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

A regular meeting of the Board of Commissioners of the Jefferson County Emergency Services District No. 4 ("District") was called for at 5:30 p.m. on July 16, 2018, at the Labelle fire station, located at 12880 FM 365, Beaumont, Texas 77705, pursuant to notice duly posted according to law.

At approximately 5:30 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
Randy Walston	Secretary
Sandra Melton	Treasurer
Robert Bordes	Assistant Treasurer

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

Being as there was no public comment under Agenda Item No. 3, the Board moved along to Agenda Item No. 4, at which time Mr. Larson and Chief Hansen reviewed and discussed their Administrator and Chief Reports with the Board. Copies of the Administrator and Chief's Reports are attached hereto as **Exhibit B**.

The Board's attention was then directed by President Roebuck to Agenda Item No. 5 for review of the Minutes of the June 18, 2018 regular meeting. Upon motion by

Vice President Reneau and seconded by Assistant Treasurer Bordes, the proposed minutes were unanimously approved by the Board members present.

Next, the Board moved to Agenda Item No. 6 for the Treasurer's Report. Treasurer Melton reported that the District's Texas First Bank checking account balance was $200,622.48 as of June 30, 2018 and $205,583.99 as of July 16, 2018, and that the District's Texas First Bank savings account balance was $600,782.52 as of June 30, 2018 and July 16, 2018, as reflected in the account statements attached hereto as **Exhibit C**. Mrs. Robertson then reviewed with the Board the monthly Statement of Activities, a copy of which is attached hereto as **Exhibit D**.

Thereafter, the Board was directed to Agenda Item No. 7 at which time the Board reviewed the District's fiscal year 2016-17 audit report prepared by J.R. Edwards & Associates. Upon motion by Treasurer Melton and seconded by Secretary Walston, the Board unanimously approved the fiscal year 2016-17 audit report, a copy of which is attached hereto as **Exhibit E**. Mr. Heinz will forward a copy of the audit report to the County Commissioners.

The Board then moved along to Agenda Item No. 8, at which time Treasurer Melton and Mrs. Robertson updated the Board on the status of the 2018-19 budget preparations. Additionally, Mr. Heinz provided an update on the timeline for adopting the 2018-19 budget and setting the District's 2018 tax rate.

The Board was then directed to Agenda Item No. 9 for payment of the District's bills. Treasurer Melton and Mr. Larson reviewed with the Board the District's various monthly expenditures proposed for payment, as shown on the Bank Account Register attached hereto as **Exhibit F**. Upon motion by Assistant Treasurer Bordes and seconded by Treasurer Melton, the Board members present unanimously approved payment of the bills and expenditures shown on the Bank Account Register (Check Nos. 2799-2822).

Being as there were no matters discussed under Agenda Item No. 10, the Board was directed to Agenda Item No. 11 regarding the proposed new fire truck, at which time Chief Hansen advised that he will be forwarding a copy of the revised new truck proposal to Mr. Larson and the Board members for review.

Next, the Board's attention was directed to Agenda Item No. 12, at which time Chief Hansen presented the Board with the list of items attached hereto as **Exhibit G**, all of which Mr. Hansen indicated are no longer in service and have well exceeded their useful lifespan. Because of their current condition, Mr. Hansen recommended that the listed items be declared salvage and that same thereafter be disposed of. Upon motion by Vice President Reneau and seconded by Secretary Walston, the Board unanimously declared the listed items as salvage property and authorized disposal of same by whatever means available.

Then, being as there was no report from counsel or other matters to come before the Board under Agenda Item Nos. 13 and 14, the regular meeting was adjourned at approximately 6:20 p.m.

Jeff Roebuck, President

Date: 8/20/2018

ATTEST:

Sandra Melton

~~Randy Walston, Secretary~~ Sandra Melton, Treasurer

Date: 8/20/2018

Exhibit A

JEFFERSON COUNTY ESD No. 4

Regular Meeting

July 16, 2018

SIGN-IN SHEET

1 Casey Saunders 410

2 [illegible] 402

3 Josh Currio 4104

4 John Vautrot 4138

5

6

7

8

9

10

11

12

13

14

Exhibit B

DISTRICT ADMINISTRATOR'S REPORT

July 16, 2018

STATION 1 LaBelle Bill Clark Pest Control came out for an inspection at my request. We had a sudden rash of insects. They reported that they were nothing to be worried about – small beetles attracted to the lights, but they did give us a quote on pest control for your consideration.

STATION 2 Fannett Nothing new to report.

STATION 3 Cheek A one-time roll-off container was delivered to empty the semi-trailer and discard trash from the shop building. Capt. Sampson reported that the clean-up has been completed and Republic has been notified to pick up the container. A refrigerator has been purchased and set up in the kitchen. Also, a residential style waste container has been ordered for weekly garbage pickup.

EMS **Med 4** is at Frazer in Houston for the A/C unit replacement/upgrade. It should be finished and returned to us shortly.

ESD

SAFE-D The 2019 SAFE-D Annual Conference will be held February 7 – 9, 2019 at the Embassy Suites Hotel and Convention Center in Frisco, TX. For Commissioners needing your required 12 hours of board training, this is an opportunity to acquire them. The hotel has no airport shuttles and is located about 25 to 30 miles north of DFW or Love Field.

No-Response calls for the month of June 2018 are reported as 5 Med.

New Vendors – No new vendors this month.

Correspondence – From Jefferson Co. Tax Office – A form letter is included in President Roebuck's folder with the information required to calculate the effective tax rate for the 2018 tax year. The form will need to be completed and returned to the tax office tomorrow.

VFIS Quote for Workers Comp coverage has been received. This is due for renewal by August 13th. An Out-Of-Network option was selected facilitating reduced notification and record keeping requirements and to allow more flexibility in the providers and treatment facilities for the members of the VFD should the need arise.

The Labelle-Fannett Ladies Auxiliary has assumed the role of building rental coordination. A calendar is posted in the meeting area for the Fire Department to block out days when the building will be unavailable for rental. The VFD/Training officers will be responsible for keeping it updated to avoid conflict. The Auxiliary is to consult the calendar before confirming rental dates.

Jefferson County ESD No. 4
Chief's Report
16 July, 2018

1. **Station Status:**

   LaBelle STA #1: Operational – Engine, Tanker, and Utility in service.

   Fannett STA #2: Operational – All apparatus in service, EMS out of service.

   Cheek STA #3: Operational – Limited facilities. All apparatus in service.

2. **Apparatus Status:**

   E41 – In service. Experienced transfer case shift failure – rebuild/repair completed by SMEG.
   T41 – In service (Portable tank OOS, pending welding work)
   B41 – Limited service – Quotes for completion pending.
   R41 – Out of Service, Pump/Transfer case noise and shift issues. Philpott and SMEG evaluating.
   E42 – In service
   T42 – In service (No portable tank).
   B42 – In Service - Foam system major failure (rot). Needs rust/corrosion control work.
   E43 – In service, Experienced brake system failure. Needs rear brake inspection.
   T43 – In service.
   MED4 – Out of Service – AC unit replaced and ready for pickup (Friday).
   U4 – In service.

3. **Membership:** One previous member reinstated in July. Three members moved to Support Membership. One member on medical hold.

4. **Training:** Regularly scheduled training continues bi-weekly. EMS CE training is resumes this month at HAmshire VFD. One member has applied to attend tentative EMT-A class in Hamshire starting in Late August. I expect more interest if class is confirmed. 6 Firefighters slated to attend 1-week Texas A&M Fire School this month .

5. **Critical Needs: Update:** Developing a prioritized list of outstanding needs and desires for budget spend-down. **Needs & Wish list currently in development. Status boards ordered for each station.**

6. **Regional Coordination: (Ongoing)** 1. Currently drafting revised automatic Mutual-Aid agreements with ESD3 and Hamshire VFD. VFIS has verified members authorized by the Chief Officer of a department may allow operation of ESD apparatus by members of other departments under an approved Mutual-Aid agreement. 2. Currently reviewing ETJ boundaries with SETRPC 911 to review areas of concern with adjacent districts. Reviewing agreements with Beaumont Fire Rescue for Erie St area and Port Arthur FD for Taylors Landing. Future discussions planned for agreements in Cheek with ESD3 upon completion of their Meeker Station. **UPDATE: Meeting has been rescheduled for 1 August at LaBelle Station #1.**

7. **EMS:** EMS license inspection pending return of MED4 (AC replacement). ESD3FRO extension continues in the interim.

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

#

JEFFERSON COUNTY ESD #4
MONTHLY CALLS

JUNE 2018

1	STRUCTURE FIRES
0	VEHICLE FIRES
5	GRASS/MARSH FIRES
3	TRASH/UNAUTHORIZED BURN
8	MVA/JAWS RESCUE
0	WATER RESCUE/RECOVERY
0	SPILLS/WASH DOWN
30	MEDICAL/FIRST RESPONDER
2	INVESTIGATION/GAS LEAK
1	ALARMS (FALSE, FIRE, SMOKE, CO)
2	OTHER
2	MUTUAL AID
54	TOTAL INCIDENTS

PREPARED BY: *Chance Chatagnier; 7-12-2018*

Exhibit C

TEXAS FIRST BANK

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Return Service Requested

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

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

JEFFERSON COUNTY EMERGENCY
SERVICES DISTRICT No. 4
12880 FM 365 RD
BEAUMONT TX 77705-9682

Account Number: 10031508
Statement Date: 7/01/18
Checks/Items Enclosed: 35

EM

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

Beginning Balance	6/01/18	614,837.69
Deposits / Misc Credits	5	8,811.13
Withdrawals / Misc Debits	39	423,026.34
** Ending Balance	6/30/18	200,622.48 **
Service Charge		.00
Interest Paid Thru 6/30/18		111.81
Interest Paid Year To Date		886.16
Annual Percentage Yield Earned		.29%
Number of Days for A.P.Y.E.		30
Average Balance for A.P.Y.E.		466,030.15
Minimum Balance		200,510
Enclosures		35

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
6/06	8,233.75	JEFFERSON COUNTY/PROPTAXPMT 86 ESD #4
6/08	99.57	Deposit
6/13	100.00	Deposit
6/26	266.00	Deposit
6/29	111.81	Interest Paid

JEFFERSON COUNTY EMERGENCY

Account Number: 10031508
Statement Date: 7/01/18

DEBITS AND OTHER WITHDRAWALS

Date	Withdrawals	Activity Description
6/11	205.49	ENTERGY TEXAS, I/BANK DRAFT JEFFERSON COUNTY ESD 4
6/11	324.96	ENTERGY TEXAS, I/BANK DRAFT JEFFERSON COUNTY ESD 4
6/15	28.14	WestJeffersnMWDp/Payment JEFFERSON CO. ESD 4
6/15	28.14	WestJeffersnMWDp/Payment JEFFERSON COUNTY ESD
6/15	28.14	WestJeffersnMWDp/Payment JEFFERSON COUNTY EDS
6/18	109.95	. 3rd Coast Inte/Payment 199392793 Jefferson County Emerg
6/20	400,000.00	Debit Memo

CHECKS PAID

* indicates skip in check numbers

Date	Check No.	Amount	Date	Check No.	Amount	Date	Check No.	Amount
6/19	2741	1,250.00	6/21	2775	279.06	6/27	2786	93.19
6/08	2756*	86.10	6/27	2776	1,250.00	6/28	2787	550.00
6/01	2760*	3,066.24	6/27	2777	400.00	6/26	2789*	414.63
6/01	2761	750.00	6/22	2778	599.66	6/29	2790	475.00
6/01	2765*	30.50	6/19	2779	1,750.00	6/21	2792*	123.61
6/01	2766	112.14	6/25	2780	124.83	6/22	2794*	167.21
6/05	2767	52.17	6/22	2781	81.10	6/29	2795	14.49
6/25	2771*	329.00	6/27	2782	400.00	6/29	2796	30.50
6/22	2772	22.73	6/25	2783	1,519.20	6/26	2797	1,047.38
6/22	2773	258.00	6/22	2784	6,372.37	6/28	2798	550.42
6/28	2774	8.80	6/27	2785	93.19			

DAILY BALANCE SUMMARY

Date	Balance	Date	Balance	Date	Balance
6/01	610,878.81	6/15	618,558.99	6/25	205,572.27
6/05	610,826.64	6/18	618,449.04	6/26	204,376.26
6/06	619,060.39	6/19	615,449.04	6/27	202,139.88
6/08	619,073.86	6/20	215,449.04	6/28	201,030.66
6/11	618,543.41	6/21	215,046.37	6/29	200,622.48
6/13	618,643.41	6/22	207,545.30		

TEXAS FIRST BANK

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(855) 355-TFB1 (8321)

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

JEFFERSON COUNTY EMERGENCY

Account Number: 10031508
Statement Date: 7/01/18

PUBLIC FUNDS SAVINGS — JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4 — Acct 20041885

	Beginning Balance	6/01/18	200,739.69
	Deposits / Misc Credits	2	400,042.83
	Withdrawals / Misc Debits	0	.00
**	Ending Balance	6/30/18	600,782.52 **
	Service Charge		.00
	Interest Paid		42.83
	Interest Paid Year To Date		167.35
	Annual Percentage Yield Earned		.15%
	Number of Days for A.P.Y.E.		30
	Average Balance for A.P.Y.E.		347,406.35
	Minimum Balance		200,739

DEPOSITS AND OTHER CREDITS

Date	Deposits	Activity Description
6/20	400,000.00	Credit Memo
6/29	42.83	Interest Paid

DAILY BALANCE SUMMARY

Date	Balance	Date	Balance	Date	Balance
6/20	600,739.69	6/29	600,782.52		

TEXAS FIRST BANK

Texas First Bank Public Funds Tiered Int. **1508
Last Updated: 7/16/2018 11:32 AM

$205,583.99
Available Balance

Date	Description	Amount
JUL 11 2018	ENTERGY TEXAS, I/BANK DRAFT JEFFERSON COUNTY ESD 4	-$395.04 $205,583.99
JUL 11 2018	ENTERGY TEXAS, I/BANK DRAFT JEFFERSON COUNTY ESD 4	-$374.23 $205,979.03
JUL 10 2018	Check - 2788	-$259.50 $206,353.26
JUL 9 2018	ENTERGY TEXAS, I/BANK DRAFT JEFFERSON COUNTY ESD 4	-$186.91 $206,612.76
JUL 9 2018	JEFFERSON COUNTY/PROPTAXPMT 86 ESD #4	+ $6,517.38 $206,799.67
JUL 3 2018	Check - 2793	-$425.00 $200,282.29
JUL 3 2018	Deposit	+ $654.81 $200,707.29
JUL 2 2018	Check - 2791	-$570.00 $200,052.48
JUN 29 2018	Interest Paid	+ $111.81 $200,622.48
JUN 29 2018	Check - 2790	-$475.00 $200,510.67
JUN 29 2018	Check - 2796	-$30.50 $200,985.67
JUN 29 2018	Check - 2795	-$14.49 $201,016.17
JUN 28 2018	Check - 2798	-$550.42 $201,030.66
JUN 28 2018	Check - 2787	-$550.00 $201,581.08

JUN 28 2018	Check - 2774	-$8.80 $202,131.08
JUN 27 2018	Check - 2776	-$1,250.00 $202,139.88
JUN 27 2018	Check - 2777	-$400.00 $203,389.88
JUN 27 2018	Check - 2782	-$400.00 $203,789.88
JUN 27 2018	Check - 2786	-$93.19 $204,189.88
JUN 27 2018	Check - 2785	-$93.19 $204,283.07
JUN 26 2018	Check - 2797	-$1,047.38 $204,376.26
JUN 26 2018	Check - 2789	-$414.63 $205,423.64
JUN 26 2018	Deposit	+ $266.00 $205,838.27
JUN 25 2018	Check - 2783	-$1,519.20 $205,572.27
JUN 25 2018	Check - 2771	-$329.00 $207,091.47
JUN 25 2018	Check - 2780	-$124.83 $207,420.47
JUN 22 2018	Check - 2784	-$6,372.37 $207,545.30
JUN 22 2018	Check - 2778	-$599.66 $213,917.67
JUN 22 2018	Check - 2773	-$258.00 $214,517.33
JUN 22 2018	Check - 2794	-$167.21 $214,775.33
JUN 22 2018	Check - 2781	-$81.10 $214,942.54

JUN 22 2018	Check - 2772	-$22.73 $215,023.64
JUN 21 2018	Check - 2775	-$279.06 $215,046.37
JUN 21 2018	Check - 2792	-$123.61 $215,325.43
JUN 20 2018	Debit Memo	-$400,000.00 $215,449.04
JUN 19 2018	Check - 2779	-$1,750.00 $615,449.04
JUN 19 2018	Check - 2741	-$1,250.00 $617,199.04
JUN 18 2018	. 3rd Coast Inte/Payment 199392793 Jefferson County Emerg	-$109.95 $618,449.04
JUN 15 2018	WestJeffersnMWDp/Payment JEFFERSON COUNTY EDS	-$28.14 $618,558.99
JUN 15 2018	WestJeffersnMWDp/Payment JEFFERSON COUNTY ESD	-$28.14 $618,587.13
JUN 15 2018	WestJeffersnMWDp/Payment JEFFERSON CO. ESD 4	-$28.14 $618,615.27
JUN 13 2018	Deposit	+ $100.00 $618,643.41
JUN 11 2018	ENTERGY TEXAS, I/BANK DRAFT JEFFERSON COUNTY ESD 4	-$324.96 $618,543.41
JUN 11 2018	ENTERGY TEXAS, I/BANK DRAFT JEFFERSON COUNTY ESD 4	-$205.49 $618,868.37
JUN 8 2018	Check - 2756	-$86.10 $619,073.86
JUN 8 2018	Deposit	+ $99.57 $619,159.96
JUN 6 2018	JEFFERSON COUNTY/PROPTAXPMT 86 ESD #4	+ $8,233.75 $619,060.39
JUN 5 2018	Check - 2767	-$52.17 $610,826.64

JUN 1 2018	Check - 2760	-$3,066.24 $610,878.81
JUN 1 2018	Check - 2761	-$750.00 $613,945.05
JUN 1 2018	Check - 2766	-$112.14 $614,695.05
JUN 1 2018	Check - 2765	-$30.50 $614,807.19
MAY 31 2018	Interest Paid	+ $167.92 $614,837.69
MAY 30 2018	Check - 2751	-$2,275.35 $614,669.77
MAY 30 2018	Check - 2752	-$430.20 $616,945.12
MAY 30 2018	Check - 2754	-$400.00 $617,375.32
MAY 30 2018	Deposit	+ $2,762.00 $617,775.32
MAY 29 2018	Check - 2737	-$675.00 $615,013.32
MAY 29 2018	Check - 2740	-$500.00 $615,688.32
MAY 29 2018	Check - 2739	-$333.00 $616,188.32
MAY 29 2018	Check - 2768	-$276.66 $616,521.32
MAY 29 2018	Check - 2749	-$89.71 $616,797.98
MAY 29 2018	Check - 2742	-$80.75 $616,887.69
MAY 29 2018	Check - 2759	-$72.19 $616,968.44
MAY 29 2018	Check - 2758	-$72.19 $617,040.63

Exhibit D

Aug 7 - 5:00 PM Budget

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

	1 Month Ended 6/30/2018 Actual	9 Months Ended 6/30/2018 Actual	Annual Budget	Over (Under) Budget	% of Budget Used to Date
Revenue					
Ad Valorem Taxes	$ 8,623	$ 538,950	$ 540,000	$ (1,050)	99.81%
EMS Billing	-	-	40,000	(40,000)	0.00%
Interest Income	421	1,629	500	1,129	325.80%
Other Income	100	186,432	1,500	184,932	12428.80%
Loan Proceeds	-	-	350,000	(350,000)	0.00%
Sale of Equipment	-	-	15,000	(15,000)	0.00%
Total Revenue	9,144	727,011	947,000	(219,989)	76.77%
Operating Expenses					
Advertising	-	-	1,000	(1,000)	0.00%
Bank Fees	-	59	150	(91)	39.33%
Accounting	550	6,841	15,500	(8,659)	44.14%
Cleaning & Building Maintenance/Repairs	425	13,112	5,500	7,612	238.40%
Lawn Service	-	2,500	4,650	(2,150)	53.76%
Office Supplies & Postage	261	1,808	-	1,808	0.00%
Children's Education	-	-	2,000	(2,000)	0.00%
Dues & Fees	49	309	1,500	(1,191)	20.60%
Tax & Appraisal Fees	889	10,596	13,000	(2,404)	81.51%
Interest Expense	-	6,939	6,061	878	114.49%
Insurance - VFIS District	-	632	2,000	(1,368)	31.60%
Legal/Professional	1,350	12,336	15,000	(2,664)	82.24%
Lodging/Meals/Travel & Regist ESD	-	930	3,000	(2,070)	31.00%
District Manager	1,750	12,841	15,000	(2,159)	85.61%
Administrative Assistant	-	4,650	15,000	(10,350)	31.00%
Payroll Tax Expense	-	405	1,150	(745)	35.22%
Small Equipment Purchases (less than $5,000)	-	1,240	3,250	(2,010)	38.15%
Cable	31	288	350	(62)	82.29%
Utilities	530	6,097	7,250	(1,153)	84.10%
Internet	110	770	1,950	(1,180)	39.49%
Telephone/Internet	167	1,131	900	231	125.67%
Water & Garbage	271	3,109	3,600	(491)	86.36%
Note Payable-First Financial (Mini Pumper)	-	36,999	37,877	(878)	97.68%
Note Payable-Dallas Bank&Trst(3000gal Tanker)	-	29,677	29,677	-	100.00%
Total Operating Expenses	6,383	153,269	185,365	(32,096)	82.68%

These financial statements have not been audited or reviewed and no CPA expresses an opinoin or a conclusion nor provides any assurance on them.

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

	1 Month Ended 6/30/2018 Actual	9 Months Ended 6/30/2018 Actual	Annual Budget	Over (Under) Budget	% of Budget Used to Date
Emergency Medical Services					
Emergency Medical Services	2,414	5,529	60,000	(54,471)	9.22%
Total Emergency Medical Services	2,414	5,529	60,000	(54,471)	9.22%
Fire Services					
Certification Dues	475	475	600	(125)	79.17%
Fire Chief	1,250	9,079	18,000	(8,921)	50.44%
Fire Field Meals	-	583	1,000	(417)	58.30%
Dispatch Services/Edispatches	-	21,989	20,000	1,989	109.95%
Vehicle Repair & Maintenance	61	18,441	25,000	(6,559)	73.76%
Travel/Lodging/Meals/Trans Expenses	-	116	5,000	(4,884)	2.32%
Tuition/Registration	-	221	2,000	(1,779)	11.05%
Personal Protection Equipment	711	7,454	15,000	(7,546)	49.69%
Equipment, Boots, Gloves-Insp/Repairs	329	4,523	6,500	(1,977)	69.58%
Fire Uniforms	-	1,117	6,000	(4,883)	18.62%
Training & Materials	141	7,834	10,000	(2,166)	78.34%
Fuel - Fire & EMS	528	3,935	6,000	(2,065)	65.58%
Insurance - Prop. & Liab.	-	-	31,500	(31,500)	0.00%
Insurance - Worker's Compensation	-	2,445	2,500	(55)	97.80%
Maintenance & Repairs - Radios	-	376	6,000	(5,624)	6.27%
Personal Protective Equipment - Inspection	-	4,480	8,500	(4,020)	52.71%
Payroll Tax Expense	-	-	1,450	(1,450)	0.00%
Supplies - Fire	299	3,571	20,000	(16,429)	17.86%
Quartermaster/Station Attendant	260	1,589	-	1,589	0.00%
Software - Firehouse	-	-	3,000	(3,000)	0.00%
Total Fire Services	4,054	88,228	188,050	(99,822)	46.92%
Capital Expenditures					
Radio Communication Upgrade	-	54,780	-	54,780	0.00%
Purchase of Land - Hwy 124	-	93	-	93	0.00%
LMTV Vehicle with Upgrades	-	472	-	472	0.00%
Ambulance Expenditures	-	5,747	20,000	(14,253)	28.74%
Life Pak - EMS	-	-	15,000	(15,000)	0.00%
Rescue Pumper (1000 gal. engine)	-	-	350,000	(350,000)	0.00%
SCBA Packs/Replacement Bottles	-	-	15,000	(15,000)	0.00%
Capital Expenditures - Other	6,372	11,372	-	11,372	0.00%
Total Capital Expenditures	6,372	72,464	400,000	(327,536)	18.12%
Contingency					
Contingency	-	3,650	20,000	(16,350)	18.25%
Total Contingency	0	3,650	20,000	(16,350)	18.25%
Total Expenses	19,223	323,140	853,415	(530,275)	37.86%
Net Change in Fund Balance	$ (10,079)	$ 403,871	$ 93,585		

These financial statements have not been audited or reviewed and no CPA expresses an opinoin or a conclusion nor provides any assurance on them.

Exhibit E

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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, 2017 at a meeting of the Board of Commissioners held on the 16th day of July, 2018.

Board President

Board Secretary

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4
Annual Financial Report
For The Year Ended SEPTEMBER 30, 2017

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INTRODUCTORY SECTION

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4

JEFFERSON COUNTY, TEXAS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Board of Commissioners

Jeffery Roebuck	President
Charles Reneau	Vice President
Randy Walston	Secretary
Sandra Melton	Treasurer
Robert Bordes	Asst. Treasurer

Command Staff

Dwayne Morvant	Fire Chief

FINANCIAL SECTION

J. R. Edwards & Associates, LLC
Certified Public Accountants

June 28, 2018

INDEPENDENT AUDITOR'S 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, as of and for the year ended September 30, 2017, 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 *Government 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 the Jefferson County Emergency Services District No. 4, as of September 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

1465 Cornerstone Court, Ste. A • Beaumont, TX 77706
Phone (409) 924-9100 • Fax (409) 924-0990

Board of Commissioners
Jefferson County Emergency Services District No. 4
Jefferson County, Texas
Page 2
June 28, 2018

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 - 9 and page 23 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.

J.R. Edwards & Associates, LLC

In this section of the Annual Financial Report, we, the managers of the Jefferson County Emergency Services District No. 4 (the District), discuss and analyze the District's financial performance for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with the independent auditors' report on page 2, and the District's Basic Financial Statements that begin on page 10.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was $1,024,098 at September 30, 2017, as compared to $924,256 at September 30, 2016.

- During the year, the District's expenses were $99,842 less than the $558,021 generated in taxes and other revenues for governmental activities.

- The general fund reported a fund balance this year of $429,497. All is for unrestricted use by the District. The prior year fund balance was $493,695 at year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include 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 of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenue 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.

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

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 objects. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide 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 funds balance sheet and the governmental funds 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities.

The District's combined net position was $1,024,098 at September 30, 2017. (See Table I)

Table I
JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
Net Position

	September 30, 2017	September 30, 2016
Current and Other Assets	$ 520,735	$ 576,173
Capital Assets	705,066	705,066
Total Assets	1,225,801	1,281,239
Long-term Liabilities	239,722	305,596
Other Liabilities	52,600	51,387
Total Liabilities	292,322	356,983
Net Assets:		
Invested in Capital Assets Net of Related Debt	555,963	399,470
Unrestricted	468,135	524,786
Total Net Position	$ 1,024,098	$ 924,256

A portion of the District's net position, $555,963, reflects its investment in capital assets net of related debt. The District uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. The $468,135 of unrestricted net position represents resources available to fund the programs of the District next year.

Changes in net position. The District's total revenues were $558,021. For the current year most of the revenues resulted from property taxes levied and miscellaneous revenues accounted for less than one percent.

In future years most of the District's revenues will be derived from property taxes.

Total Cost of all programs and services was $458,179. The net position of the District for the current year increased $99,842 (see Table II on page 7 of this report).

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

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

TABLE II
JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
Changes in Net Position

	September 30, 2017	September 30, 2016
Revenues:		
General Revenues:		
Maintenance and Operations Taxes	535,983	579,320
Miscellaneous	22,038	15,907
Total Revenue	558,021	595,227
Expenses:		
General government	110,047	185,706
Fire and emergency services	348,132	171,785
Total Expenses Governmental Activities	458,179	357,491
Increase (Decrease) in Net Assets	99,842	237,736
Net Assets - October 1 (Beginning)	924,256	686,520
Net Assets - September 30 (Ending)	$ 1,024,098	$ 924,256

GOVERNMENTAL ACTIVITIES

- Property tax rates were set at $.082274 per $100 valuation for M&O. The rate for 2017-2018 is set at $.079867 per $100 of taxable valuation for M&O.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

GENERAL FUND BUDGETARY HIGHLIGHTS

There were few budget amendments for the 2016-2017 year and all were approved by the Commissioners.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets. At September 30, 2017 the District had $795,685 (net of depreciation) invested in capital assets, buildings, equipment and vehicles.

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

	September 30, 2017	September 30, 2016
Buildings and Improvements	$ 67,155	$ 19,510
Emergency equipment and vehicles	909,423	788,049
Totals	976,578	807,559
Less Accumulated Depreciation:		
Buildings and Improvements	(2,051)	(1,281)
Emergency equipment and vehicles	(178,842)	(101,212)
Total Accumulated Depreciation	(180,893)	(102,493)
Net Capital Assets	$ 795,685	$ 705,066

Long-Term Debt. At year-end, the District had $239,722 in notes payable outstanding. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT No. 4
Outstanding Debt

	September 30, 2017	September 30, 2016
Governmental activities:		
Note Payable	$ 239,722	$ 305,596
Total	$ 239,722	$ 305,596

ECONOMIC FACTORS AND NEW YEAR'S BUDGETS AND RATES

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Primary Government
	Governmental Actitivies
ASSETS	
Cash and cash equivalents	$ 446,437
Taxes receivable - net of allowance	43,005
Other receivables	1,160
Prepaids	30,133
Capital assets:	
Buildings, property, and equipment, net	795,685
Total Assets	1,316,420
LIABILITIES	
Accounts payable	52,600
Non-current liabilities:	
Due within one year	67,544
Due in more than one year	172,178
Total Liabilities	292,322
NET POSITION	
Net investment in capital assets	555,963
Unrestricted	468,135
Total Net Position	$ 1,024,098

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

JEFFERSON COUNTY EMERGENCY SERVICES DISTRICT NO. 4 EXHIBIT B

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government Governmental Activities
Governmental activities:				
General government	$ 110,047	$ -	$ -	$ (110,047)
Fire and emergency services	348,132	-	-	(348,132)
Total governmental activities	458,179	-	-	(458,179)
Total Primary Government	$ 458,179	$ -	$ -	$ (458,179)
Property taxes, penalties and interest				535,983
Contributions not restricted to specific programs				
Other miscellaneous				22,038
Total general revenues				558,021
Change in Net Position				99,842
Net Position- Beginning				924,256
Net Position - Ending				$ 1,024,098

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

BALANCE SHEET - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Total Governmental Funds General Fund
ASSETS:	
Cash and cash equivalents	$ 446,437
Property taxes receivable (net of allowances for doubtful accounts)	43,005
Other receivables	1,160
Prepaid items	30,133
TOTAL ASSETS	$ 520,735
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts payable	$ 52,600
TOTAL LIABILITIES	52,600
DEFERRED INFLOWS OF RESOURCES:	
Unavailable revenue - property tax	38,638
TOTAL DEFERRED INFLOWS OF RESOURCES	38,638
FUND BALANCES:	
Unassigned Fund Balance	429,497
Total fund balances	429,497
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCE	$ 520,735

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

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Governmental fund balance as reported on the balance sheet for governmental funds.	$	429,497
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		795,685
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(239,722)
Recognition of deferred revenue as revenue increases net position.		38,638
Total net position as reported on the Statement of Net Position for Governmental Activities.	$	1,024,098

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Total Governmental Funds
	General Fund
REVENUES	
Property taxes, penalties and interest	$ 528,436
Other miscellaneous	22,038
Total revenue	550,474
EXPENDITURES:	
Current:	
General government	110,047
Fire and emergency services	438,752
Total expenditures	548,799
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,675
OTHER FINANCING SOURCES (USES)	
Principal payments on loan	(65,873)
Total other financing sources and uses	(65,873)
NET CHANGE IN FUND BALANCES	(64,198)
FUND BALANCES - BEGINNING	493,695
FUND BALANCES - ENDING	$ 429,497

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

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, 2017

Net change in fund balances - total governmental funds (Exhibit D)		$	(64,198)
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	$ 169,020		
Depreciation	(78,400)		90,620
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.			
Principal payments on loan	65,873		65,873
Because some revenues will not be collected for several months after the District's fiscal year end, they are not considered "available" revenue and are deferred in the governmental funds. Deferred revenues increased by this amount in the current period.			7,547
Change in net position of governmental activities (Exhibit B)		$	99,842

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

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary 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 as *general revenues.*

As a general rule, the effect of interfund 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, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial *resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available to finance expenditures of the fiscal period. Revenues are considered available when they are collectible within the current period or soon enough thereafter to 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. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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).

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 in 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:

Assets	Years
Buildings	20-30
Leasehold Improvements	15-30
Furniture and Equipment	5-10
Vehicles	5-15

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.

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

L. Fund Equity

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

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

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

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

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

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

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

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

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

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 28, 2018, 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 deposits was $446,437 and the bank balance was $448,599. At September 30, 2017, the bank balance was covered by federal depository insurance. 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's ending bank balance was $448,599 as of September 30, 2017. Of this amount, $250,000 was covered by FDIC insurance; the remainder was covered by collateral held in the District's name, allowing the District to be collateralized.

NOTE 3: PROPERTY TAXES

Property taxes are collected by Allison Getz, Jefferson County Tax Assessor Collector, and are forwarded to the District through bank transfer. The tax rate held by the District during 2017 was $.082274 per $100 of assessed valuation. Property tax revenues are considered available when they become due or past due and are considered receivable within the current period, including those property taxes expected to be collected during a 60 day period after the close of the District's fiscal year. Property taxes are levied on October 1 of each year, a lien is placed on the property on January 1, and the taxes become due on January 31. The taxable assessed value for the roll of December 31, 2016 was $649,309,815. Property taxes receivable for 2017 are $43,005 net of allowance for doubtful accounts of $21,769.

NOTE 4: CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Current Year Increases	Current Year Decreases	Ending Balance
Capital assets being depreciated:				
Buildings	$ 19,510	$ 47,645	$ -	$ 67,155
Fire equipment and vehicles	788,049	121,374	-	909,423
Total capital assets being depreciated:	807,559	169,019	-	976,578
Less accumulated depreciation:				
Buildings	(1,281)	(769)	-	(2,050)
Fire equipment and vehicles	(101,212)	(77,631)	-	(178,843)
Total accumulated depreciation	(102,493)	(78,400)	-	(180,893)
Total capital assets being depreciated, net	705,066	90,619	-	795,685
Governmental activities capital assets, net	$ 705,066	$ 90,619	$ -	$ 795,685

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

Fire and Emergency Services	$ 78,400
Total Depreciation Expense - Governmental Activities	$ 78,400

NOTE 5: LONG TERM DEBT

The District entered into a loan agreement for the purchase of a vehicle for fire and emergency services.

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

Date Issued	Amount	Final Maturity	Annual Installments	% Rate	Outstanding Balance
2015	$ 189,516	2020	$41,011	2.686%	116,709
2016	152,000	2021	$32,604	2.379%	123,013
					$ 239,722

Interest on the loan shall be computed at a fixed rate of 2.686% and 2.379% respectively, for five years provided that such rate shall not exceed the highest lawful rate. This note may be prepaid in full according to the early redemption value on due date of the loan in years three and four as shown on the table below.

NOTE 5: LONG TERM DEBT, Continued

Annual requirements to maturity for the loan is as follows:

Year Ending September 30,	Principal	Interest	Total	Early Redemption Value
2018	67,544	6,061	73,605	79,568
2019	69,277	4,337	73,614	103,629
2020	71,045	2,571	73,616	32,011
2021	31,856	758	32,614	N/A
Total	$ 239,722	$ 13,727	$ 253,449	$ 215,208

Changes in long-term liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Loans payable	305,595	-	65,873	239,722	67,554
Governmental activities Long-Term Liabilities	$ 305,595	$ -	$ 65,873	$ 239,722	$ 67,554

NOTE 6: OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

C. Subsequent Events

The District sustained some damages due to Hurricane Harvey in the Fiscal Year and has pending insurance claims to be funded subsequent to the year end to make those repairs.

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.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Property taxes, penalties and interest	$ 575,000	$ 535,000	$ 528,436	$ (6,564)
Other miscellaneous	16,800	16,800	22,038	5,238
Total revenue	591,800	551,800	550,474	(1,326)
EXPENDITURES				
Current:				
General government	109,220	127,956	110,047	17,909
Fire and emergency services	346,960	481,282	438,752	42,530
Total expenditures	456,180	609,238	548,799	60,439
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	135,620	(57,438)	1,675	59,113
OTHER FINANCING SOURCES (USES)				
Principal payments on loan	(65,874)	(65,874)	(65,873)	1
Total other financing sources and uses	(65,874)	(65,874)	(65,873)	1
NET CHANGE IN FUND BALANCES	69,746	(123,312)	(64,198)	59,114
FUND BALANCES AT BEGINNING OF YEAR	493,695	493,695	493,695	-
FUND BALANCE AT END OF YEAR	$ 563,441	$ 370,383	$ 429,497	$ 59,114

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

COMPLIANCE SECTION

J. R. Edwards & Associates, LLC
Certified Public Accountants

June 28, 2018

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 *Government 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 of and for the year ended September 30, 2017, 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 28, 2018.

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 *Government Auditing Standards*.

1465 Cornerstone Court, Ste. A • Beaumont, TX 77706
Phone (409) 924-9100 • Fax (409) 924-0990

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.

J.R. Edwards & Associates, LLC

Exhibit F

Jefferson County Emergency Services District No. 4
Bank Account Register

Texas First Bank - Checking
June 19, 2018 - July 16, 2018

Date	Reference	Payee ID	Description	Checks/ Payments	Deposits/ Additions	Balance
			Beginning Balance			598,990.17
06/20/18			Transfer from checking to savings	400,000.00		198,990.17
06/26/18			Refund from Witmer Public Safety Group - Returned Merchandise from Inv # 1861091		266.00	199,256.17
06/29/18			Interest for Month of June 2018 - Checking Account		111.81	199,367.98
07/09/18			Jefferson County Tax Deposit Month of June 2018		6,517.38	205,885.36
07/16/18	2799	DELTA	Delta Industrial Service and Supply	130.00		205,755.36
07/16/18	2800	EARLLAWN	Earl Lawn Service	1,000.00		204,755.36
07/16/18	2801	GREENACRES	Green Acres Grocery, Inc.	179.61		204,575.75
07/16/18	2802	HANSEN	Jeremy D. Hansen	1,250.00		203,325.75
07/16/18	2803	HEINZ	Joshua C. Heinz	400.00		202,925.75
07/16/18	2804	JREDWARDS	J.R. Edwards & Associates, LLC	6,500.00		196,425.75
07/16/18	2805	PLARSON	Patrick L. Larson	1,750.00		194,675.75
07/16/18	2806	LOVES	Love's Travel Stops & Country Stores	206.46		194,469.29
07/16/18	2807	M&DSUPPLY	M & D Supply, Inc.	56.96		194,412.33
07/16/18	2808	MESMun	Municipal Emergency Services, Inc.	8.75		194,403.58
07/16/18	2809	OXFORD	Hubert Oxford, IV	400.00		194,003.58
07/16/18	2810	REPUBLIC	REPUBLIC SERVICES #862	165.38		193,838.20
07/16/18	2811	REPUBLIC	REPUBLIC SERVICES #862	21.00		193,817.20
07/16/18	2812	ROBERTSONSH	Robertson, Shoemaker & Associates, PLLC	550.00		193,267.20
07/16/18	2813	SANDERS	Casey Sanders	346.00		192,921.20
07/16/18	2814	SIDDONS	Siddons-Martin Emergency Group, LLC	1,939.85		190,981.35
07/16/18	2815	SE EMERG	Southeastern Emergency Equipment	909.40		190,071.95
07/16/18	2816	BRANDONS	Joseph B. Schwartzenburg	86.50		189,985.45
07/16/18	2817	TEXASMUTUAL	Texas Mutual Insurance Company	3,603.00		186,382.45
07/16/18	2818		Thomas Williams	249.94		186,132.51
07/16/18	2819	TOWNANDCOUN	Town and Country	100.36		186,032.15
07/16/18	2820	VERIZON	Verizon Wireless	164.41		185,867.74
07/16/18	2821	VISA5904	VISA - ***5904	117.50		185,750.24
07/16/18	2822	VISA 8759	VISA - ****8759	1,703.66		184,046.58
			Totals	421,838.78	6,895.19	184,046.58

Transaction count = 28

Jefferson County Emergency Services District No. 4
Bank Account Register

Texas First Bank - Savings

June 19, 2018 - July 16, 2018

Date	Reference	Description	Checks/ Payments	Deposits/ Additions	Balance
		Beginning Balance			200,739.69
06/20/18		Transfer from checking to savings		400,000.00	600,739.69
06/29/18		Interest Income - Month of June 2018 - Savings Account		42.83	600,782.52
		Totals	0.00	400,042.83	600,782.52

Transaction count = 2

Exhibit G

JCESD4 Surplus/Salvage Items – July 2018

14' roof ladder – serial # 0000002718

14' roof ladder – serial # 420100

24' extension ladder – no serial # found

24' extension ladder – no serial # found

24' extension ladder – serial # 22264

Akron 6" Butterfly valve – no serial # found

Akron ground monitor – serial # A91709320

Crossfire ground monitor – serial # TFT-X471513

Crossfire ground monitor – serial # TFTX-253348

Generic ground monitor – no serial # found

Briggs and Stratton vent fan – serial # 130212 321801 90050227

Craftsman Power Washer – serial # 1018594391

Intek portable floating pump – serial # 090415ZA74204

~~Electric Salamander heater – serial # M849600-0010~~