terms of this proposal and the specifications attached hereto.

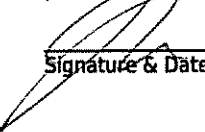
 6/15/15
Signature & Date

Exhibit I



**GOVERNMENT CAPITAL
CORPORATION**

345 MIRON DRIVE SOUTHLAKE, TEXAS 76092 817.421.5400
WWW.GOVCAP.COM

June 4, 2015

Josh Heinz, Board Attorney
Jefferson County Emergency Services District No.4
12880 FM 365
Beaumont, TX 77705

RE: Promissory Note and Security Agreement No. **7021**, dated as of **June 2, 2015**, by and between the **Jefferson County Emergency Services District No.4** and **Government Capital Corporation**.

Dear Jeff Roebuck:

Please be advised that **Government Capital Corporation** has assigned all its right, title and interest in the Agreement, and the right to receive payments thereunder to **FIRST FINANCIAL BANK, N.A.**

Notification

Sign all three (3) letters. Return two (2) in the envelope provided and keep one (1) for your records. The purpose of this letter is to inform you that your Promissory Note and Security agreement has been placed with First Financial Bank, N.A.

Executed Promissory Note and Security Agreement

This is your copy for your records.

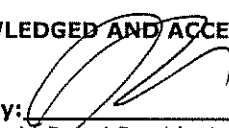
Payments

Payments **1 through 5**, due under the Agreement should be made to First Financial Bank, 960 North Main Street, Vidor, TX 77662. Additional payment information is in the Promissory Note and Security Agreement, Exhibit B.

Sincerely,

Ann Schmidt
Post-Closing Coordinator

ACKNOWLEDGED AND ACCEPTED: JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO.4

Signed By: 
Jeff Roebuck, Board President

DATE: 6/15/15

PROMISSORY NOTE AGREEMENT No.7021

Dated June 2, 2015

BORROWER	
JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO.4	
ADDRESS	
12880 FM 365 Beaumont, TX 77705	
TELEPHONE NO.	IDENTIFICATION NO.
409-951-4722	46-3181810

PROMISE TO PAY

For value received, Borrower promises to pay to the order of GOVERNMENT CAPITAL CORPORATION, a Texas corporation, 345 Miron Drive, Southlake, Texas, 76092 ("Lender"), the principal amount of One Hundred Eighty-Nine Thousand, Five Hundred-Sixteen Dollars and Zero cents (\$189,516.00) plus interest on the unpaid principal balance at the rate and in the manner described below. All amounts received by Lender shall be applied first to accrued unpaid interest, and then to outstanding principal.

INTEREST RATE: Interest shall be computed on the basis of 30/360 days per year. Interest on this Note shall be calculated at the fixed rate of two point six-eight-six percent (2.686%) per annum provided that such rate shall not exceed the Maximum Lawful Rate.

PAYMENT SCHEDULE: Borrower shall pay the principal and interest according to the payment schedule attached as "Exhibit B". All payments will be made to Lender at its address described above and in lawful currency of the United States of America.

PREPAYMENT: This Note may be prepaid in full according to the attached Exhibit B "Early Redemption Value" column, upon sixty (60) days' notice in writing to Lender by payment of the prepayment amount reflected in "Exhibit B". Any partial prepayment will not affect the due date or the amount of any subsequent installment, unless agreed to, in writing, by Borrower and Lender.

LATE CHARGE: If an installment is received more than ten (10) days after the due date, Borrower will be charged interest on such delinquent installment from the due date until paid at eight percent (8%) per annum.

SECURITY: To secure the payment and performance of obligations incurred under this Note, Borrower grants Lender a security interest in, and pledges and assigns to Lender all of Borrower's rights, title, and interest in ad valorem tax revenues and all other income or receipts received or to be received by the Borrower during the initial term of the Note and in any other property designated as security for this Note now or in the future.



GOVERNMENT CAPITAL

BORROWER ACKNOWLEDGES THAT BORROWER HAS READ, UNDERSTANDS, AND AGREES TO THE TERMS AND CONDITIONS OF THIS NOTE INCLUDING THE PROVISIONS SET FORTH ON SCHEDULE "A". BORROWER ACKNOWLEDGES RECEIPT OF AN EXACT COPY OF THIS NOTE.

THIS NOTE AND RELATED DOCUMENTS HAVE BEEN SIGNED IN THE COUNTY OF LENDER'S ADDRESS UNLESS OTHERWISE SPECIFIED:

DATED: 5/28, 2015

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO.4
An Emergency Services District of the State of Texas

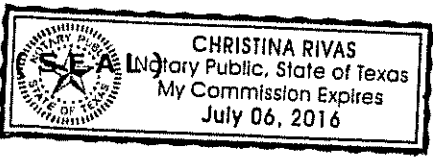
By: [Signature]
Jeff Roebuck, Board President

STATE OF TEXAS)
)ss.
COUNTY OF JEFFERSON)

Before me on this 28 day of May, 2015 personally appeared Jeff Roebuck, Board President, of Jefferson County Emergency Services District No.4, an Emergency Services District of the State of Texas, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this May 28, 2015, A.D.

[Signature]
Notary Public in and for the State of Texas



My Commission Expires: 7/6/16
Christina Rivas
Printed Name of Notary

SCHEDULE "A"

TERMS AND CONDITIONS

1. COMPLIANCE WITH APPLICABLE LAW: It is Lender's intention to comply fully with Texas law, and federal law as applicable, regulating credit terms, interest, fees, charges, expenses, and other amounts. For purposes of determining Lender's compliance with such laws, the following shall apply to the extent permitted by law: (a) any contract, charge or receipt by Lender, whether occurring now or in the future, shall be strictly limited by this provision; (b) the "Maximum Lawful Rate" shall mean the maximum lawful ceiling, rate or amount that Lender could have contracted to charge or receive under Texas law or applicable federal law, whichever permits the highest maximum ceiling, rate or amount; (c) to the extent the Texas Finance Code Chapter 303, as amended, provides the Maximum Lawful Rate, the weekly ceiling shall apply unless changed by Lender in accordance with Texas law; (d) Lender may calculate rates or amounts by aggregating, amortizing, prorating, allocating, and spreading amounts contracted for, charged or received over the full term of the transaction; (e) no contract, charges or receipt shall obligate Borrower or any obligor to pay any amount in excess of the Maximum Lawful Rate or waive any right under the Texas Finance Code; and (f) any contract, charge or receipt that in the event of acceleration or under any other contingency purports to require the payment or Collection of any amount in excess of the Maximum Lawful Rate shall automatically be reformed to not obligate Borrower or any other obligor to pay any amount in excess of the Maximum Lawful Rate. If Lender ever contracts for, charges or receives a rate or amount in excess of the Maximum Lawful Rate, the excess (whether denominated principal, interest or otherwise) shall be automatically subject to re-allocation, cancellation, credit, application, or refund to eliminate any amount in excess of the Maximum Lawful Rate.

2. DEFAULT: Borrower will be in default under this Note in the event that Borrower:

(a) fails to make any payment on this Note or any other Indebtedness to Lender when due or within ten (10) days thereafter;

(b) fails to perform any obligation or breaches any warranty or covenant to Lender contained in this Note or any other present or future written Note regarding this or any indebtedness of Borrower to Lender;

(c) provides or causes any false or misleading signature or representation to be provided to Lender;

(d) allows any loss, diminution, or impairment of the physical condition, value, title, priority, possession, or control of any collateral securing this Note or Borrower's or Lender's rights therein, including, but not limited to, allowing any part of the collateral to be placed into receivership, removed, impaired, lost, stolen, destroyed, damaged, seized, confiscated or affected in any material way;

(e) permits the entry or service of any garnishment, judgment, tax levy, attachment or lien against Borrower, any guarantor, or any of their property;

(f) is dissolved or terminated, ceases to operate its business, becomes insolvent, makes an assignment for the benefit of creditors, or becomes the subject of any bankruptcy, insolvency or debtor rehabilitation proceeding; or

(g) causes Lender to deem itself insecure in good faith.

3. RIGHTS OF LENDER ON DEFAULT: If there is a default under this Note, Lender will be entitled to exercise one or more of the following remedies, where applicable, without notice or demand (except as required by law):

(a) to collect outstanding obligations of Borrower with or without resorting to judicial process;

(b) to set-off Borrower's obligations including past due installments against any amounts due to Borrower including, but not limited to, monies, instruments, and deposit accounts maintained with Lender; and

(c) to exercise all other rights available to Lender under any other written Note or applicable law. Lender's rights are cumulative and may be exercised together, separately, and in any order.

4. FINANCIAL INFORMATION: Borrower will provide Lender with current financial statements including, but not limited to, balance sheets and/or profit and loss statements and any other information upon request.

5. MODIFICATION AND WAIVER: The modifications or waivers of any of Borrower's obligations or Lender's rights under this Note must be contained in a writing signed by Lender. Lender may perform any of Borrower's obligations or delay or fail to exercise any of its rights without causing a waiver of those obligations or rights. A waiver on one occasion will not constitute a waiver on any other occasion. Borrower's obligations under this Note shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases any of the obligations belonging to any co-borrower or guarantor or any of its rights against any co-borrower, guarantor or collateral.

6. SEVERABILITY: If any provision of this Note violates the law or is unenforceable, the rest of the Note will remain valid.

7. ASSIGNMENT: Borrower will not be entitled to assign any of its rights, remedies or obligations described in this Note without the prior written consent of Lender which may be withheld by Lender in its sole discretion. Lender will be entitled to assign some or all of its rights and remedies described in this Note without notice to or the prior consent of Borrower in any manner.

8. NOTICE: Any notice or other communication to be provided to Borrower or Lender under this Note shall be in writing and sent to the parties at the addresses described in this Note or such other address as the parties may designate in writing from time to time.

9. APPLICABLE LAW: THIS NOTE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS AND APPLICABLE FEDERAL LAWS, EXCEPT THAT CHAPTER 346 OF THE TEXAS FINANCE CODE, or its successors (which regulates certain revolving loan accounts and revolving tri party accounts), DOES NOT APPLY TO THIS NOTE. This Promissory Note is being offered pursuant to the Texas Health and Safety Code, Section 775.85.

10. COLLECTION EXPENSES: If Lender hires an attorney (who is not a salaried employee of Lender) to assist in collecting any amount due or enforcing any right or remedy under this Note, Borrower agrees to pay Lender's reasonable attorneys' fees and collection costs subject to court award.

11. MISCELLANEOUS: This Note is being executed for operations of the Emergency Services District's purposes. Borrower and Lender agree that time is of the essence. Borrower waives presentment, demand for payment, notice of intent to accelerate, notice of acceleration, notice of dishonor and protest. All references to Borrower in this Note shall include all of the parties signing this Note. If there is more than one Borrower, their obligations will be joint and several. This Note and any related documents represent the complete and integrated understanding between Borrower and Lender pertaining to the terms and conditions of those documents. Borrower agrees to equitably adjust the payments payable under this Agreement if there is a determination by the IRS that the interest payable pursuant to this Agreement (as incorporated within the schedule of payments) is not excludable from income in accordance with the Internal Revenue Code of 1986, as amended, such as to make Lender and its assigns whole.

12. ADDITIONAL TERMS: THIS NOTE IS EVIDENCE OF A PRIVATELY PLACED BANK LOAN, IS NOT IN REGISTERED FORM, AND MAY NOT BE TRANSFERRED TO BEARER. TRANSFERS OF THIS NOTE ARE NOT REGISTERED ON BOOKS MAINTAINED FOR THAT PURPOSE BY THE ISSUER.

Exhibit B
"SCHEDULE OF PAYMENTS & EARLY REDEMPTION VALUE"
 PROMISSORY NOTE AND SECURITY AGREEMENT **NO.7021** (THE "NOTE")
 BY AND BETWEEN
Lender: Government Capital Corporation
Borrower: Jefferson Emergency Services District No.4
 Schedule dated as of June 4, 2015

PMT NO.	PMT DATE MO DAY YR	TOTAL PAYMENT	INTEREST PAID	PRINCIPAL PAID	EARLY REDEMPTION VALUE after pmt on this line
1	6/4/2016	\$41,011.39	\$5,090.40	\$35,920.99	N/A
2	6/4/2017	\$41,011.39	\$4,125.56	\$36,885.83	N/A
3	6/4/2018	\$41,011.39	\$3,134.81	\$37,876.58	\$79,567.79
4	6/4/2019	\$41,011.39	\$2,117.44	\$38,893.95	\$40,187.54
5	6/4/2020	\$41,011.39	\$1,072.74	\$39,938.65	\$0.00
Grand Totals		\$205,056.95	\$15,540.95	\$189,516.00	

Interest Rate: 2.686%

INCUMBENCY CERTIFICATE and CERTIFICATE OF ACCEPTANCE

Promissory Note and Security Agreement **No.7021** (THE "NOTE")

By and Between

Lender, Government Capital Corporation, and
Borrower, Jefferson County Emergency Services District No.4
Dated as of June 2, 2015

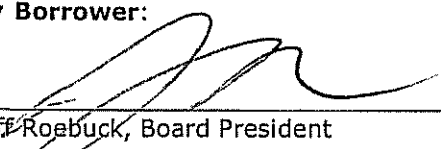
I, Sandra Melton, do hereby certify that I am the duly elected or appointed and acting Board Treasurer of Jefferson County Emergency Services District No.4 (the "District"), an Emergency Services District duly organized and existing under the laws of the State of Texas, that I have custody of the records of such entity, and that, as of the date hereof, the individual(s) named below are the duly appointed officer(s) of such entity holding the office(s) set forth opposite their respective name(s). I further certify that (i) the signature(s) set opposite their respective name(s) and title(s) are their true and authentic signature(s), and (ii) such officers have the authority on behalf of the District to enter into that certain Promissory Note and Security Agreement No.7021 dated as of June 2, 2015, between the Jefferson County Emergency Services District No.4 and Government Capital Corporation.

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Jeff Roebuck	Board President	

IN WITNESS WHEREOF, I have duly executed this certificate hereto this 28 day of May, 2015.

BY: Sandra Melton
Sandra Melton, Board Treasurer

ACCEPTANCE: In accordance with the Agreement, Borrower hereby certifies that all of the Property described herein (i) has been received by Borrower, (ii) has been thoroughly examined and inspected to the complete satisfaction of Borrower, (iii) had been found by Borrower to be in good operating order, repair and condition, (iv) has been found to be of the size, design, quality, type and/or manufacture specified by Borrower, (v) has been found to be and is wholly suitable for Borrower's purposes, and (vi) is hereby unconditionally accepted by Borrower, in the condition received, for all purposes of this Agreement.

By Borrower:


Jeff Roebuck, Board President (*)

For Borrower: Jefferson County Emergency Services District No.4

ACCEPTED on this the 28 day of May, 2015.

(*) ACCEPTANCE MUST BE SIGNED **ONLY** IF **NO** ESCROW AGREEMENT IS INCLUDED

RESOLUTION

A RESOLUTION REGARDING A PROMISSORY NOTE AND SECURITY AGREEMENT NO. 7021 FOR THE PURPOSE OF FINANCING A "FIRE TRUCK".

WHEREAS, the Jefferson County Emergency Services District No.4 (the "District"), desires to enter into a Promissory Note and Security Agreement No. 7021, dated June 2, 2015 by and between the Jefferson County Emergency Services District No.4 as Borrower and Government Capital Corporation as Lender (the "Note"), for the purpose of financing a "Fire Truck" as described in Exhibit A and incorporated herein (the "Property"); and

WHEREAS, the Jefferson County Emergency Services District No.4 desires to designate this Note as a "qualified tax exempt obligation" of the Jefferson County Emergency Services District No.4 for the purposes of Section 265 (b) (3) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, pursuant to the Texas Health and Safety Code, Section 775.085, the Jefferson County Emergency Services District No.4, to secure repayment of the loan evidenced by the Note desires to grant to Government Capital Corporation a security interest in all ad valorem tax revenues and other funds on hand not otherwise pledged to pay a debt of the Jefferson County Emergency Services District No.4.

WHEREAS, the Jefferson County Emergency Services District No.4 desires to designate Jeff Roebuck, Board President as the authorized signer of the Note.

NOW THEREFORE, BE IT RESOLVED BY THE JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO.4:

Section 1. That the Jefferson County Emergency Services District No.4 will enter into Promissory Note and Security Agreement No.7021, dated June 2, 2015, with Government Capital Corporation for the purpose of financing a "Fire Truck".

Section 2. That the Promissory Note and Security Agreement No.7021, dated June 2, 2015, by and between Government Capital Corporation and the Jefferson County Emergency Services District No.4 is designated by the Jefferson County Emergency Services District No.4 as a "qualified tax exempt obligation" for the purposes of Section 265 (b) (3) of the Internal Revenue Code of 1986, as amended.

Section 3. That the Jefferson County Emergency Services District No.4, to secure repayment of the loan evidenced by the Note does hereby grant to Government Capital Corporation a security interest in all ad valorem tax revenues and other funds on hand not otherwise pledged to pay a debt of the Jefferson County Emergency Services District No.4, as authorized by the Texas Health and Safety Code, Section 775.085.

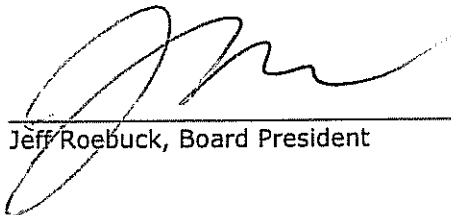
Section 4. That the Jefferson County Emergency Services District No.4 designates Jeff Roebuck, Board President of the Jefferson County Emergency Services District No.4 as the authorized signer of the Note.

This Resolution has been PASSED upon Motion made by Board Member Sandra Melton, Treasurer, seconded by Board Member ~~Sandra Melton, Treasurer~~ by a vote of 3 to 0 and is effective this May 7, 2015.

Charlie Reneau, Vice President

Borrower: Jefferson County Emergency Services District No.4

Witness Signature



Jeff Roebuck, Board President



Sandra Melton, Board Treasurer

EXHIBIT A
DESCRIPTION OF PROPERTY
PROMISSORY NOTE AND SECURITY AGREEMENT No.7021 (THE "NOTE")
BY AND BETWEEN
Lender, Government Capital Corporation and
Borrower, Jefferson County Emergency Services District No.4
Dated as of June 2, 2015

QTY	DESCRIPTION
One (1)	Fire Truck 2014 Ford, Pierce Mini-Pumper No.27059 VIN # <u>1FD0X5HT7EEA81091</u>

PROPERTY LOCATION:
8523 Kidd Road
Beaumont, TX 77713

SECURITY AGREEMENT AND WARRANTIES OF BORROWER

Lender, Government Capital Corporation and
Borrower, Jefferson County Emergency Services District No.4
Dated as of June 2, 2015

WHEREAS, Borrower has executed and delivered to Lender a Promissory Note Agreement, dated June 2, 2015, and Security Agreement of even date (the "Loan Documents"), which are herein incorporated by reference and made a part of the Security Agreement; and

WHEREAS, Borrower has agreed to and does hereby grant to Lender and its Assigns, a security interest in all of the Borrower's right, title and interest in and to all Gross Revenues now owned or hereafter acquired by the Borrower as security for Borrower's repayment of the indebtedness to Lender represented by the Promissory Note Agreement and the performance of its obligations under the Loan Documents. The term "Gross Revenues" means all ad valorem tax revenues and all other receipts, revenues, income and other money received or receivable by or on behalf of the Borrower derived from all sources including, without limitation, the operation or ownership of the Property (as defined in the Loan Documents), the proceeds of any license, lease or sublease of or fees paid or payable by or on behalf of users of the Property, all instruments, Promissory Note Agreements, accounts, accounts receivable, cash, deposit accounts, general intangibles, payment intangibles, and taxes received or receivable pursuant to Section 775.085 of the Texas Health and Safety Code or otherwise and in each instance the products and proceeds thereof,

NOW THEREFORE, it is agreed between the parties as follows:

1. Borrower hereby pledges, assigns, and delivers to Lender and/or its Assigns as security for payment and performance of all of Borrower's obligations under the Loan Documents, all of its rights, title, and interest in and to all Gross Revenues received by Borrower from all available sources in an amount sufficient to pay the amounts under the Loan Documents, and Borrower represents and warrants that it has the power and authority to enter into this pledge and that all appropriate action necessary to effectuate this pledge has been taken.
2. In the event that Borrower shall fail to perform any obligations, term, condition or agreement, or breaches any covenant, warranty or representation set forth in the Loan Documents, or hereunder, Lender, in addition to and as supplemental to any of its rights and remedies under the Loan Documents, may require Borrower, to the extent permitted by law, to surrender all Gross Revenues received by Borrower from all available sources in an amount sufficient to pay the amounts under the Loan Documents, to the Lender, and Lender may apply the cash value received therefrom, together with all interest from whatever source derived to any balance due and all sums required to be paid pursuant to the Loan Agreements in such order and manner as Lender, in its sole discretion, shall determine.
3. Borrower will, upon written direction from Lender, and at Borrower's own expense, do all further acts, and execute, acknowledge and deliver all deeds, conveyance, transfers and assurances assigning and confirming to Lender said pledge of the Gross Revenues received by the Borrower from all available Gross Revenues from all available sources in an amount sufficient to pay the amounts under the Loan Documents.


IN WITNESS WHEREOF, THE PARTIES HERETO SET THEIR HANDS THE DAY AND YEAR ABOVE WRITTEN.

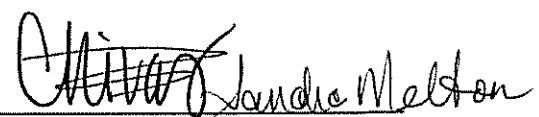
BORROWER WARRANTS TO LENDER AND ANY ASSIGNEES OF LENDER as follows:

1. Borrower is an Emergency Services District of the State of Texas duly organized and existing under the Constitution and Laws of the State of Texas.
2. Borrower is authorized under the Constitution and the laws of the State of Texas to enter into the Loan Documents and transactions contemplated hereby, and to perform all of its obligations hereunder.
3. The officer of Borrower has been duly authorized to execute and deliver the Loan Documents and this instrument under the terms and provisions of the resolution of Borrower's governing body, or by other appropriate official action.
4. In authorizing and executing this transaction, Borrower has complied with all public and other state and federal laws applicable to the Loan Documents.
5. Borrower will not pledge, mortgage, or assign the Loan Documents or its duties and obligations thereunder to any other person, firm or corporation except with the prior written consent of the Lender.
6. Borrower will use the Property pursuant to its services as an Emergency Services District.
7. Borrower will not knowingly take any action that would cause the interest portion of the Payments to become includible in gross income of the recipient for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code") and Treasury Regulations promulgated thereunder (the "Regulations"), and Borrower will take and will cause its officers, employees and agents to take all affirmative actions legally within its power necessary to ensure that the interest portion of its Payments do not become includible in gross income of the recipient for federal income tax purposes under the Code and Regulations.
8. Borrower acknowledges that the use of the Property is essential to its proper, efficient and economic operation.
9. Borrower acknowledges no event that constitutes or, with the giving of notice or the lapse of time or both, would constitute an event of default (as herein defined) exists at the date hereof.

AGREED TO BY BORROWER on this 28 day of May, 2015

Borrower: Jefferson County Emergency Services District No.4

By: 
 Jeff Roebuck, Board President
 12880 FM 365
 Beaumont, TX 77705

Witness Signature 
 Print Name ~~Christina Rivas~~ Sandra Melton
 Print Title Board Treasurer

BENCKENSTEIN & OXFORD, L.L.P.

ATTORNEYS AT LAW
BBVA COMPASS BANK BUILDING
3535 CALDER AVENUE, SUITE 300
BEAUMONT, TEXAS 77706
TELEPHONE: (409) 833-9182
TELEFAX: (409) 833-8819

Joshua Heinz
jheinz@benoxford.com

Houston Line
(713) 229-9203

May 29, 2015

Via FedEx Delivery

Government Capital Corporation
Attn: Documentation Department
345 Miron Drive
Southlake, TX 76092

Re: Promissory Note and Security Agreement No. 7021
Jefferson County Emergency Services No. 4
B&O File No. 87444

Dear Lender,

I have acted as Counsel to Jefferson County Emergency Services District No. 4 with respect to that certain Promissory Note and Security Agreement No. 7021 by and between Government Capital Corporation, as Lender, and Jefferson County Emergency Services District No. 4, as Borrower (the "Note"). I have reviewed the Note and such other documents, records and certificates of Borrower and appropriate public officials as I have deemed relevant and am of the opinion that:

1. The Jefferson County Emergency Services District No. 4 is an Emergency Services District of the State of Texas with the requisite power and authority to incur obligations, the interest on which is exempt from federal income taxation under the provisions of Section 103(a) of the Internal Revenue Code of 1986;
2. The execution, delivery and performance by the Borrower of the Note have been duly authorized by all necessary action on the part of the Borrower and the governing body thereof; and
3. The Note constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms.
4. The above opinions may be relied upon by the Lender or its Assigns.

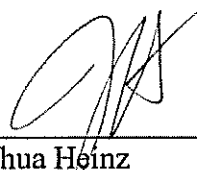
BENCKENSTEIN & OXFORD, L.L.P.

Government Capital Corporation
Attn: Document Department
May 29, 2015
Page - 2 -

Sincerely,

BENCKENSTEIN & OXFORD, L.L.P.

By: _____



Joshua Heinz

JCH/jcr

cc: *Via Email*
Landon Newton
Government Capital Corporation

Via Email
Board of Commissioners
Wayne Wilber, District Manager
Jefferson Co. ESD No. 4

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name Jefferson County Emergency Services District No.4		2 Issuer's employer identification number (EIN) 46-3181810	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) Sandra Melton, Board Treasurer		3b Telephone number of other person shown on 3a 409-951-4722	
4 Number and street (or P.O. box if mail is not delivered to street address) P. O. Box 154	Room/suite	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Hamshire, TX 77622		7 Date of issue June 4, 2015	
8 Name of issue Promissory Note (GCC File #7021)		9 CUSIP number None	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Jeff Roebuck, Board President		10b Telephone number of officer or other employee shown on 10a 409-951-4722	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14	\$189,516	00
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17		
18 Other. Describe ►	18		
19 If obligations are TANs or RANs, check only box 19a			<input type="checkbox"/>
If obligations are BANs, check only box 19b			<input type="checkbox"/>
20 If obligations are in the form of a lease or installment sale, check box			<input checked="" type="checkbox"/>

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	06-04-2020	\$ 189,516.00	\$ 189,516.00	5 years	2.686 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

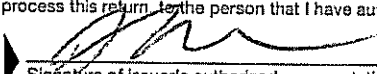
22 Proceeds used for accrued interest	22	N/A
23 Issue price of entire issue (enter amount from line 21, column (b))	23	N/A
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	N/A
25 Proceeds used for credit enhancement	25	N/A
26 Proceeds allocated to reasonably required reserve or replacement fund	26	N/A
27 Proceeds used to currently refund prior issues	27	N/A
28 Proceeds used to advance refund prior issues	28	N/A
29 Total (add lines 24 through 28)	29	N/A
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	N/A

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	N/A	years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	N/A	years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	N/A	
34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)		

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	
b	Enter the final maturity date of the GIC ▶ _____		
c	Enter the name of the GIC provider ▶ _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:		
b	Enter the date of the master pool obligation ▶ _____		
c	Enter the EIN of the issuer of the master pool obligation ▶ _____		
d	Enter the name of the issuer of the master pool obligation ▶ _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box		<input checked="" type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box		<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ▶ _____		
c	Type of hedge ▶ _____		
d	Term of hedge ▶ _____		
42	If the issuer has superintegrated the hedge, check box		<input type="checkbox"/>
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box		<input type="checkbox"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box		<input type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____		
b	Enter the date the official intent was adopted ▶ _____		

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	 Signature of issuer's authorized representative	5/28/15 Date	Jeff Roebuck, Board President Type or print name and title	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ▶	Firm's EIN ▶		
	Firm's address ▶	Phone no.		